



PORT COMMISSION MEETING

JULY 20, 2021 – AGENDA



Tuesday, July 20, 2021
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

9:15 a.m.
111 East Loop North
Houston, TX 77029

A. CALL TO ORDER

B. CHAIRMAN'S REMARKS

1. Governance, legislative, policy, and operational matters

C. APPROVAL OF MINUTES

1. Special Port Commission Public Meeting - June 14, 2021
2. Port Commission Public Meeting - June 22, 2021

D. STAFF REPORTS

1. Summary of selected financial and operational matters
2. Rich Byrnes, Chief Infrastructure Officer — Sustainability Action Team update

E. APPEARANCES

1. Public Comment

F. EXECUTIVE

General

1. Endorse the observance of Juneteenth as an annual holiday for employees.

G. COMMERCIAL

Awards, Amendments & Change Orders

1. Approve a sponsorship with Breakbulk Events and Media for the 2021 Breakbulk Americas Conference in an amount not to exceed \$55,000.

Leases

2. Approve a third amendment to the Lease Agreement with Terminal Link Texas, LLC for an additional three- year term for approximately 1,394 sq. ft. in the Berth 5 Stevedore Support Building in Harris County, effective no earlier than October 1, 2021, at an annual base rent of \$45,708, and subject to an annual increase of 3%.

3. Approve a lease agreement for a ten-year term with Conestoga Supply, LLC for approximately 106,813 sq. ft. out of the Port Authority's Block 22 of Building 50 in Industrial Park East in Harris County, effective no earlier than August 1, 2021, at an annual base rent of \$192,263.40, subject to an annual increase of the greater of 3% or increase in the Consumer Price Index.

H. FINANCE

General

1. Authorize the Port Authority to (a) plan and prepare for the future issuance of revenue bonds for long-term financing to fund a portion of the Port Authority's share of Project 11 construction costs; (b) appoint PFM Financial Advisors LLC as financial advisor, and Siebert Williams Shank & Co., LLC (senior manager), Academy Securities, Inc., Morgan Stanley, Raymond James & Associates, Inc., and RBC Capital Markets, LLC as underwriters, to assist in the bond issuance; (c) appoint Orrick, Herrington & Sutcliffe LLP as bond counsel, West and Associates, L.L.P. as co-bond counsel, Bracewell LLP as disclosure counsel, and Hardwick Law Firm, LLC as co-disclosure counsel; and (d) prepare documentation authorizing the issuance of revenue bonds.

2. Authorize the Port Authority to (a) negotiate a renewal or new flexible rate revolving note programs or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, with all proposed debt financing subject to final approval by the Port Commission (b) engage Masterson Advisors LLC as financial advisor with advisory, fees not to exceed \$150,000, (c) approve reimbursement to financial institution for upfront costs associated with the financing arrangement not to exceed \$150,000, and (d) engage credit rating agencies at a cost not to exceed \$225,000 to obtain ratings for the new financing as may be necessary.

3. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.

4. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).

5. Approve Pacific Life Funds Advisors as new investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan.

I. INFRASTRUCTURE

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a two-year environmental consulting agreement in an amount not to exceed \$100,000 for the monitoring and maintenance of the Bayport Container Terminal sound monitoring system to the top ranked proposer: staff ranking - first, SLR International Corporation; and second, Collaboration in Science and Technology, Inc dba CSTI Acoustics.

2. Approve staff's ranking of vendors and award a construction contract to Four Seasons Development Company for the annual perimeter security fence replacement at Turning Basin Terminal for 2021 in an amount not to exceed \$201,000.

3. Amend the professional services contract with AECOM Technical Services, Inc. to perform services for rehabilitation and repair design of Wharf Nos. 20, 21, 24, 25, and 26 at Turning Basin Terminal in an amount not to exceed \$1,286,829.

4. Approve a change order with Archer Western Construction, LLC. to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$133,500.

General

5. Approve the purchase of supplies needed by the U.S. Coast Guard to relocate channel markers to be removed during dredging of the segment of the Houston Ship Channel included in Contract Package 3/4a in an amount not to exceed \$100,000.

6. Enter into a Memorandum of Understanding and temporary license with the U.S. Army Corps of Engineers for the placement of maintenance dredged material from berths at the Bayport Container Terminal into a federally managed dredged material placement area for \$582,800 and approve any over dredge cost at \$3.76 per cubic yard in an amount not to exceed \$116,560.

Permits/Licenses/Pipeline Easements

7. Approve the renewal of the following expiring Port Authority licenses for new ten-year terms: ExxonMobil Pipeline Company and Targa Downstream LLC.

8. Issue a marine construction permit to and approve a private adjacency barge fleeting lease agreement with Turn Services, LLC for approximately 16.39-acres of submerged lands in the Alexander Island Barge Channel at a monthly rental amount of \$4,917 for a ten-year term.

J. OPERATIONS

Awards, Amendments & Change Orders

1. Award a gate-ticket printing contract to Southland Printing Company for a term of five years to supply 50,000,000 gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$425,000.

2. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$400,000 to perform occupational and safety inspection services for equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposers: staff ranking - first, Pattie Services, LLC dba Patriot Specialty Services; and second, Kempco Inspection Services, Inc.

3. Award a two-year contract to Southern Tire Mart for the purchase of miscellaneous tires for trucks, passenger vehicles, and yard tractors at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$800,000.

4. Award a three-year contract to Cole Technology for the purchase of new and repaired J.R. Merritt master control switches for wharf and rubber-tyred gantry cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000.

5. Award a two-year contract for preventative maintenance and inspection services to Vertiv Corporation, the sole source service provider, for Liebert Uninterruptible Power Supply batteries, static transfer switches, power distribution units, and monitoring products at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$150,000.
6. Award an annual contract to AssetWorks, LLC, the sole source provider, for software maintenance, support, and extended hardware warranty of Fleet Focus M5, Enterprise Asset Management System, and Fuel Focus software, the Port Authority's fueling and fleet management system, in an amount not to exceed \$80,000.
7. Award a three-year contract to Yard Mule Specialists, Inc., the sole source provider, for purchase of spare and replacement Capacity brand parts for yard tractors at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$250,000.
8. Issue a purchase order to Siddons Martin Emergency Group, LLC for the purchase of one Ford F-350 Rescue HAZMAT Truck, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$160,000.
9. Award a three-year contract to Automated Logic Contracting Services, Inc., the sole source provider, for maintenance and support of building automation systems at Bayport Container Terminal and Turning Basin Terminal in an amount not to exceed \$110,000.

K. PEOPLE

Awards, Amendments & Change Orders

1. Approve a professional services contract with IMC Culture, in an amount not to exceed \$145,500, to perform a Diversity, Equity, and Inclusion (DEI) assessment and assist staff to develop a DEI Plan in alignment with the Strategic Plan objective to foster a culture of diversity and inclusion, innovation, and open communication.
2. Authorize approval of a multi-year program and funding for the development and improvement of parks and green spaces in East Harris County in a total amount not to exceed \$1,000,000 and authorize the Community Relations Committee to review staff recommendations and approve awards under this program.

L. PORT SECURITY AND EMERGENCY OPERATIONS

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1. No items.

M. TECHNOLOGY

Awards, Amendments & Change Orders

1. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$104,822.
2. Approve the purchase of annual software subscription and support services for ManageEngine Service Desk ticketing software from CDWG LLC, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$60,000.

3. Issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for all Port Authority firewalls at each Port Authority location, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$150,000.
4. Issue a purchase order to Prescriptive for purchase of the annual hardware maintenance and support for the Port Authority's NetApp data storage environment, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$170,000.
5. Issue a purchase order to CDWG LLC for purchase of Absolute software and service that monitors the location of the Port Authority's laptops and tablets, and ensures they are trackable and protected, using the National Intergovernmental Purchasing Alliance, a cooperative purchase program, in an amount not to exceed \$95,000 for a five-year term.
6. Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority's existing Information Technology infrastructure, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$74,000.

N. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding (a) City of Richmond v. J.A. Croson Company, 488 U.S. 469 (1989), Adarand Constructors, Inc. v. Peña, 515 U.S. 200 (1995), and Texas Government Code Chapter 2254, Professional and Consulting Services, and (b) proposed agreements or amendments to agreements for legal services with Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing P.C., Bracewell LLP, Orrick, Herrington & Sutcliffe LLP, West and Associates, L.L.P., and Hardwick Law Firm, LLC.
2. Real Estate (Section 551.072, Texas Open Meetings Act), including deliberations regarding disposition including (a) leasing of Scott Bay submerged lands and (b) disposition of Barbours Cut Terminal and Beltway 8 vicinity properties
3. Economic Development Negotiations or Incentives (Section 551.087, Texas Open Meetings Act)
4. Employment and Evaluation of Public Employees (Section 551.074, Texas Open Meetings Act)
5. Security-Related Matters (Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act)
6. Adjourn Executive Session

O. RECONVENE OPEN MEETING

1. Announce any items from Executive Session requiring Port Commission action

P. ADJOURN MEETING

1. Next Meeting Requested - September 29, 2021
2. Adjourn Port Commission Meeting

F. EXECUTIVE

Subject	1. Endorse the observance of Juneteenth as an annual holiday for employees.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 20, 2021 meeting, endorse the Port Authority's observance of Juneteenth as an approved annual holiday for employees, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work) Strategic Objective 1b. - Foster a culture of diversity and inclusion, innovation, and open communication

Category:

General

Department:

People

Staff Contact:

Jessica Shaver

Background:

The Port Authority's 2020 Strategic Plan includes the goal to "Be the Best Place to Work," with an objective to foster a culture of diversity and inclusion, innovation, and open communication.

Since that time, numerous efforts have been undertaken by the Port Authority to carry out the diversity, equity, and inclusion (DEI) elements of that objective. Most recently, on the recommendation of the DEI Action Plan Team, the Port Commission adopted a formal position statement to express the Port Authority's commitment to DEI, and solidify the organization's pledge to foster a culture of diversity and inclusion:

Diversity, Equity, Inclusion. These principles are interwoven with Port Houston's core values and will become part of our fabric and foundation. We are committed to doing what is right within our organization and throughout our community.

Staff Evaluation/Justification:

Thanks in great part to the congressional leadership of Sen. John Cornyn and Rep. Sheila Jackson Lee, last month Juneteenth National Independence Day was adopted as a federal holiday, to commemorate the end of slavery in the United States.

- On June 19, 1865, Union Army Major General Gordon Granger issued General Order No. 3 in Galveston, Texas, which announced that in accordance with the Emancipation Proclamation, "all slaves are free," and on that date, enslaved Black people in Galveston first learned of that presidential proclamation and executive order issued by President Abraham Lincoln on September 22, 1862.

Following adoption of this federal holiday, staff now recommends that the Port Commission endorse the Port Authority's observance of Juneteenth as an approved holiday for employees each year.

G. COMMERCIAL

Subject	1. Approve a sponsorship with Breakbulk Events and Media for the 2021 Breakbulk Americas Conference in an amount not to exceed \$55,000.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action, Information
Recommended Action	The Port Commission, at its July 20, 2021 meeting, approve a sponsorship with Breakbulk Events and Media for the 2021 Breakbulk Americas Conference in an amount not to exceed \$55,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals Strategic Objective 3c. - Engage in proactive two-way communication STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Awards, Amendments & Change Orders

Department:

Commercial

Staff Contact:

Christine Abbruscato

Background:

Sponsorship at Breakbulk Americas Conference has allowed Port Authority staff to market its general cargo facilities to potential new customers. It is a forum for face-to-face networking and promotion of Port Authority services, and has historically been beneficial to Port Authority business growth by facilitating networking opportunities. The Port Authority is also given high prominence as the Host Port Sponsor.

Staff Evaluation/Justification:

Staff recommends the Port Commission authorize entering into a sponsorship agreement with Breakbulk Events and Media for the 2021 Breakbulk Americas Conference.

G. COMMERCIAL

Subject **2. Approve a third amendment to the Lease Agreement with Terminal Link Texas, LLC for an additional three-year term for approximately 1,394 sq. ft. in the Berth 5 Stevedore Support Building in Harris County, effective no earlier than October 1, 2021, at an annual base rent of \$45,708, and subject to an annual increase of 3%.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve a third amendment to the Lease Agreement with Terminal Link Texas, LLC for an additional three-year term for approximately 1,394 sq. ft. in the Berth 5 Stevedore Support Building in Harris County, effective no earlier than October 1, 2021, at an annual base rent of \$45,708, and subject to an annual increase of 3%, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)
Strategic Objective 3a. - Cultivate key relationships to accomplish common goals
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:
Leases

Department:
Real Estate

Staff Contact:
R. D. Tanner

Background:
By Minute No. 2015-0929-22, the Port Commission approved the Port Authority lease with Terminal Link Texas, LLC to enter for a two-year term for approximately 1,394 sq. ft. in the Berth 5 Stevedore Support Building in Harris County. Subsequently, by Minute Nos. 2017-0926-13 and 2019-0924-19, the Port Commission approved a first amendment to the Lease Agreement for an additional two-year term extension and a Second Amendment to the Lease Agreement for an additional two-year term extension, respectively. Terminal Link Texas, LLC has now requested that the Port Authority extend the lease for an additional three-year term. The base rent would include an annual increase of 3% over the prior year rate.

Terminal Link Texas, LLC has leased this property of approximately 1,394 sq. ft. as a stevedore and shipping business office since 2009.

