The Port of Beaumont – 100 Years and Counting!

Chris Fisher, Port Director & CEO

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Case Study:
Port of Beaumont
Orange County Terminal
Analysis of a Development Opportunity
Major Commodities

- Aggregate (Dry Bulk - limestone, granite)
- Bulk grain (Dry Bulk - wheat, soybeans)
- Bagged Agricultural Goods (Breakbulk flour, rice...)
- Iron and Steel (Breakbulk - billets, pipe, coils)
- Forest products (Breakbulk – woodpulp, logs...)
- Military Cargo (Roro - tanks, helicopters, trucks)
- Roro Cargo (Roro - autos, construction equipment)
- Project Cargoes/Wind Energy (Heavy Lift)
- Crude Oil/Petroleum Products (Liquid Bulk)
Orange County Property 2006
(240 acres)
Barriers to Development

• Timing to meet business opportunities (considerable permitting and construction time)
• High cost of fully developing a green site into a revenue producing port facility
• Encumbrances, including USACE dredge material disposal easement and wetland areas
• Rail access not established and no access agreements with RR’s in place.
Advantages to Development
(Worth the investment?)

• Property on deep water (40’ channel depth)
• Located less than one mile from Interstate 10 Highway
• Property bordered by Sunset Route Rail Line (direct access to three Class 1 Railroads (BNSF, UP and KCS, therefore rail access possible)
• Property mostly high ground
• Existing customer adjacent to property
Bridging the Gap
(What is needed to kick start development?)

• Basic Port Infrastructure
  – Improved roadway access
  – Rail access
  – Dock facility
  – Utilities

• Elimination of Encumbrances
  – USACE easements
  – Mitigation of wetlands, if any

• Marketing Focus/Plan
Development Objectives/Desired Outcomes

• Build basic infrastructure that would allow us to better market the property and provide for flexibility in the continued development of the property

• Have a facility in place that would lend itself to taking advantages of business opportunities as they arise

• Obtain a long-term tenant to facilitate full site development
2006 Master Plan Projects
($100 million plan)

• Total $69 million
  – Rail improvements - $ 15 million
  – SDDC headquarters - $ 5.8 million
  – New heavy lift crane - $ 5.3 million
  – Lot Hard Surfacing/Office Rehab - $3.1 million
  – New Orange County wharf - $ 20 million
  – Orange County Rail Loop - $13.1 million
  – Orange County Road - $ 4.7 million
  – Utilities and Site Work - $2 million
Orange County Terminal 2011

Port of Beaumont
Rail Improvement Project

Image # 120521  6603
Date 05.21.12
Marketing Focus/Opportunity Vetting

• Seek long-term tenant interesting in investing in a public-private-partner ship with the Port

• Targeted Commodities
  – Roro
  – Dry bulks
  – Liquid bulks

• Ensure that the business opportunities presented were viable and did not generate considerable opportunity cost for other development
# 2014 Master Plan
($500 million plan)

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Orange County Facility</td>
<td>$124,850,000</td>
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<tr>
<td>- Orange County Crude Facility Improvements</td>
<td>$25,000,000</td>
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<tr>
<td>- Orange County Terminal Overpass from 90</td>
<td>$9,000,000</td>
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<tr>
<td>- Orange County Terminal Entrance and Security</td>
<td>$2,250,000</td>
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<td>- Electric Power Substation</td>
<td>$8,000,000</td>
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<tr>
<td>- Rail Siding and Rail Access Tracks</td>
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<tr>
<td>- 215 Acre Orange Co. Property Mitigation &amp; Fill</td>
<td>$35,000,000</td>
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<td>- Orange County Deep Water Liquid Bulk Berths</td>
<td>$30,000,000</td>
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</tbody>
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Public Private Partnership
(Private Investment – Orange County)

• Port of Beaumont (public) Investment
  – $45 to $50 million (dock, rail access/loop, roadway access, overpass, and basic utilities)

• Jefferson Energy – Crude by Rail Terminal (Private Investment - $250 million to date)
  – Phase 1: approx. $50 million (completed – light crude system)
  – Phase 2: approx. $150 million (completed – heated heavy crude system and truck systems)
  – Phase 3: approx. $50 million (in progress – additional capacity and further product diversification)
  – Phase 4: $250 to $350 million (planned)
  – Phase 5: North Terminal and International Terminal (future developments)
Questions