Staff Evaluation/Justification:
Staff recommends approval for this proposed third amendment to the Lease Agreement.

G. COMMERCIAL

Subject 3. Approve a lease agreement for a ten-year term with Conestoga Supply, LLC for approximately 106,813 sq. ft. out of the Port Authority's Block 22 of Building 50 in Industrial Park East in Harris County, effective no earlier than August 1, 2021, at an annual base rent of \$192,263.40, subject to an annual increase of the greater of 3% or increase in the Consumer Price Index.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve a lease agreement for a ten-year term with Conestoga Supply, LLC for approximately 106,813 sq. ft. out of the Port Authority's Block 22 of Building 50 in Industrial Park East in Harris County, effective no earlier than August 1, 2021, at an annual base rent of \$192,263.40, subject to an annual increase of the greater of 3% or increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

By Minute No. 2019-0423-17, the Port Commission approved the Port Authority lease with Conestoga Supply, LLC (Conestoga) for a one-year term, with a two-year mutual extension option, for approximately 0.87 acres of land out of the Port Authority's Block 24 in Industrial Park East. Subsequently, on May 21, 2020, the Port Authority approved the exercise of the two-year mutual extension option by Conestoga. The permitted use is for future storing and sorting steel and bulk-material cargo.

Conestoga has now requested that the Port Authority approve its expansion into 106,813 sq. ft. out of the Port Authority's Block 22 of Building 50 in Industrial Park East under a separate ten-year lease term, for storing and handling steel products. The annual base rent would include an annual increase of the greater of 3% or the Consumer Price Index.

Staff Evaluation/Justification:

Staff recommends approval of this proposed lease agreement with Conestoga under the terms described above.

H. FINANCE

Subject **1. Authorize the Port Authority to (a) plan and prepare for the future issuance of revenue bonds for long-term financing to fund a portion of the Port Authority's share of Project 11 construction costs; (b) appoint PFM Financial Advisors LLC as financial advisor, and Siebert Williams Shank & Co., LLC (senior manager), Academy Securities, Inc., Morgan Stanley, Raymond James & Associates, Inc., and RBC Capital Markets, LLC as underwriters, to assist in the bond issuance; (c) appoint Orrick, Herrington & Sutcliffe LLP as bond counsel, West and Associates, L.L.P. as co-bond counsel, Bracewell LLP as disclosure counsel, and Hardwick Law Firm, LLC as co-disclosure counsel; and (d) prepare documentation authorizing the issuance of revenue bonds.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize the Port Authority to (a) plan and prepare for the future issuance of revenue bonds for long-term financing to fund a portion of the Port Authority's share of Project 11 construction costs; (b) appoint PFM Financial Advisors LLC as financial advisor, and Siebert Williams Shank & Co., LLC (senior manager), Academy Securities, Inc., Morgan Stanley, Raymond James & Associates, Inc., and RBC Capital Markets, LLC as underwriters, to assist in the bond issuance; (c) appoint Orrick, Herrington & Sutcliffe LLP as bond counsel, West and Associates, L.L.P. as co-bond counsel, Bracewell LLP as disclosure counsel, and Hardwick Law Firm, LLC as co-disclosure counsel; and (d) prepare documentation authorizing the issuance of revenue bonds, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #4 - STEWARDSHIP \(Create Greater Value for the Region\)](#)

Category:

General

Department:

Treasury and Legal

Staff Contact:

Roland Gonzalez/Tim Finley/Erik Eriksson

Background:

The Port Authority has planned for the construction of Project 11 and prepared liquidity projections for the level of expected investment in the construction project. The substantial level of capital investment requires issuance of revenue bonds as a source of funding. Revenue bond issuance also avoids the potential for impairment of other operating equipment and infrastructure capital investments. Liquidity projections show the need to issue revenue bonds in 2022, or possibly earlier, depending on the financial market environment, requiring preparation for issuance to begin in 2021.

The Port Authority last issued revenue bonds in 2002 (pass-through funding which has since been retired) and also last issued unlimited tax (GO) port improvement bonds for new funding in 2010.

Staff Evaluation/Justification:

The proposed team is comprised of firms previously approved by Minute Nos. 2021-0525-14 and 2021-0525-07 to participate in a "pool" of underwriters and legal firms to assist with future debt financing and public finance needs.

Staff evaluated proposals received as responses to the request for qualifications (RFQs) for bond underwriting and public finance and bond counsel services and has selected financial advisor and underwriting firms from the approved pool who were considered to provide the highest benefit to the Authority and law firms from the approved pool who were considered most qualified to provide the required services.

Staff recommends that the Port Commission authorize staff to proceed with preparations, planning, and development of necessary documentation for the future issuance of revenue bonds, which includes creation of financing teams, including revenue bond underwriters, financial advisors, and legal counsel, and will include professional services, including rating agencies, and further authorizes the finance working group to assist the Port Authority in preparing for this important effort.

Request for revenue bond issuance is expected to be presented to the Port Commission for action at a future meeting for the purpose of securing sufficient of liquidity for Port Commission construction package awards for various segments of Project 11.

H. FINANCE

Subject 2. Authorize the Port Authority to (a) negotiate a renewal or new flexible rate revolving note programs or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, with all proposed debt financing subject to final approval by the Port Commission (b) engage Masterson Advisors LLC as financial advisor with advisory, fees not to exceed \$150,000, (c) approve reimbursement to financial institution for upfront costs associated with the financing arrangement not to exceed \$150,000, and (d) engage credit rating agencies at a cost not to exceed \$225,000 to obtain ratings for the new financing as may be necessary.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize the Port Authority to (a) negotiate a renewal or new flexible rate revolving note programs or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, with all proposed debt financing subject to final approval by the Port Commission (b) engage Masterson Advisors LLC as financial advisor with advisory, fees not to exceed \$150,000, (c) approve reimbursement to financial institution for upfront costs associated with the financing arrangement not to exceed \$150,000, and (d) engage credit rating agencies at a cost not to exceed \$225,000 to obtain ratings for the new financing as may be necessary, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez / Tim Finley

Background:

By Minute No. 2018-1113-03, the Port Commission approved resolutions, agreements, and documents necessary to give effect to a \$100,000,000 Flexible Rate Revolving Note Program. The Note Program closed on December 4, 2018 with Regions Capital Advantage, Inc. and Regions Commercial Equipment Finance, LLC (collectively, Regions Bank) as lenders.

The Note Program expires on December 4, 2023.

Staff Evaluation/Justification:

The Port Authority has generated healthy cash flows in recent years. However, based on various scenario planning and liquidity forecasts, the Port Authority would likely need additional access to short term liquidity for Port Commission award capacity in years 2021-2025.

This proposed access to additional financing would provide liquidity to the Port Commission to award capital investments and improvements, including construction packages for Project 11.

Staff requests authorization to negotiate a renewal or new note programs and/or explore other debt financing alternatives for such amounts and terms as deemed necessary or advantageous to the Port Authority, and also seeks approval to engage professionals to assist with such debt financing efforts.

H. FINANCE

Subject **3. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2020-1208-18, the Port Commission last adopted an amended investment policy for the Pension Plan, which states:

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy...for the OPEB Trust...the Port Commission of the Port of Houston Authority of Harris County, Texas...will endeavor to review the Policy at least annually.

Staff Evaluation/Justification:

Staff and the Port Authority's pension consultant, AndCo Consulting, LLC, propose a revision to the investment policy, including:

- Adding one asset class a bank loan portfolio
- Revisions to the Target Asset Allocations resulting from the addition of the above asset class:
 - Reducing Fixed Income to 35.0% from 40.0%
 - Adding Bank Loans to 5.0% from 0.0%

the proposed bank loan strategy invests predominantly in floating rate corporate fixed income securities.

The proposed Policy changes comply with applicable statutes, including Chapter 802, Texas Government Code. The Pension and Benefits Committee and staff recommend that the Port Commission adopt an amended investment policy for the OPEB Plan, as proposed.

Staff recommends the Port Commission approve the adoption of the amended investment policy for the Port of Houston Authority OPEB Plan.

**PORT OF HOUSTON AUTHORITY
OPEB PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED JULY 20, 2021

MINUTE 2021-0720-

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I. PREAMBLE

By Minute 2011-1025-11, the Port Commission (the "Commission"), as governing body of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS (the "Plan Sponsor" or "Trust Sponsor"), adopted resolutions relating to the Trust Sponsor's participation in the PEB Trust of Texas, a multi-employer trust, to fund post-employment benefits other than pension benefits ("OPEB").

The Commission continues to desire to fund OPEB such as retiree medical, dental, vision, life insurance, long-term care, and similar benefits, as may be offered by the Trust Sponsor to its former employees and eligible dependents ("beneficiaries") under the terms and conditions of one or more plans or programs that may be maintained by the Trust Sponsor.

By Minute 2014-1028-34, the Commission (1) established a new, single-employer irrevocable trust (the "Plan", "Trust" or "OPEB Trust") at Compass Bank (now known as BBVA USA, the "Trustee"), (2) authorized the transfer of assets from the Trust Sponsor's account at the PEB Trust of Texas to the new Trust after receipt of a private letter ruling from the Internal Revenue Service confirming that the income in the Trust is excludable from federal income taxation under Section 115 of the Internal Revenue Code of 1986, as amended, and (3) designated certain individuals (each a "Plan Administrator") to act on behalf of the Trust Sponsor with respect to the Trust. By Minute 2018-1212-38, the Commission adopted an amended and restated Port of Houston Authority OPEB Plan document, effective January 1, 2019.

It is intended that the assets accumulated in the Trust would reduce the Trust Sponsor's OPEB obligations as determined by the Governmental Accounting Standards Board ("GASB").

The Commission is responsible for administration of the Trust and for the investment of the Trust's assets. The Commission is authorized to retain professional consultants and investment managers to assist in the investment of the Trust's assets. The Commission also establishes investment guidelines and evaluates investment manager performance.

All participants in the investment process shall undertake their responsibilities hereunder in a prudent and proactive fashion as described herein, in compliance with the Trust Sponsor's Code of Ethics, as amended from time to time, and adhering to applicable laws and regulations.

II. FIDUCIARY RESPONSIBILITIES

The Commission and its agents have a fiduciary responsibility to the participants and beneficiaries of the Trust regarding the investment of the Trust's assets.

1. In making or supervising investments of the Trust, the Commission and each Investment Manager shall discharge its duties with respect to the Trust solely in the interest of the participants and beneficiaries and
 - (a) For the exclusive purpose of:
 - (i) Providing benefits to participants and their beneficiaries;
 - (ii) Defraying reasonable expenses of administering the Trust;
 - (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
 - (c) By diversifying the investments of the Trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
 - (d) In accordance with the documents and instruments governing the Trust insofar as such documents and instruments are consistent with the provisions of this section and section V of this document.
2. In choosing and contracting for professional investment management services and in continuing the use of an Investment Manager, the Commission must act prudently and in the interest of the participants and beneficiaries of the Trust.
3. The Commission is not liable for the acts or omissions of any Investment Manager it appoints hereunder, nor is the Commission obligated to invest or otherwise manage any asset of the Trust subject to management by the Investment Manager.

III. PURPOSE

This statement of investment policy (the "Policy") is set forth by the Commission in order to:

- (a) Define and assign the responsibilities of all involved parties,
- (b) Establish a clear understanding for all involved parties of the investment goals and objectives for Trust assets,
- (c) Establish the Trust's Asset Allocation,
- (d) Offer guidance and limitations to all Investment Managers regarding the investment of Trust assets,
- (e) Establish a basis for evaluating investment results,
- (f) Ensure that Trust assets are managed in accordance with the requirements of applicable Texas law and, to the extent not inconsistent with Texas law, the Employee Retirement Income Security Act of 1974 ("ERISA") and regulations pertaining thereto, and
- (g) Establish the relevant investment horizon for which Trust assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

The Commission is charged by law with the responsibility for the management of the assets of the Trust. The Commission shall discharge its duties solely in the interest of the Trust participants and beneficiaries, with the care, skill, prudence and diligence under the circumstances then prevailing, that a Prudent Person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

In addition, the Commission shall be responsible for ensuring the Trust investments are diversified to minimize the risk of large losses or the risk of a severe underfunding of OPEB liabilities, unless under the circumstances it is clearly prudent not to do so. Furthermore, the Commission shall be responsible for ensuring that Trust investments adhere to the policies, objectives and guidelines set forth in this Policy to the extent they are consistent with requirements of applicable law. The specific responsibilities of the Commission relating to the investment management of the Trust assets include:

1. Adhering to the guidelines as provided under applicable Texas law, and to the extent not inconsistent with applicable Texas law, ERISA.
2. Projecting the Trust's financial needs, and communicating such needs to the Investment Manager(s) and Investment Consultant(s) on a timely basis.
3. Determining the Trust's risk tolerance and investment horizon, and communicating these to the appropriate parties.
4. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Trust's assets.
5. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), Actuarial Consultant(s), Custodian(s), and Trustee(s).
6. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to Policy guidelines and monitor investment objective progress.

7. Developing and enacting proper control procedures (e.g., replacing Investment Manager(s) due to fundamental changes in investment management process, investment results, or failure to comply with established guidelines, etc.).
8. Providing necessary and updated actuarial information on future liability payouts to support the design and maintenance of a custom liability index system.

Responsibility of the Pension and Benefits Committee

The Commission may appoint a committee or task force (the "Pension and Benefits Committee") to provide advice and recommendations to the Commission and to assist the Commission in performing its responsibilities set forth above. If no Pension and Benefits Committee has been formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.

Responsibility of the Investment Consultant

The Investment Consultant's role is that of a non-discretionary advisor to the Commission and the Pension and Benefits Committee. Investment advice concerning the investment management of Trust assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Policy. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of the Policy.
2. Assisting in developing an asset/liability model and appropriate liability index.
3. Recommending the appropriate asset allocation and investment styles in order to meet the funds' long-term objectives.
4. Conducting Investment Manager searches when requested by Plan Sponsor staff, the Pension and Benefits Committee or Commission.
5. Providing "due diligence", or research, on the Investment Manager(s).
6. Monitoring the performance of the Investment Manager(s) to provide Plan Sponsor staff, the Commission and the Pension and

Benefits Committee with the ability to determine the progress toward the investment objectives.

7. Communicating matters of policy, Investment Manager research, and Investment Manager performance to Plan Sponsor staff, the Pension and Benefits Committee and the Commission.
8. Reviewing Trust investment history, historical capital markets performance and the contents of this Policy with Plan Sponsor staff, any newly appointed members of the Commission and the Pension and Benefits Committee.

Responsibility of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the Trust assets placed under its investment discretion and control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Policy and acting in accordance with the terms of any investment management agreement as may be executed by and between said Investment Manager and the Trust Sponsor. Specific responsibilities of the Investment Manager(s) include:

1. Exercising full discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Policy.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.
4. Informing the Investment Consultant, Plan Sponsor staff, the Commission and the Pension and Benefits Committee regarding any qualitative change to investment management organization (e.g., changes in portfolio management personnel, ownership structure, investment philosophy, etc.).
5. Voting proxies on behalf of the Trust, and communicating such voting records to Plan Sponsor staff, the Commission and/or Pension and Benefits Committee on a timely basis as may be requested.

V. DELEGATION OF AUTHORITY

The Commission is a fiduciary under applicable Texas law and would be a fiduciary under ERISA if it applied to the Trust, and is responsible for directing and monitoring the investment management of Trust assets. As such, the Commission is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- (a) **Investment Consultant.** The Investment Consultant may assist the Commission in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The Investment Consultant shall provide such assistance to the Pension and Benefits Committee in its advisory role to the Commission and/or directly to the Commission, upon request.
- (b) **Investment Manager.** The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Trust's investment objectives.
- (c) **Custodian.** The Custodian may be a bank, depository trust company, or brokerage firm and will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust accounts.
- (d) **Trustee.** Consistent with requirements of applicable law, the Commission may appoint an outside bank trust department or depository trust company, to be Trustee. The Trustee will assume fiduciary responsibility for the administration of Trust assets. The Pension and Benefits Committee shall advise the Commission in its selection, removal and replacement of any Trustee.
- (e) **Additional specialists** such as attorneys, auditors, actuaries, and others may be employed by the Commission to assist in meeting its responsibilities and obligations to administer Trust

assets prudently, and to assist the Pension and Benefits Committee in providing advice and recommendations in this regard.

- (f) **Trust Sponsor Staff** has responsibility for day-to-day management and administration of the Trust under the supervision and direction of the Commission, and in accordance with applicable state and federal laws, including supervising the Investment Consultant, Investment Managers, the Trustee, and any other parties engaged by the Commission.

The Commission does not reserve any control over investment decisions, with the exception of specific limitations described in this Policy. Investment Managers shall be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper Investment Managers, each Investment Manager should request modifications which it deems appropriate.

If such experts employed are also deemed to be fiduciaries under applicable Texas law, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Trust as deemed necessary.

VI. ASSET ALLOCATION

The Commission shall be responsible for allocation of the assets among Investment Managers as well as controlling the total Asset Allocation among stocks, bonds and cash. The Commission adopts the following Asset Allocation among stocks, bonds, other investments, and cash to serve as a general guideline in investing the Trust's assets.

ASSET CLASS	MINIMUM	TARGET	MAXIMUM
Large Cap Domestic Equity	0.0%	20.0%	25.0%
Mid Cap Domestic Equity	0.0%	7.5%	12.5%
Small Cap Domestic Equity	0.0%	10.0%	15.0%
International Equity	0.0%	7.5%	12.5%
Fixed Income	30.0%	35.0%	40.0%
High Yield Fixed Income	0.0%	5.0%	10.0%
Bank Loans	0.0%	5.0%	10.0%
Real Estate	0.0%	5.0%	10.0%
Global Tactical Asset Allocation (GTAA)	0.0%	5.0%	10.0%
Cash and Equivalents	0.0%	0.0%	0.5%

The Commission will review the total Asset Allocation between Investment Managers and the overall Asset Allocation on a quarterly basis to keep the Asset Allocations of the various managers in line with the target Asset Allocation listed above. The need for balancing may also occur annually or more frequently due to contributions and distributions, or if there are price movements in the financial markets which cause an Asset Class to exceed or fall below the established guideline limits.

Plan Sponsor staff is authorized to rebalance the portfolio, consistent with the above Asset Allocation guidelines, and may also maintain portfolio assets in money market accounts or other cash equivalents as deemed appropriate or necessary to cover Trust expenses and monthly benefit payment requirements.

VII. INVESTMENT OBJECTIVES

The primary objective is to maximize the rate of return on the Trust assets consistent with the preservation of the value of principal by investing in stocks, bonds and cash. The performance of the Trust assets will be evaluated against investment objectives set forth in this document for each Asset Class.

The Trust shall be managed with a philosophy of selecting and retaining individual Investment Managers who have excelled in their investment disciplines. The managers for the Trust assets shall have proven abilities in their disciplines (i.e., stocks, bonds, cash, etc.), with an ability to add value through active management in their respective market specialization. The investment objectives of the Trust are as follows:

- (a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods.
- (b) The **Overall Investment Objective** of the Trust is to outperform the return of a composite mix comprised of 22.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 42.5% of the Bloomberg Barclays Capital US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over a full market cycle, usually five to ten years.
- (c) The **Total Trust** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.
- (d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.
- (e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.

- (f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over a full market cycle, usually five to ten years.
- (g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over a full market cycle, usually five to ten years.
- (h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over a full market cycle, usually five to ten years.
- (i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over a full market cycle, usually five to ten years.
- (j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg Barclays Capital US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over a full market cycle, usually five to ten years.
- (l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over a full market cycle, usually five to ten years.
- (m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index or the NCREIF Fund Index-Open End Diversified Core over a full market cycle, usually five to ten years.

- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg Barclays Capital US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

- (a) Investments shall be made solely in the interest of the participants and beneficiaries of the Trust for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration of the Trust.
- (b) The Trust shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
- (c) Investment of the Trust shall be so diversified as to minimize the risk of large losses or the risk of a severe underfunding of OPEB liabilities, unless under the circumstances it is clearly prudent not to do so.
- (d) The Commission may employ one or more Investment Managers of varying styles and philosophies to attain the Trust's objectives.
- (e) Investments should be made in consideration of the future liability payout schedule such that no severe mismatch of assets versus liabilities develops.
- (f) Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

VIII. INVESTMENT GUIDELINES

The Investment Managers are expected to execute all transactions as efficiently as possible. There are no specific restrictions on portfolio turnover or preference for long or short term holding periods. The Commission does, however, anticipate that long-term performance will be enhanced by investment strategies, not trading strategies.

All securities transactions shall be effected through brokerage firms. Each Investment Manager shall ensure brokerage commissions paid by them for executions and other services that benefit the Investment Managers are reasonable. When Investment Managers direct commissions on behalf of the Trust, the direction shall be contingent upon the institution being competitive in both price and execution. The Commission retains the right to direct brokerage commissions.

The Investment Consultant and Investment Managers shall comply with the principles outlined below regarding **compensation**.

- (a) All contracts between the Plan Sponsor and Investment Consultant(s) shall be paid on a hard dollar basis (i.e., actual cash paid for services). All contracts between the Plan Sponsor and Investment Managers shall be paid on a hard dollar basis.
- (b) Investment Consultant(s) shall not enter into any compensation arrangements with Investment Managers for any services to be provided relating to the Trust.
- (c) Investment Managers may enter into special commission arrangements with brokerage firms whereby portions of the commissions paid to brokerage firms for executing securities transactions may be directed to a third party or retained by the brokerage firm, but only for the express purpose of obtaining research products and services that are directly related to the investment process. Investment Managers shall monitor such payments on a regular basis, and as may be requested periodically by the Plan Sponsor, shall certify that such payments are in compliance with Section 28(e) of the Securities and Exchange Act of 1934, and such products and services directly benefit the Trust.

- (d) Reports shall be prepared by the Custodian and/or Investment Manager(s) at least quarterly indicating the transactions executed during the period. For other than direct transactions, the Investment Manager(s) shall have the discretion to execute transactions with the brokerage firm(s) of its choosing; however, its selection shall always be made in the best interest of the Trust.

The Trust assets may be invested in publicly traded common and preferred stocks, convertible bonds, and non-convertible fixed income securities, whether interest bearing or discount instruments, including money market instruments, subject to any restrictions herein specified. Any investments in mutual funds or other vehicles which may commingle instruments from various asset categories shall be subject to guidelines or restrictions specified in the fund prospectus or offering materials.

The assets of the Trust shall be invested in a manner consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a Prudent Person shall be observed. All transactions undertaken on behalf of the Trust shall be for the sole benefit of the participants in the Trust and their beneficiaries.

The **domestic equity** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (c) No private placements or venture capital investments should be purchased.
- (d) The Trust's equity Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (e) No single security in each manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, unless that security has a weighting of 5% or higher

in the manager's respective benchmark index, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation, unless that security has a weighting of 10% or higher in the manager's respective benchmark index.

- (f) Equity purchases are limited to stocks of companies with a minimum capitalization of \$200 million, unless approved by the Commission.
- (g) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

The **international equity** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) Investing internationally diversifies the overall Trust across the global equity markets. The international equity manager will invest in non-U.S. dollar denominated equity securities and/or American Depositary Receipts ("ADR's"). The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include: regional constraints, diversification requirements, and the type of securities held.
- (b) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (c) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (d) No private placements or venture capital investments should be purchased.
- (e) The Trust's equity Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (f) No single security in each Investment Manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, nor will it be more than 10% of the

equity allocation of the portfolio after accounting for price appreciation.

- (g) Equity purchases are limited to stocks of companies with a minimum capitalization of \$200 million, unless approved by the Commission.
- (h) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

The **fixed income** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in Investment Grade bonds. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated below Investment Grade but not lower than "B". The bonds must be rated by either Moody's, Fitch or Standard and Poor's. The Investment Managers are not required to invest in securities rated below Investment Grade.
- b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 10% of the fixed income portfolio shall be invested in preferred stock.
- c) No options or financial futures shall be utilized unless approved in writing by the Commission.
- d) The maximum effective Duration of the portfolio will be 120% of the Bloomberg Barclays Capital US Aggregate Bond Index.
- e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **high yield fixed income** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The high yield fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested

in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

- b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the high yield fixed income portfolio shall be invested in preferred stock.
- c) No options or financial futures shall be utilized unless approved in writing by the Commission.
- d) The maximum effective Duration of the portfolio will be 120% of the Merrill Lynch High Yield Master II Constrained Index.
- e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **bank loan** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The bank loan managers should have portfolio characteristics similar to the Credit Suisse Leveraged Loan Index.
- b) The bank loan managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.
- c) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except

below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the bank loan portfolio shall be invested in preferred stock.

- d) No options or financial futures shall be utilized unless approved in writing by the Commission.
- e) The maximum effective Duration of the portfolio will be 120% of the Credit Suisse Leveraged Loan Index.
- f) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **real estate** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (c) No private placements or venture capital investments should be purchased.
- (d) The Trust's real estate Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The real estate Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (e) No single security in each manager's portfolio will constitute more than 10% of the portfolio's allocation at the time of purchase, nor will it be more than 13% of the allocation of the portfolio after accounting for price appreciation.
- (f) The funds shall remain fully invested in real estate except for a nominal time between sales and repurchases.

The **global tactical asset allocation** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (b) No private placements or venture capital investments should be purchased.
- (c) Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (d) No single security in each manager's portfolio will constitute more than 5% of the portfolio's allocation at the time of purchase, nor will it be more than 10% of the allocation of the portfolio after accounting for price appreciation.
- (e) The funds shall remain fully invested except for a nominal time between sales and repurchases.

Money market instruments are debt securities with maturities of less than one year. Money market purchases should reflect the discretion of the Investment Managers within the following guidelines:

- (a) Investments can be made in money market instruments that are U.S. Government or agency obligations, repurchase agreements, collateralized by U.S. Government or agency securities, commercial paper, bankers' acceptances, certificates of deposit, Euro or Yankee Dollar obligations, or time deposits.
- (b) Commercial paper shall be restricted to paper rated "A-2" or "P-2" or "F-2" or better and shall be limited such that any one commercial paper issuer shall not comprise more than 10% of the portfolio.
- (c) Bankers' acceptances, Certificates of Deposit, Euro or Yankee Dollar obligations, and time deposits shall be made in the larger banks (ranked by assets) rated "AA" or better by Moody's or the equivalent by Fitch or Standard & Poor's and in conformance with all FDIC regulations concerning capital requirements.

- (d) Investments may be in money market mutual funds that are regulated by the SEC and fully comply with rule 2a-7 of the Investment Company Act of 1940.

IX. PORTFOLIO EVALUATION

On a quarterly basis:

- (a) The Investment Managers shall provide written reports to the Trust Sponsor and the Investment Consultant detailing performance for the most recent quarterly period as well as the current outlook of the equity and fixed income markets;
- (b) The Investment Consultant shall monitor Investment Managers' performance and consistency with respect to the investment guidelines and objectives outlined in this Policy;
and
- (c) The Investment Consultant shall meet with Plan Sponsor staff, the Commission and/or Pension and Benefits Committee (whether in person or via conference call), and review the Investment Managers' performance relative to objectives set forth in this Policy.

X. DEFINITIONS

ADR's	(American Depository Receipt) A negotiable certificate receipt issued, in dollars, by an American depository stating that a certain number of foreign securities have been deposited with an overseas branch of the depository or with a custodian. ADR's are traded on the New York and other U.S. stock exchanges.
Add Value	The margin by which an investment advisor can out-perform the relative index in a specific asset class.
Asset Allocation	Process by which the total Trust is divided among the different asset classes.
Asset Class	Categories of investments that include equity securities, fixed income securities and cash equivalents.
Bank Loan	Floating rate corporate bonds that offer larger coupons compared to U.S. Treasury, Agency and investment grade corporate bonds with the added potential for price appreciation in the event of an improvement in the economy, or performance of the issuing company. Importantly, bank loans offer the added benefit of a shorter duration profile because of the frequent coupon resets.
Beta	A measure of an equity portfolio's risk level which indicates its sensitivity to changes in the S&P 500 equity index. A portfolio with a Beta greater than one is more volatile than the S&P 500 (e.g., a Beta of 1.20 indicates the portfolio is 20% more volatile than the S&P 500).
Cash	Instruments or investments of high quality and safety (e.g., money market funds, treasury bills, etc.). Maturity is usually less than one year.
Commission	The Port Commission of the Port of Houston Authority of Harris County, Texas, which shall serve as the governing body responsible for administration of the Trust as specified by applicable state or local law or ordinance.
Custodian	Any bank, depository trust company, or brokerage firm appointed by the Commission to serve as custodian over all or part of the Trust's assets.
Duration	A measure of a fixed income portfolio's risk level which indicates how sensitive a fixed income portfolio is to a change in interest rates. The longer a portfolio's duration is, the more volatile it will react to changes in interest rates. Duration is calculated by finding the net present value of all cash flows of a bond until maturity.

Equities	Ownership interest possessed by shareholders in a corporation; stock as opposed to bonds.
ERISA	The Employee Retirement Income Security Act of 1974, any amendments thereto, and any regulations issued pertaining to ERISA.
Fiduciary	Any individual or group of individuals as defined in applicable Texas law and, to the extent not inconsistent with applicable Texas law, ERISA, section 3(21)(a).
Fixed Income	Any interest bearing or discounted government or corporate security that obligates the issuer to pay the holder a specified sum of money, usually at specified intervals, and to repay the principal amount of the loan at maturity. The Fixed Income portfolio may include preferred stock.
Global Tactical Asset Allocation (GTAA)	An investment strategy that attempts to exploit short-term market inefficiencies or long-term market trends by establishing positions in relatively attractive areas of the global investable universe. A GTAA strategy is capable of quickly implementing investment ideas to help tilt a portfolio for near-term opportunities or to preserve capital during market declines. Depending on strategy, investment approaches may diversify across asset classes, sector, countries, currencies, commodities, instruments, and capital structure.
Inflation	The rise in the prices of goods and services as measured by the Consumer Price Index ("CPI").
International Equity Portfolio	An equity portfolio composed of companies based outside of the United States.
Investment Consultant	The firm employed to consult on matters relating to the effective management of the Trust assets.
Investment Grade	Securities rated Baa3 or higher by Moody's Investor Service, or BBB- or higher by Standard and Poor's or Fitch Ratings.
Investment Horizon	The time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Trust based on active lives is 13 years (duration) and on retired lives is 14 years (duration). This will not preclude the committee from reviewing manager performance over shorter periods of three to five years.

Investment Manager	An entity appointed hereunder that provides investment advice and/or manages investments for a fee. All Investment Managers shall be registered with the Securities and Exchange Commission and abide by the rules of the Investment Advisers Act of 1940.
Large Cap Equity Portfolio	An equity portfolio composed of large sized companies. Large capitalization portfolios buy stocks with market capitalizations generally above \$10.0 billion.
Long-term	An investment approach to the markets in which an investor seeks appreciation by evaluating securities over a complete business cycle, usually five to ten years.
Mid Cap Equity Portfolio	An equity portfolio composed of middle sized companies. Middle capitalization portfolios buy stocks with market capitalizations generally between \$2.0 billion and \$10.0 billion.
Pension and Benefits Committee	The committee appointed by the Commission pursuant to the Trust, which may serve as an advisor to the Commission and provide recommendations to the Commission from time to time concerning the administration and management of the Trust. If no committee is formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.
Prudent Person	A fiduciary charged with utilizing the care, skill, prudence, and diligence that a prudent person who is familiar with such matters would use under the circumstances then prevailing.
Rate of Return	A return that includes appreciation (depreciation), realized capital gains (losses), and income. A quarterly return is computed and then chain-linked to calculate time-weighted rates of return for the periods under study.
Real Estate Investment Trust	A publicly traded security (also known as a REIT) that invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.
Securities	Marketable investment securities and instruments which are defined as acceptable in this statement.
Small Cap Equity Portfolio	An equity portfolio composed of small sized companies. Small capitalization portfolios buy stocks with market capitalizations generally up to \$2.0 billion.

Trustee	Any bank trust department or depository trust company appointed by the Commission to serve as trustee over all or part of the Trust assets.
Total Trust	Aggregate total of all assets in the Trust.

XI. POLICY REVIEW AND ADOPTION

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy (the "Policy") for the OPEB Plan (the "Plan"), the Port Commission of the Port of Houston Authority of Harris County, Texas (the "Commission") will endeavor to review the Policy at least annually.

The Commission officially finds, determines and declares that this Policy was reviewed, carefully considered, and adopted at a regular meeting of the Commission, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon and is herewith adopted. The Commission further ratifies, approves and confirms such written notice and the contents and posting thereof.

This Policy is adopted on July 20, 2021 and supersedes all previously adopted statements of investment policy with respect to the Plan.

Chairman, Port Commission
Port of Houston Authority of
Harris County, Texas

ATTEST:

Secretary,
Port Commission
Port of Houston Authority of
Harris County, Texas

Minute 2021-0720-

H. FINANCE

Subject **4. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2020-1208-17, the Port Commission last adopted an amended investment policy for the Pension Plan, which states:

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy...for the Port of Houston Authority Restated Retirement Plan...the Port Commission of the Port of Houston Authority of Harris County, Texas...will endeavor to review the Policy at least annually.

Staff Evaluation/Justification:

Staff and the Port Authority's pension consultant, AndCo Consulting, LLC, propose a revision to the investment policy, including:

- Adding one asset class a bank loan portfolio
- Revisions to the Target Asset Allocations resulting from the addition of the above asset class:
 - Reducing Fixed Income to 35.0% from 40.0%
 - Adding Bank Loans to 5.0% from 0.0%

The proposed bank loan strategy invests predominantly in floating rate corporate fixed income securities.

The proposed Policy changes comply with applicable statutes, including Chapter 802, Texas Government Code. The Pension and Benefits Committee and staff recommend that the Port Commission adopt an amended investment policy for the Pension Plan, as proposed.

Staff recommends the Port Commission approve adoption of the amended investment policy for the Port of Houston Authority Pension Plan.

**PORT OF HOUSTON AUTHORITY
RESTATED RETIREMENT PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED JULY 20, 2021

MINUTE 2021-0720-

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I. PREAMBLE

The Port of Houston Authority Restated Retirement Plan (the “Plan” or “Pension Plan”) is a defined benefit retirement plan established by the Port of Houston Authority of Harris County, Texas (the “Plan Sponsor”) effective April 3, 1958. The Plan provides retirement benefits to eligible employees during their retirement years and to eligible dependents as specified in the Plan.

The Plan is a public retirement system subject to provisions of Chapter 802, Texas Government Code. As a governmental plan, it is not subject to the federal Employee Retirement Income Security Act of 1974 (“ERISA”) although many of its provisions comply with ERISA.

The Port Commission (the “Commission”), as the governing body of the Plan Sponsor, has “the fiduciary responsibility for assets of the system and has the duties of overseeing the investment and expenditure of funds of the system and the administration of benefits of the system.” The Commission is authorized to retain professional consultants and investment managers to assist in the investment of the Plan's assets. The Commission also establishes investment guidelines and evaluates investment manager performance.

All participants in the investment process shall undertake their responsibilities hereunder in a prudent and proactive fashion as described herein, in compliance with the Plan Sponsor's Code of Ethics, as amended from time to time, and adhering to applicable laws and regulations.

II. FIDUCIARY RESPONSIBILITIES

The Commission and its agents have a fiduciary responsibility to the participants and beneficiaries of the Plan regarding the investment of the Plan's assets.

In accordance with Section 802.203, Texas Government Code:

1. In making or supervising investments of the Plan, the Commission and each Investment Manager shall discharge its duties with respect to the Plan solely in the interest of the participants and beneficiaries and
 - (a) For the exclusive purpose of:
 - (i) Providing benefits to participants and their beneficiaries;
 - (ii) Defraying reasonable expenses of administering the Plan;
 - (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
 - (c) By diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
 - (d) In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of this section and section V of this document.
2. In choosing and contracting for professional investment management services and in continuing the use of an Investment Manager, the Commission must act prudently and in the interest of the participants and beneficiaries of the Plan.
3. The Commission is not liable for the acts or omissions of any Investment Manager it appoints in compliance with Section 802.204, Texas Government Code, nor is the Commission obligated to invest or otherwise manage any asset of the Plan subject to management by the Investment Manager.

III. PURPOSE

This statement of investment policy (the "Policy") is set forth by the Commission in order to:

- (a) Define and assign the responsibilities of all involved parties,
- (b) Establish a clear understanding for all involved parties of the investment goals and objectives for Plan assets,
- (c) Establish the Plan's Asset Allocation,
- (d) Offer guidance and limitations to all Investment Managers regarding the investment of Plan assets,
- (e) Establish a basis for evaluating investment results,
- (f) Ensure that Plan assets are managed in accordance with the requirements of applicable Texas law and, to the extent not inconsistent with Texas law, the Employee Retirement Income Security Act of 1974 ("ERISA") and regulations pertaining thereto, and
- (g) Establish the relevant investment horizon for which Plan assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

The Commission is charged by law with the responsibility for the management of the assets of the Plan. The Commission shall discharge its duties solely in the interest of the Plan participants and beneficiaries, with the care, skill, prudence and diligence under the circumstances then prevailing, that a Prudent Person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

In addition, the Commission shall be responsible for ensuring the Plan investments are diversified to minimize the risk of large losses or the risk of a severe underfunding of pension liabilities, unless under the circumstances it is clearly prudent not to do so. Furthermore, the Commission shall be responsible for ensuring that Plan investments adhere to the policies, objectives and guidelines set forth in this Policy to the extent they are consistent with requirements of applicable law. The specific responsibilities of the Commission relating to the investment management of the Plan assets include:

1. Adhering to the guidelines as provided under applicable Texas law, and to the extent not inconsistent with applicable Texas law, ERISA.
2. Projecting the Plan's financial needs, and communicating such needs to the Investment Manager(s) and Pension Consultant(s) on a timely basis.
3. Determining the Plan's risk tolerance and investment horizon, and communicating these to the appropriate parties.
4. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Plan's assets.
5. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Pension Consultant(s), Actuarial Consultant(s), Custodian(s), and Trustee(s).
6. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to Policy guidelines and monitor investment objective progress.

7. Developing and enacting proper control procedures (e.g., replacing Investment Manager(s) due to fundamental changes in investment management process, investment results or failure to comply with established guidelines, etc.).
8. Providing necessary and updated actuarial information on future liability payouts to support the design and maintenance of a custom liability index system.

Responsibility of the Pension and Benefits Committee

The Commission may appoint a committee or task force (the “Pension and Benefits Committee”) to provide advice and recommendations to the Commission and to assist the Commission in performing its responsibilities set forth above. If no Pension and Benefits Committee has been formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.

Responsibility of the Pension Consultant

The Pension Consultant's role is that of a non-discretionary advisor to the Commission and the Pension and Benefits Committee. Investment advice concerning the investment management of Plan assets will be offered by the Pension Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Policy. Specific responsibilities of the Pension Consultant include:

1. Assisting in the development and periodic review of the Policy.
2. Assisting in developing an asset/liability model and appropriate liability index.
3. Recommending the appropriate asset allocation and investment styles in order to meet the funds' long-term objectives.
4. Conducting Investment Manager searches when requested by Plan Sponsor staff, the Pension and Benefits Committee or Commission.
5. Providing “due diligence”, or research, on the Investment Manager(s).
6. Monitoring the performance of the Investment Manager(s) to provide Plan Sponsor staff, the Commission and the Pension and

Benefits Committee with the ability to determine the progress toward the investment objectives.

7. Communicating matters of policy, Investment Manager research, and Investment Manager performance to Plan Sponsor staff, the Pension and Benefits Committee and the Commission.
8. Reviewing Plan investment history, historical capital markets performance and the contents of this Policy with Plan Sponsor staff, any newly appointed members of the Commission and the Pension and Benefits Committee.

Responsibility of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the Plan assets placed under its investment discretion and control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Policy and acting in accordance with the terms of any investment management agreement as may be executed by and between said Investment Manager and the Plan Sponsor. Specific responsibilities of the Investment Manager(s) include:

1. Exercising full discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Policy.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.
4. Informing the Pension Consultant, Plan Sponsor staff, the Commission and the Pension and Benefits Committee regarding any qualitative change to investment management organization (e.g., changes in portfolio management personnel, ownership structure, investment philosophy, etc.).
5. Voting proxies on behalf of the Plan, and communicating such voting records to Plan Sponsor staff, the Commission and/or Pension and Benefits Committee on a timely basis as may be requested.

V. DELEGATION OF AUTHORITY

The Commission is a fiduciary under applicable Texas law and would be a fiduciary under ERISA if it applied to the Plan, and is responsible for directing and monitoring the investment management of Plan assets. As such, the Commission is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- (a) **Pension Consultant.** The Pension Consultant may assist the Commission in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The Pension Consultant shall provide such assistance to the Pension and Benefits Committee in its advisory role to the Commission and/or directly to the Commission, upon request.
- (b) **Investment Manager.** The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Plan's investment objectives.
- (c) **Custodian.** The Custodian may be a bank, depository trust company, or brokerage firm and will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plan accounts.
- (d) **Trustee.** Consistent with requirements of applicable law, the Commission may appoint an outside bank trust department or depository trust company, to be Trustee. The Trustee will assume fiduciary responsibility for the administration of Plan assets. The Pension and Benefits Committee shall advise the Commission in its selection, removal and replacement of any Trustee.
- (e) **Additional specialists** such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Commission to assist in meeting its responsibilities and obligations to administer Plan assets prudently, and to assist

the Pension and Benefits Committee in providing advice and recommendations in this regard.

- (f) **Plan Sponsor Staff** has responsibility for day-to-day management and administration of the Plan under the supervision and direction of the Commission, and in accordance with applicable state and federal laws, including supervising the Pension Consultant, Investment Managers, the Trustee, and any other parties engaged by the Commission.

The Commission does not reserve any control over investment decisions, with the exception of specific limitations described in this Policy. Investment Managers shall be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper Investment Managers, each Investment Manager should request modifications which it deems appropriate.

If such experts employed are also deemed to be fiduciaries under applicable Texas law, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Plan as deemed necessary.

VI. ASSET ALLOCATION

The Commission shall be responsible for allocation of the assets among Investment Managers as well as controlling the total Asset Allocation among stocks, bonds and cash. The Commission adopts the following Asset Allocation among stocks, bonds, other investments, and cash to serve as a general guideline in investing the Plan's assets.

ASSET CLASS	MINIMUM	TARGET	MAXIMUM
Large Cap Domestic Equity	15.0%	20.0%	25.0%
Mid Cap Domestic Equity	2.5%	7.5%	12.5%
Small Cap Domestic Equity	5.0%	10.0%	15.0%
International Equity	2.5%	7.5%	12.5%
Fixed Income	30.0%	35.0%	40.0%
High Yield Fixed Income	0.0%	5.0%	10.0%
Bank Loans	0.0%	5.0%	10.0%
Real Estate	0.0%	5.0%	10.0%
Global Tactical Asset Allocation (GTAA)	0.0%	5.0%	10.0%
Cash and Equivalents	0.0%	0.0%	0.5%

The Commission will review the total Asset Allocation between Investment Managers and the overall Asset Allocation on a quarterly basis to keep the Asset Allocations of the various managers in line with the target Asset Allocation listed above. The need for balancing may also occur annually or more frequently due to contributions and distributions, or if there are price movements in the financial markets which cause an Asset Class to exceed or fall below the established guideline limits.

Plan Sponsor staff is authorized to rebalance the portfolio, consistent with the above Asset Allocation guidelines, and may also maintain portfolio assets in money market accounts or other cash equivalents as deemed appropriate or necessary to cover Plan expenses and monthly benefit payment requirements.

VII. INVESTMENT OBJECTIVES

The primary objective is to maximize the rate of return on the Plan assets consistent with the preservation of the value of principal by investing in stocks, bonds and cash. The performance of the Plan assets will be evaluated against investment objectives set forth in this document for each Asset Class.

The Plan shall be managed with a philosophy of selecting and retaining individual Investment Managers who have excelled in their investment disciplines. The managers for the Plan assets shall have proven abilities in their disciplines (i.e., stocks, bonds, cash, etc.), with an ability to add value through active management in their respective market specialization. The investment objectives of the Plan are as follows:

- (a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods.
- (b) The **Overall Investment Objective** of the Plan is to outperform the return of a composite mix comprised of 22.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 42.5% of the Bloomberg Barclays Capital US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over a full market cycle, usually five to ten years.
- (c) The **Total Plan** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.
- (d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.
- (e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.

- (f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over a full market cycle, usually five to ten years.
- (g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over a full market cycle, usually five to ten years.
- (h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over a full market cycle, usually five to ten years.
- (i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over a full market cycle, usually five to ten years.
- (j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg Barclays Capital US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over a full market cycle, usually five to ten years.
- (l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over a full market cycle, usually five to ten years.
- (m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index or the NCREIF Fund Index-Open End Diversified Core over a full market cycle, usually five to ten years.

- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg Barclays Capital US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

- (a) Investments shall be made solely in the interest of the participants and beneficiaries of the Plan for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration of the Plan.
- (b) The Plan shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
- (c) Investment of the Plan shall be so diversified as to minimize the risk of large losses or the risk of a severe underfunding of pension liabilities, unless under the circumstances it is clearly prudent not to do so.
- (d) The Commission may employ one or more Investment Managers of varying styles and philosophies to attain the Plan's objectives.
- (e) Investments should be made in consideration of the future liability payout schedule such that no severe mismatch of assets versus liabilities develops.
- (f) Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

VIII. INVESTMENT GUIDELINES

The Investment Managers are expected to execute all transactions as efficiently as possible. There are no specific restrictions on portfolio turnover or preference for long or short term holding periods. The Commission does, however, anticipate that long-term performance will be enhanced by investment strategies, not trading strategies.

All securities transactions shall be effected through brokerage firms. Each Investment Manager shall ensure brokerage commissions paid by them for executions and other services that benefit the Investment Managers are reasonable. When Investment Managers direct commissions on behalf of the Plan, the direction shall be contingent upon the institution being competitive in both price and execution. The Commission retains the right to direct brokerage commissions.

The Pension Consultant and Investment Managers shall comply with the principles outlined below regarding **compensation**.

- (a) All contracts between the Plan Sponsor and Pension Consultant(s) shall be paid on a hard dollar basis (i.e., actual cash paid for services). All contracts between the Plan Sponsor and Investment Managers shall be paid on a hard dollar basis.
- (b) Pension Consultant(s) shall not enter into any compensation arrangements with Investment Managers for any services to be provided relating to the Plan.
- (c) Investment Managers may enter into special commission arrangements with brokerage firms whereby portions of the commissions paid to brokerage firms for executing securities transactions may be directed to a third party or retained by the brokerage firm, but only for the express purpose of obtaining research products and services that are directly related to the investment process. Investment Managers shall monitor such payments on a regular basis, and as may be requested periodically by the Plan Sponsor, shall certify that such payments are in compliance with Section 28(e) of the Securities and Exchange Act of 1934, and such products and services directly benefit the Plan.

- (d) Reports shall be prepared by the Custodian and/or Investment Manager(s) at least quarterly indicating the transactions executed during the period. For other than direct transactions, the Investment Manager(s) shall have the discretion to execute transactions with the brokerage firm(s) of its choosing; however, its selection shall always be made in the best interest of the Plan.

The Plan assets may be invested in publicly traded common and preferred stocks, convertible bonds, and non-convertible fixed income securities, whether interest bearing or discount instruments, including money market instruments, subject to any restrictions herein specified. Any investments in mutual funds or other vehicles which may commingle instruments from various asset categories shall be subject to guidelines or restrictions specified in the fund prospectus or offering materials.

The assets of the Plan shall be invested in a manner consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a Prudent Person shall be observed. All transactions undertaken on behalf of the Plan shall be for the sole benefit of the participants in the Plan and their beneficiaries.

The **domestic equity** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (c) No private placements or venture capital investments should be purchased.
- (d) The Plan's equity Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (e) No single security in each manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, unless that security has a weighting of 5% or higher

in the manager's respective benchmark index, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation, unless that security has a weighting of 10% or higher in the manager's respective benchmark index.

- (f) Equity purchases are limited to stocks of companies with a minimum capitalization of \$200 million, unless approved by the Commission.
- (g) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

The **international equity** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) Investing internationally diversifies the overall Plan across the global equity markets. The international equity manager will invest in non-U.S. dollar denominated equity securities and/or American Depositary Receipts ("ADR's"). The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include: regional constraints, diversification requirements, and the type of securities held.
- (b) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (c) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (d) No private placements or venture capital investments should be purchased.
- (e) The Plan's equity Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (f) No single security in each Investment Manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, nor will it be more than 10% of the

equity allocation of the portfolio after accounting for price appreciation.

- (g) Equity purchases are limited to stocks of companies with a minimum capitalization of \$200 million, unless approved by the Commission.
- (h) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

The **fixed income** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in Investment Grade bonds. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated below Investment Grade but not lower than "B". The bonds must be rated by either Moody's, Fitch or Standard and Poor's. The Investment Managers are not required to invest in securities rated below Investment Grade.
- b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 10% of the fixed income portfolio shall be invested in preferred stock.
- c) No options or financial futures shall be utilized unless approved in writing by the Commission.
- d) The maximum effective Duration of the portfolio will be 120% of the Bloomberg Barclays Capital US Aggregate Bond Index.
- e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **high yield fixed income** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The high yield fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be

invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

- b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the high yield fixed income portfolio shall be invested in preferred stock.
- c) No options or financial futures shall be utilized unless approved in writing by the Commission.
- d) The maximum effective Duration of the portfolio will be 120% of the Merrill Lynch High Yield Master II Constrained Index.
- e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **bank loan** portfolio should reflect the discretion of the Investment Manager(s) within the following constraints:

- a) The bank loan managers should have portfolio characteristics similar to the Credit Suisse Leveraged Loan Index.
- b) The bank loan managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.
- c) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not

exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the bank loan portfolio shall be invested in preferred stock.

- d) No options or financial futures shall be utilized unless approved in writing by the Commission.
- e) The maximum effective Duration of the portfolio will be 120% of the Credit Suisse Leveraged Loan Index.
- f) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

The **real estate** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) No options or financial futures shall be purchased unless approved in writing by the Commission.
- (b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (c) No private placements or venture capital investments should be purchased.
- (d) The Plan's real estate Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The real estate Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (e) No single security in each manager's portfolio will constitute more than 10% of the portfolio's allocation at the time of purchase, nor will it be more than 13% of the allocation of the portfolio after accounting for price appreciation.
- (f) The funds shall remain fully invested in real estate except for a nominal time between sales and repurchases.

The **global tactical asset allocation** portfolios should reflect the discretion of the Investment Manager(s) within the following constraints:

- (a) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.
- (b) No private placements or venture capital investments should be purchased.
- (c) Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.
- (d) No single security in each manager's portfolio will constitute more than 5% of the portfolio's allocation at the time of purchase, nor will it be more than 10% of the allocation of the portfolio after accounting for price appreciation.
- (e) The funds shall remain fully invested except for a nominal time between sales and repurchases.

Money market instruments are debt securities with maturities of less than one year. Money market purchases should reflect the discretion of the Investment Managers within the following guidelines:

- (a) Investments can be made in money market instruments that are U.S. Government or agency obligations, repurchase agreements, collateralized by U.S. Government or agency securities, commercial paper, bankers' acceptances, certificates of deposit, Euro or Yankee Dollar obligations, or time deposits.
- (b) Commercial paper shall be restricted to paper rated "A-2" or "P-2" or "F-2" or better and shall be limited such that any one commercial paper issuer shall not comprise more than 10% of the portfolio.
- (c) Bankers' acceptances, Certificates of Deposit, Euro or Yankee Dollar obligations, and time deposits shall be made in the larger banks (ranked by assets) rated "AA" or better by Moody's or the equivalent by Fitch or Standard & Poor's and in conformance with all FDIC regulations concerning capital requirements.

- (d) Investments may be in money market mutual funds that are regulated by the SEC and fully comply with rule 2a-7 of the Investment Company Act of 1940.

IX. PORTFOLIO EVALUATION

On a quarterly basis:

- (a) The Investment Managers shall provide written reports to the Plan Sponsor and the Pension Consultant detailing performance for the most recent quarterly period as well as the current outlook of the equity and fixed income markets;
- (b) The Pension Consultant shall monitor Investment Managers' performance and consistency with respect to the investment guidelines and objectives outlined in this Policy; and
- (c) The Pension Consultant shall meet with Plan Sponsor staff, the Commission and/or Pension and Benefits Committee (whether in person or via conference call), and review the Investment Managers' performance relative to objectives set forth in this Policy.

X. DEFINITIONS

ADR's	(American Depository Receipt) A negotiable certificate receipt issued, in dollars, by an American depository stating that a certain number of foreign securities have been deposited with an overseas branch of the depository or with a custodian. ADR's are traded on the New York and other U.S. stock exchanges.
Add Value	The margin by which an investment advisor can out-perform the relative index in a specific asset class.
Asset Allocation	Process by which the total plan is divided among the different asset classes.
Asset Class	Categories of investments that include equity securities, fixed income securities and cash equivalents.
Bank Loan	Floating rate corporate bonds that offer larger coupons compared to U.S. Treasury, Agency and investment grade corporate bonds with the added potential for price appreciation in the event of an improvement in the economy, or performance of the issuing company. Importantly, bank loans offer the added benefit of a shorter duration profile because of the frequent coupon resets.
Beta	A measure of an equity portfolio's risk level which indicates its sensitivity to changes in the S&P 500 equity index. A portfolio with a Beta greater than one is more volatile than the S&P 500 (e.g., a Beta of 1.20 indicates the portfolio is 20% more volatile than the S&P 500).
Cash	Instruments or investments of high quality and safety (e.g., money market funds, treasury bills, etc.). Maturity is usually less than one year.
Commission	The Port Commission of the Port of Houston Authority of Harris County, Texas, which shall serve as the governing body responsible for administration of the Plan as specified by applicable state or local law or ordinance.
Custodian	Any bank, depository trust company, or brokerage firm appointed by the Commission to serve as custodian over all or part of the Plan's assets.
Duration	A measure of a fixed income portfolio's risk level which indicates how sensitive a fixed income portfolio is to a change in interest rates. The longer a portfolio's duration is, the more volatile it will react to changes in interest rates. Duration is calculated by finding the net present value of all cash flows of a bond until maturity.

Equities	Ownership interest possessed by shareholders in a corporation; stock as opposed to bonds.
ERISA	The Employee Retirement Income Security Act of 1974, any amendments thereto, and any regulations issued pertaining to ERISA.
Fiduciary	Any individual or group of individuals as defined in applicable Texas law and, to the extent not inconsistent with applicable Texas law, ERISA, section 3(21)(a).
Fixed Income	Any interest bearing or discounted government or corporate security that obligates the issuer to pay the holder a specified sum of money, usually at specified intervals, and to repay the principal amount of the loan at maturity. The Fixed Income portfolio may include preferred stock.
Global Tactical Asset Allocation (GTAA)	An investment strategy that attempts to exploit short-term market inefficiencies or long-term market trends by establishing positions in relatively attractive areas of the global investable universe. A GTAA strategy is capable of quickly implementing investment ideas to help tilt a portfolio for near-term opportunities or to preserve capital during market declines. Depending on strategy, investment approaches may diversify across asset classes, sector, countries, currencies, commodities, instruments, and capital structure.
Inflation	The rise in the prices of goods and services as measured by the Consumer Price Index ("CPI").
International Equity Portfolio	An equity portfolio composed of companies based outside of the United States.
Investment Consultant	The firm employed to consult on matters relating to the effective management of the Plan assets.
Investment Grade	Securities rated Baa3 or higher by Moody's Investor Service, or BBB- or higher by Standard and Poor's or Fitch Ratings.
Investment Horizon	The time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Plan based on active lives is 11 years (duration) and on retired lives is 15 years (duration). This will not preclude the committee from reviewing manager performance over shorter periods of three to five years.

Investment Manager	An entity appointed in accordance with Section 802.204, Texas Government Code, that provides investment advice and/or manages investments for a fee. All Investment Managers shall be registered with the Securities and Exchange Commission and abide by the rules of the Investment Advisers Act of 1940.
Large Cap Equity Portfolio	An equity portfolio composed of large sized companies. Large capitalization portfolios buy stocks with market capitalizations generally above \$10.0 billion.
Long-term	An investment approach to the markets in which an investor seeks appreciation by evaluating securities over a complete business cycle, usually five to ten years.
Mid Cap Equity Portfolio	An equity portfolio composed of middle sized companies. Middle capitalization portfolios buy stocks with market capitalizations generally between \$2.0 billion and \$10.0 billion.
Pension and Benefits Committee	The committee appointed by the Commission pursuant to the Plan, which may serve as an advisor to the Commission and provide recommendations to the Commission from time to time concerning the administration and management of the Plan. If no committee is formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.
Prudent Person	A fiduciary charged with utilizing the care, skill, prudence, and diligence that a prudent person who is familiar with such matters would use under the circumstances then prevailing.
Rate of Return	A return that includes appreciation (depreciation), realized capital gains (losses), and income. A quarterly return is computed and then chain-linked to calculate time-weighted rates of return for the periods under study.
Real Estate Investment Trust	A publicly traded security (also known as a REIT) that invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.
Securities	Marketable investment securities and instruments which are defined as acceptable in this statement.
Small Cap Equity Portfolio	An equity portfolio composed of small sized companies. Small capitalization portfolios buy stocks with market capitalizations generally up to \$2.0 billion.

Trustee	Any bank trust department or depository trust company appointed by the Commission to serve as trustee over all or part of the Plan assets.
Total Plan	Aggregate total of all assets in the Plan.

XI. POLICY REVIEW AND ADOPTION

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy (the "Policy") for the Port of Houston Authority Restated Retirement Plan (the "Plan"), the Port Commission of the Port of Houston Authority of Harris County, Texas (the "Commission") will endeavor to review the Policy at least annually.

The Commission officially finds, determines and declares that this Policy was reviewed, carefully considered, and adopted at a regular meeting of the Commission, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon and is herewith adopted. The Commission further ratifies, approves and confirms such written notice and the contents and posting thereof.

This Policy is adopted on July 20, 2021 and supersedes all previously adopted statements of investment policy with respect to the Plan.

Chairman, Port Commission
Port of Houston Authority of
Harris County, Texas

ATTEST:

Secretary,
Port Commission
Port of Houston Authority of
Harris County, Texas

Minute 2021-0720-

H. FINANCE

Subject 5. Approve Pacific Life Funds Advisors as new investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve Pacific Life Funds Advisors as new investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

The Port Commission is asked to adopt an amended investment policy for the Pension Plan and OPEB Plan at this July 20, 2021 meeting to accommodate the asset allocation changes and new investment manager and new investment fund.

By Minute No. 2019-0729-18, the Port Commission approved an extension of the contract with AndCo Consulting, LLC for investment advisory services related to the Pension Plan, the OPEB Plan, the 401(a) Defined Contribution Plan, and the 457(b) Deferred Compensation Plan. AndCo Consulting, LLC has assisted with other efforts.

Staff Evaluation/Justification:

As part of the ongoing review of Pension Plan and OPEB Plan investments, staff and AndCo Consulting recently recommended to the Pension and Benefits Committee a change to the asset allocation and investment managers. The goal of this change include further diversifying investments, enhancing returns on the portfolios, and minimize losses due to a potential rising interest rate environment. Such proposed changes are in full compliance with the investment policies for the Pension Plan and OPEB Plan.

The following possible investment managers/funds were presented for Committee review and evaluation at its July 13, 2021 meeting:

Bank Loan Portfolio

- Credit Suisse Asset Management: Credit Suisse Floating Rate High Income Instl (CSHIX)
- Loomis Sayles & Company: Loomis Sayles Senior Floating Rate and Fixed Income N (LSFNX)
- Pacific Life Fund Advisors: Pacific Funds Floating Rate Income I (PLFRX)

Staff recommends that the Port Commission approve Pacific Life Fund Advisors as the new investment manager for the Pension Plan and OPEB Plan, as selected and recommended by staff and the Pension and Benefits Committee from the above lists of managers.

Staff and AndCo Consulting will then reallocate assets to the new investment manager and fund, in accordance with the asset allocation and other parameters specified in the investment policies.

I. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a two-year environmental consulting agreement in an amount not to exceed \$100,000 for the monitoring and maintenance of the Bayport Container Terminal sound monitoring system to the top ranked proposer: staff ranking - first, SLR International Corporation; and second, Collaboration in Science and Technology, Inc dba CSTI Acoustics.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 20, 2021, meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, SLR International Corporation; and second, Collaboration in Science and Technology, Inc dba CSTI Acoustics; (b) award a two-year environmental consulting agreement to SLR International Corporation for the monitoring and maintenance of the Bayport Container Terminal sound monitoring system in an amount not to exceed \$100,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4a. - Implement an innovative environmental leadership strategy

Category:

Awards, Amendments & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

The sound monitoring system for Bayport Container Terminal construction has been used to demonstrate compliance with sound limitations in the Department of the Army Permit SWG-1998-01818 (Permit). However, in the recently approved extension of the Permit effective July 1, 2021, these sound limitations were removed. Although no longer required, staff has determined that the Port Authority should continue to monitor Bayport Terminal construction sound levels. The selected firm would monitor and maintain the sound monitoring system, collect and analyze data from the monitors, and provide professional acoustical services as requested by the Port Authority in order to assist Port Authority staff in limiting noise from construction.

The Port Authority notified vendors regarding its request for proposals (RFP) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Five vendors downloaded the project materials from the BuySpeed.

Staff Evaluation/Justification:

On June 16, 2021, two RFPs responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following

vendors, listed in order of ranking, as most qualified to provide the required services:

- SLR International Corporation
- Collaboration in Science and Technology, Inc dba CSTI Acoustics

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to SLR International Corporation for an environmental consulting agreement in this matter, and act as otherwise described above.

I. INFRASTRUCTURE

Subject **2. Approve staff's ranking of vendors and award a construction contract to Four Seasons Development Company for the annual perimeter security fence replacement at Turning Basin Terminal for 2021 in an amount not to exceed \$201,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, award a construction contract to Four Seasons Development Company for the annual perimeter security fence replacement at Turning Basin Terminal for 2021 in an amount not to exceed \$201,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The Port Authority is seeking to award a construction contract for annual perimeter security fence replacement. This year's projects will be for the removal and replacement of deteriorated or damaged perimeter security fencing at Barbour's Cut Terminal and Turning Basin Terminal. The existing 6-foot perimeter fencing that will be replaced with 8-foot fencing and three strands of barbed wire along the security perimeter of the terminals, to comply with United States Homeland Security requirements. The contract will include the following:

- Removal of 6-foot fencing and barbed wire
- Removal of existing footings
- Replacement of 6,500 linear feet of perimeter fencing
- Placement of 8-foot fencing with three strands of barbed wire
- Installation of new concrete footings
- Installation of 20-foot swing gate with custom flaps

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Six vendors downloaded the project materials from the BuySpeed.

Staff Evaluation/Justification:

On June 23, 2020, one CSB was received, opened, and publicly read. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Authority award a contract to Four Seasons Development Company, the responsible bidder submitting the lowest and best bid, for the annual perimeter security fence replacement at Turning Basin Terminal for 2021.

I. INFRASTRUCTURE

Subject 3. Amend the professional services contract with AECOM Technical Services, Inc. to perform services for rehabilitation and repair design of Wharf Nos. 20, 21, 24, 25, and 26 at Turning Basin Terminal in an amount not to exceed \$1,286,829.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve an amendment to the professional services contract with AECOM Technical Services, Inc. to perform services for rehabilitation and repair design of Wharf Nos. 20, 21, 24, 25, and 26 at Turning Basin Terminal in an amount not to exceed \$1,286,829, and authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2020-0623-16, the Port Commission awarded a professional services contract with AECOM Technical Services, Inc. to perform additional services for the in-depth structural assessment and development of repair options of Wharves 20, 21, 24, 25, and 26 at Turning Basin Terminal

The first phase was \$394,266 and the second phase is \$1,286,829. This amendment for the planned-for second phase is the first amendment to this contract for a total amendment value to date of \$1,286,829, which represent an increase of 326% over the original contract value for the first phase.

This proposed amendment would consist of preparing the rehabilitation design documentation for Wharf 20 and 90ft of Wharf 21 and the repair design for Wharves 21, 24, 25, and 26. The scope includes but not limited to: bid documentations, drawings, specifications, and cost estimation, as well as construction phase support.

Staff Evaluation/Justification:

Staff has reviewed AECOM Technical Services, Inc.'s proposal and found it to be fair and reasonable and recommends that the Port Commission approve the proposed amendment.

I. INFRASTRUCTURE

Subject 4. Approve a change order with Archer Western Construction, LLC. to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$133,500.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize a change order with Archer Western Construction, LLC to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$133,500, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2019-0729-24, the Port Commission awarded a construction contract to Archer Western Construction, LLC for the expansion of gate facilities at Barbours Cut Terminal.

This change order for \$133,500 is the fourth change order to this contract, for a total amended value to date of -\$75,973, which represents a decrease of -0.19% over the original contract value.

The change order proposed by the contractor includes the following items:

- Updated light fixtures with battery backup power, additional concrete pavement removal, replacement, and storm water drainage improvements.
- Modified drainage system for the truck table scales and additional galvanized steel embeds for the truck scale foundations.
- Additional concrete pavement for the truck table scale frames.
- Additional infrastructure at the TWIC Checkpoint Canopy, needed for manned guard booths.
- Addition of concrete pads at each ladder platform location, to provide better access to the lane kiosks.

Staff Evaluation/Justification:

Staff has reviewed Archer Western Construction, LLC proposal and found it to be fair and reasonable and recommends that the Port Commission authorize this change order.

I. INFRASTRUCTURE

Subject 5. Approve the purchase of supplies needed by the U.S. Coast Guard to relocate channel markers to be removed during dredging of the segment of the Houston Ship Channel included in Contract Package 3/4a in an amount not to exceed \$100,000.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve the purchase of supplies needed by the U.S. Coast Guard to relocate channel markers to be removed during dredging of the segment of the Houston Ship Channel included in Contract Package 3/4a in an amount not to exceed \$100,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Project 11

Staff Contact:

Garry McMahan

Background:

In approximately September or October 2021, the Port Authority expects to award a construction project contract to dredge segments 3 and 4a of the Houston Ship Channel Expansion Channel Improvement Project (Project 11). To facilitate this dredging, the U.S. Coast Guard (USCG) needs to relocate the channel markers located along these channel segments. Due to the speed of development of Project 11, the USCG did not have sufficient time to integrate this work into its current budget. In an effort to aid the USCG in completing this work ahead of dredging, USCG has requested that the Port Authority supply materials needed to relocate the channel markers.

Staff Evaluation/Justification:

Staff has determined that additional funding is necessary to procure these materials for the USCG in order to maintain the aggressive schedule for Project 11.

I. INFRASTRUCTURE

Subject 6. Enter into a Memorandum of Understanding and temporary license with the U.S. Army Corps of Engineers for the placement of maintenance dredged material from berths at the Bayport Container Terminal into a federally managed dredged material placement area for \$582,800 and approve any over dredge cost at \$3.76 per cubic yard in an amount not to exceed \$116,560.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize the Port Authority to enter into a Memorandum of Understanding and temporary license with the U.S. Army Corps of Engineers for the placement of maintenance dredged material from berths at the Bayport Container Terminal into a federally managed dredged material placement area for \$582,800 and approve any over dredge cost at \$3.76 per cubic yard in an amount not to exceed \$116,560, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

The U.S. Army Corps of Engineers (Corps) is expected to perform maintenance dredging of the Houston Ship Channel and Bayport Ship Channel adjacent to Bayport Container Terminal. Berths in mid 2021 at the terminal also require maintenance dredging, to remove siltation that has occurred since the last maintenance dredging was completed in 2019. The Corps is authorized to perform berth dredging for the Port Authority on a reimbursable basis.

By Minute No. 2021-0525-21, the Port Commission authorized the Port Authority to enter into a Memorandum of Agreement with the Corps to perform this maintenance dredging. This action is to authorize the placement of that material into a dredged material placement area and pay the appropriate fees. The material is expected to be placed into Placement Area 14 for \$582,800. Dredge quantities are estimated and may differ from the actual quantity at the time dredging occurs due to additional siltation and processing time of the Corps application. This action is to also authorize the cost for quantities over the initial quantity we applied for at \$3.76 per cubic yard in an amount not to exceed \$116,560.

Staff Evaluation/Justification:

Section 217(b) of the Water Resources Development Act of 1996 (33 U.S.C. 2326a(b)) authorizes the Secretary of the Army to permit the use of dredged material placement facilities under the Secretary's jurisdiction by Non-Federal Interests and to impose fees to recover capital, operation, and maintenance costs associated with such use. Use of the Corps dredged material placement area under 217(b) would significantly reduce placement area federal fees and allow federal fees collected to be returned to the Corps for use on the Houston Ship Channel placement areas.

Staff recommends that the Port Commission authorize these agreements.

I. INFRASTRUCTURE

Subject 7. Approve the renewal of the following expiring Port Authority licenses for new ten-year terms: ExxonMobil Pipeline Company and Targa Downstream LLC.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize the Port Authority to approve the renewal of the following expiring licenses for new ten-year terms: ExxonMobil Pipeline Company and Targa Downstream LLC, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

The pipeline licensees listed below have applied to renew their licenses:

Company	File No.	License Fee
ExxonMobil Pipeline Company	1999-0268	\$13,711
Targa Downstream LLC	2001-0070	\$499,103
Targa Downstream LLC	2003-0234	\$100,246
Targa Downstream LLC	2019-0155	\$10,546
Total		\$623,606

Staff Evaluation/Justification:

The applications were reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association when applicable. The licenses are to be renewed subject to the Port Authority's usual terms and conditions.

Staff recommends approval.

I. INFRASTRUCTURE

Subject **8. Issue a marine construction permit to and approve a private adjacency barge fleeting lease agreement with Turn Services, LLC for approximately 16.39-acres of submerged lands in the Alexander Island Barge Channel at a monthly rental amount of \$4,917 for a ten-year term.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize the Port Authority to issue a marine construction permit to and approve a private adjacency barge fleeting lease agreement with Turn Services, LLC for approximately 16.39-acres of submerged lands in the Alexander Island Barge Channel at a monthly rental amount of \$4,917 for a ten-year term, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Turn Services, LLC, Port Authority File No. 2021-0184, has applied for a private adjacency submerged lands lease agreement and a marine construction permit for approximately 16.39-acres of barge fleeting in the Alexander Island Barge Channel.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The lease would be entered into pursuant to the Port Authority's submerged land lease terms and conditions for a rental amount of \$4,917 per month for a ten-year term. The fee schedule for private adjacency submerged land leases have been set by the Port Commission, and the lease agreement would be issued subject to the Port Authority's usual terms and conditions.

Staff recommends approval.

J. OPERATIONS

Subject 1. Award a gate-ticket printing contract to Southland Printing Company for a term of five years to supply 50,000,000 gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$425,000.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, award a gate-ticket printing contract to Southland Printing Company for a term of five years to supply 50,000,000 gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$425,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Operations

Staff Contact:

Jeff Davis

Background:

The Port Authority is seeking to obtain 50,000,000 gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal. The gate cards are used to document the transfer of custody of intermodal equipment entering and exiting the Terminals.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSB) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Nine vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 23, 2021, four CSB responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Authority award a five-year contract to Southland Printing Company, the responsible bidder submitting the lowest and best bid, for gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal.

J. OPERATIONS

Subject 2. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$400,000 to perform occupational and safety inspection services for equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposers: staff ranking - first, Pattie Services, LLC dba Patriot Specialty Services; and second, Kempco Inspection Services, Inc.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting:

- (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Pattie Services, LLC dba Patriot Specialty Services; and second, Kempco Inspection Services, Inc.;
- (b) award a two-year contract to Pattie Services, LLC dba Patriot Specialty Services to perform occupational and safety inspection services for equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$400,000;
- (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
- (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns twenty-five wharf cranes, one hundred and seven rubber-tired gantry cranes (RTG), one hundred and seventy-five spreaders, and fourteen over-height attachments operating at Barbours Cut Terminal and Bayport Container Terminal. Nine RTG and three wharf cranes are to be delivered later this year. Additional equipment at all three terminals includes empty handlers, top loaders, JLG lift equipment, and forklifts. They are required to be annually inspected for visual and operating functions and load tested once every four years.

By Minute No. 2018-0925-43, the Port Commission awarded a two-year service contract to Kempco Inspection Services, Inc. to perform these occupational and safety inspection services for equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000.

The Port Authority notified vendors regarding this request for proposals (RFP) using the Port Authority's Buyspeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eleven vendors downloaded the project materials from Buyspeed.

Staff Evaluation/Justification:

On June 16, 2021, two RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors as qualified to provide the required services:

- Pattie Services, LLC dba Patriot Specialty Services
- Kempco Inspection Services, Inc.

Following staff Executive Committee Review, staff recommends that the Port Commission award a two-year contract to Pattie Services, LLC dba Patriot Specialty Services and act as otherwise described above.

J. OPERATIONS

Subject	3. Award a two-year contract to Southern Tire Mart for the purchase of miscellaneous tires for trucks, passenger vehicles, and yard tractors at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$800,000.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 20, 2021 meeting, award a two-year contract to Southern Tire Mart for the purchase of miscellaneous tires for trucks, passenger vehicles, and yard tractors at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$800,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority owns hundreds of vehicles and industrial equipment requiring tires of various sizes and capacities. This includes 1,856 tires for the RTG fleet, 420 for yard tractors, nearly 800 for chassis, and over 1,200 for light vehicles for clerks, operations, and other light vehicle users.

By Minute No. 2019-0521-28, the Port Commission awarded a two-year contract to T&W Tire, LLC for the purchase of miscellaneous tires for trucks and passenger vehicles at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$550,000; awarded a two-year contract to Beasley Tire Service for the purchase of tires for yard tractors for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$200,000; and awarded a two-year contract to Southern Tire Mart for the purchase of RTG tires for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$1,000,000.

The Port Authority notified vendors regarding this request for competitive sealed bids (CSB) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eleven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 16, 2021, two CSB responses were received and opened for items 1 through 44 specified in the request. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Authority award a two-year contract to Southern Tire Mart, the responsible bidder submitting the lowest and best bid, for the purchase of miscellaneous tires for trucks, passenger vehicles, and yard tractors at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

J. OPERATIONS

Subject 4. Award a three-year contract to Cole Technology for the purchase of new and repaired J.R. Merritt master control switches for wharf and rubber-tyred gantry cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, award a three-year contract to Cole Technology for the purchase of new and repaired J.R. Merritt master control switches for wharf and rubber-tyred gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2017-0926-39, the Port Commission awarded a two-year contract to Northline NC, LLC in an amount not to exceed \$350,000 for the purchase of new and repaired J.R. Merritt master control switches for wharf and rubber-tyred gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal.

These master control switches are necessary for the routine operation of all wharf and RTG cranes at the container terminals. Funds for this contract have been depleted.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSB) using the Port Authority's BuySpeed EProcurement System and the project was advertised on the Port Authority's website and in a local newspaper. Fourteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On May 19, 2021, three CSB responses were received and opened. These responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Commission award a three-year contract to Cole Technology, the responsible bidder submitting the lowest and best bid, for the purchase of new and repaired J.R. Merritt master control switches for wharf and RTG cranes at Barbours Cut Terminal and Bayport Container Terminal.

J. OPERATIONS

Subject	5. Award a two-year contract for preventative maintenance and inspection services to Vertiv Corporation, the sole source service provider, for Liebert Uninterruptible Power Supply batteries, static transfer switches, power distribution units, and monitoring products at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$150,000.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 20, 2021 meeting, award a two-year contract for preventative maintenance and inspection services to Vertiv Corporation, the sole source service provider, for Liebert Uninterruptible Power Supply batteries, static transfer switches, power distribution units, and monitoring products at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$150,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2019-0924-52, the Port Commission awarded a two-year contract to Vertiv Corporation in the amount not to exceed \$130,000 for preventive maintenance and inspection services for Liebert Uninterruptible Power Supply (UPS) batteries, static transfer switches, power distribution units, and monitoring products at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Staff believes it is advantageous to have Vertiv Corporation, the original equipment manufacturer, perform such work due to the firm's access to proprietary information, troubleshooting information, and technical and parts support.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from Vertiv Corporation confirming that Vertiv Corporation is the sole-authorized service provider for the Liebert Power product line.

Staff recommends the Port Commission approve a two-year contract for preventative maintenance and inspection services with Vertiv Corporation, the sole source service provider, for Liebert Uninterruptible Power Supply UPS batteries, static transfer switches, power distribution units, and monitoring products at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

J. OPERATIONS

Subject **6. Award an annual contract to AssetWorks, LLC, the sole source provider, for software maintenance, support, and extended hardware warranty of Fleet Focus M5, Enterprise Asset Management System, and Fuel Focus software, the Port Authority's fueling and fleet management system, in an amount not to exceed \$80,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, award an annual contract to AssetWorks, LLC, the sole source provider, for software maintenance, support, and extended hardware warranty of Fleet Focus M5, Enterprise Asset Management System, and Fuel Focus software, the Port Authority's fueling and fleet management system, in an amount not to exceed \$80,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2020-1027-28, the Port Commission awarded a one-year contract to AssetWorks, LLC for its fueling/fleet management system. This contract is due to expire on September 1, 2021. AssetWorks, LLC holds all rights to sales, distribution, implementation, and development services to Fleet Focus M5 and Fuel Focus, which includes, but are not limited to, software licenses, maintenance, and support of the latter intellectual property.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from AssetWorks, LLC confirming that AssetWorks, LLC is the sole authorized sole provider of Fleet Focus M5, Enterprise Asset Management System, and Fuel Focus.

Staff recommends the Port Commission approve an annual contract with AssetWorks, LLC, for software maintenance, support, and extended hardware warranty of Fleet Focus M5, Enterprise Asset Management System, and Fuel Focus software, the Port of Houston Authority's fueling and fleet management system.

J. OPERATIONS

Subject 7. Award a three-year contract to Yard Mule Specialists, Inc., the sole source provider, for purchase of spare and replacement Capacity brand parts for yard tractors at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$250,000.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, award a three-year contract to Yard Mule Specialists, Inc. for the purchase of spare and replacement Capacity brand parts for yard tractors at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$250,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2018-0130-40, the Port Commission awarded a two-year contract to Yard Mule Specialists, Inc. in the amount not to exceed \$250,000 for the purchase of spare and replacement Capacity brand parts for yard tractors at Barbours Cut Terminal and Bayport Container Terminal. The Port Authority currently owns a total of thirty-five yard tractors operating at these facilities manufactured by Capacity Trucks. These units require a large number of spare parts for preventive maintenance and repairs and are used daily to transport containers to rail ramp, USDA inspection ramps, fumigation areas, and other areas of the facilities. Replacement and spare parts would be purchased through this contract as needed to properly maintain these cranes and minimize operational downtime.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Yard Mule Specialists, Inc. is the sole authorized source of replacement Capacity parts in the Houston metropolitan area.

Staff recommends the Port Commission approve entering into a three-year contract with Yard Mule Specialists, Inc. for the purchase of spare and replacement Capacity brand parts for yard tractors effective July 1, 2021.

J. OPERATIONS

Subject **8. Issue a purchase order to Siddons Martin Emergency Group, LLC for the purchase of one Ford F-350 Rescue HAZMAT Truck, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$160,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, issue a purchase order to Siddons Martin Emergency Group, LLC for the purchase of one Ford F-350 Rescue HAZMAT Truck, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$160,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Central Maintenance department, with recommendations from the Fire Department, has prepared specifications for a Ford F-350 Rescue HAZMAT truck to promote a safe work environment and cost-effective operations. This new unit would replace the existing 2016 Ford F-350 HAZMAT truck (unit 2704).

By Minute No. 99-1129-29, the Port Commission authorized the Port Authority to enter into an interlocal agreement with the Houston-Galveston Area Council (H-GAC) to participate in its Cooperative Purchasing Program. The H-GAC Cooperative Purchasing Program was established in 1973, pursuant to the Texas Interlocal Cooperation Act, to enable governmental entities to obtain purchasing services that offer expedited procurement, volume purchasing discounts, contract administration, and research services. All products and services offered by H-GAC have been subjected to competitive procurement processes in accordance with statutory requirements.

The Director of Procurement Services has determined that procuring these vehicles through the H-GAC program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

Staff Evaluation/Justification:

Staff has compared Ford F-350 Rescue HAZMAT vehicle prices obtained from non-H-GAC local dealerships and H-GAC providers. Procuring a Ford F-350 Rescue HAZMAT through the H-GAC, using its Cooperative Purchasing Program, is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The H-GAC website lists several pre-approved vendors. Staff has reviewed the Ford F-350 Rescue HAZMAT specifications from H-GAC providers and determined that Siddons Martin Emergency Group, LLC is the vendor with the best price for the Ford F-350 Rescue HAZMAT truck and meets the Port Authority's requirements. Siddons Martin Emergency Group, LLC pricing for the selected model was reviewed and approved by H-GAC.

Accordingly, staff requests the Port Commission approve this purchase and procurement method.

J. OPERATIONS

Subject	9. Award a three-year contract to Automated Logic Contracting Services, Inc., the sole source provider, for maintenance and support of building automation systems at Bayport Container Terminal and Turning Basin Terminal in an amount not to exceed \$110,000.
Meeting	Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 20, 2021 meeting, award a three-year contract to Automated Logic Contracting Services, Inc., the sole source provider, for maintenance and support of building automation systems at Bayport Container Terminal and Turning Basin Terminal in an amount not to exceed \$110,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2018-0731-37, the Port Commission awarded a three-year contract to Automated Logic Contracting Services, Inc. for maintenance and support of building automation systems at Bayport Container Terminal in an amount not to exceed \$88,000. These systems use sensors, timers, and software to anticipate heating, cooling, and lighting needs based on operational hours and room occupation. Regular adjustments and calibration need to occur for the system to function properly. Contract funds for these services have now been depleted.

The Port Authority is seeking to obtain a new three-year maintenance and support services contract for the automation systems of the Operations and M&R buildings at Bayport Container Terminal and the one-story annex of the Executive Building at Turning Basin Terminal.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from Automated Logic Contracting Services, Inc. confirming they are the sole source for maintenance and support of their building automation system.

Staff recommends that the Port Commission award a three-year contract to Automated Logic Contracting Services, Inc. for maintenance and support of building automation systems at Bayport Container Terminal and Turning Basin Terminal.

K. PEOPLE

Subject 1. Approve a professional services contract with IMC Culture, in an amount not to exceed \$145,500, to perform a Diversity, Equity, and Inclusion (DEI) assessment and assist staff to develop a DEI Plan in alignment with the Strategic Plan objective to foster a culture of diversity and inclusion, innovation, and open communication.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20,2021 meeting, approve a professional services contract with IMC Culture, in an amount not to exceed \$145,500, to perform a Diversity, Equity, and Inclusion (DEI) assessment and assist staff to develop a DEI Plan in alignment with the Strategic Plan objective to foster a culture of diversity and inclusion, innovation, and open communication, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)
Strategic Objective 1b. - Foster a culture of diversity and inclusion, innovation, and open communication

Category:

Awards, Amendments & Change Orders

Department:

People

Staff Contact:

Jessica Shaver

Background:

By Minute No. 2020-0128-06, the Port Commission approved and adopted the 2020 Strategic Plan, and further authorized the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing. The Port Authority's 2020 Strategic Plan includes the goal to "Be the Best Place to Work," with an objective to foster a culture of diversity and inclusion, innovation, and open communication.

Since that time, numerous efforts have been undertaken by the Port Authority to carry out the diversity, equity, and inclusion (DEI) elements of that objective. Most recently, on the recommendation of the DEI Action Plan Team, the Port Commission adopted a formal position statement to express the Port Authority's commitment to DEI, and solidify the organization's pledge to foster a culture of diversity and inclusion:

Diversity, Equity, Inclusion. These principles are interwoven with Port Houston's core values and will become part of our fabric and foundation. We are committed to doing what is right within our organization and throughout our community.

The DEI Position Statement was only the first of many steps the Port Authority has taken to achieve the Strategic Plan DEI goals, which also includes a comprehensive organization assessment and the development of a comprehensive DEI plan. The goal of the DEI Plan is to align the Port Authority's internal DEI efforts as well as the external efforts in Business Equity and Community Engagement. Following adoption of the DEI position statement, the DEI Action Plan Team solicited proposals to conduct a deep institutional analysis and work with the DEI team in development of the DEI plan.

Staff Evaluation/Justification:

Port Authority staff has solicited proposals from four professional services consulting firms to conduct a comprehensive current state assessment of the organization's DEI performance, identify key improvement opportunities and gaps, and support the DEI Action Team with building a DEI strategic plan that aligns with the organization's Mission, Vision, Values, and Strategic Goals.

After staff research and interviews, and in consideration of IMC Culture's M/WBE certification and references, staff has determined the subject firm has best demonstrated the competence and relevant expertise to perform the services for a fair and reasonable price. Accordingly, staff recommends that the Port Commission approve this contract.

K. PEOPLE

Subject 2. Authorize approval of a multi-year program and funding for the development and improvement of parks and green spaces in East Harris County in a total amount not to exceed \$1,000,000 and authorize the Community Relations Committee to review staff recommendations and approve awards under this program.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, authorize approval of a multi-year program and funding for the development and improvement of parks and green spaces in East Harris County in a total amount not to exceed \$1,000,000 and authorize the Community Relations Committee to review staff recommendations and approve awards under this program, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:

Awards, Amendments & Change Orders

Department:

Community Relations & Events

Staff Contact:

Maria Aguirre

Background:

Guided by the 2020 Strategic Plan, the Port Authority is committed to strengthening partnerships with its surrounding communities and stakeholders and exploring opportunities to work closely with them to be a responsible neighbor. The Port Authority launched new outreach initiatives focused on investing resources into meaningful programs and projects that support and enhance local communities, such as the Community Grants Program, which serve to develop and strengthen partnerships and create greater value for the region.

The Port Authority is particularly interested in supporting programs or services that align with our current outreach priorities, including parks and green spaces in targeted neighborhoods within a proximity to the Houston Ship Channel.

By Minute No. 2021-0427-05, the Port Commission approved a Founding Park Partner sponsorship level of \$250,000 a year to support the Houston Parks Board 50/50 Park Partners Plan, in a total amount not to exceed \$1,000,000. This sponsorship supports the development and improvement of Houston parks, green ways, and public spaces within the City of Houston that are in the vicinity of Port Authority facilities.

Port Authority facilities and the Houston Ship Channel are also adjacent to other communities outside the City of Houston. As a responsible and equitable neighbor, the Port Authority is proposing to also invest in parks and green spaces in East Harris County.

Staff Evaluation/Justification:

Staff now requests that the Port Commission authorize approval of a multi-year program and funding for the development and improvement of parks and green spaces in East Harris County in a total amount not to exceed \$1,000,000.

The Amended and Restated Bylaws of the Port Authority provides that Port Commission committees may supervise or control Port Authority matters, if delegated by the Port Commission to do so.

Accordingly, in order to provide a focused “workshop” opportunity to review program recommendations and facilitate community participation in the process, staff also recommends that the Port Commission formally delegate to the Community Relations Committee the authority to review staff’s recommendations and approve awards (including those greater than \$50,000), under this new program.

M. TECHNOLOGY

Subject 1. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$104,822.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$104,822, find that this purchasing method provides the best value to the Port Authority for this item, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Christopher Brown

Background:

The Port Authority uses IBM's Cognos software as a tool for budget preparation, reporting, and analysis, and compilation of the Port Authority's cargo statistics. Annual renewals offer support services to provide for software revision upgrades and technical support.

The Port Authority is seeking approval to continue to secure these support services using the Texas Department of Information Resources (DIR), a department of the State of Texas that has cooperative purchasing programs available to the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring Cognos budgeting software annual subscription and support services through the DIR cooperative purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

Accordingly, staff recommends that the Port Commission approve this purchase of such services from Mark III Systems, Inc. through the DIR cooperative purchasing program, and determine that this procurement method provides best value to the Port Authority.

M. TECHNOLOGY

Subject **2. Approve the purchase of annual software subscription and support services for ManageEngine Service Desk ticketing software from CDWG LLC, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$60,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, approve the purchase of annual software subscription and support services for ManageEngine Service Desk ticketing software from CDWG LLC, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$60,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

The Port Authority uses ManageEngine software as a tool for tracking Information Technology Service Desk tickets as well as for tracking and reporting of technology assets. Annual renewals offer support services to provide for software revision upgrades and technical support.

The Port Authority is seeking approval to secure these support services using the Texas Department of Information Resources (DIR) a department of the State of Texas, tha has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring MangeEngine software annual subscription and support services through the DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Information Technology (IT) Department has determined that the best availability, price, and contract term for the item needed is provided by CDWG LLC, under the pricing schedule obtained from that vendor's contract with DIR, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this purchase of such services from CDWG LLC through the DIR cooperative purchasing program, and determine that this procurement method provides best value to the Port Authority.

M. TECHNOLOGY

Subject **3. Issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for all Port Authority firewalls at each Port Authority location, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$150,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for all Port Authority firewalls at each Port Authority location, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$150,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

The Port Authority is seeking to obtain approval for the purchase of select updated firewalls along with software, subscriptions, and maintenance for all Port Authority firewalls at each Port Authority location.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the purchase of additional data storage through the Local Government Purchasing Cooperative's (LGPC) BuyBoard is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority. This cooperative is administered by the Texas Association of School Boards (TASB).

The Information Technology (IT) Department has determined that the best availability, price, and contract term for the item needed is provided by Solid Border, Inc. under the pricing schedule obtained from that vendor's contract with Local Government Purchasing Cooperative's BuyBoard, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

M. TECHNOLOGY

Subject 4. Issue a purchase order to Prescriptive for purchase of the annual hardware maintenance and support for the Port Authority's NetApp data storage environment, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$170,000.

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021, meeting, issue a purchase order to Prescriptive for purchase of the annual hardware maintenance and support for the Port Authority's NetApp data storage environment, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$170,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

The Port Authority is seeking to obtain approval for the annual hardware maintenance and support for the Port Authority's NetApp data storage environment. The Texas Department of Information Resources (DIR) is a department of the State of Texas and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the purchase of annual hardware maintenance and support through the DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Information Technology (IT) Department has determined that the best availability, price, and contract term for the item needed is provided by Prescriptive under the pricing schedule obtained from that vendor's contract with DIR, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

M. TECHNOLOGY

Subject **5. Issue a purchase order to CDWG LLC for purchase of Absolute software and service that monitors the location of the Port Authority's laptops and tablets, and ensures they are trackable and protected, using the National Intergovernmental Purchasing Alliance, a cooperative purchase program, in an amount not to exceed \$95,000 for a five-year term.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, issue a purchase order to CDWG LLC for purchase of Absolute software and service that monitors the location of the Port Authority's laptops and tablets, and ensures they are trackable and protected, using the National Intergovernmental Purchasing Alliance, a cooperative purchase program, in an amount not to exceed \$95,000 for a five-year term, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

The Port Authority is seeking to obtain approval for the purchase of Absolute software and service that monitors the location of the Port Authority's laptops and tablets, and ensures they are trackable and protected.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring Absolute software and services that monitors the location of the Port's laptops and tablets, and ensures they are trackable and protected, through the National Intergovernmental Purchasing Alliance (IPA) is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Information Technology department has determined that the best availability, price, and contract term for the item needed is provided by CDWG LLC under the pricing schedule obtained from that vendor's contract with the National Intergovernmental Purchasing Alliance and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

M. TECHNOLOGY

Subject **6. Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority’s existing Information Technology infrastructure, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed \$74,000.**

Meeting Jul 20, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 20, 2021 meeting, issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority’s existing Information Technology (IT) infrastructure, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed \$74,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain renewal of licenses and maintenance for Mimecast products. Mimecast software provides the Port Houston Authority with email information security and email archiving for record retention, historical searches, and public record requests. The Port Authority has been utilizing the Mimecast application and services for almost five years.

The Texas Department of Information Resources (DIR) is a department of the State of Texas, and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring Mimecast licenses and maintenance through the DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The IT department has determined that the best availability, price, and contract term for the item needed is provided by Critical Start under the pricing schedule obtained from that vendor’s contract with DIR, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

