

I N D E X
PORT COMMISSION
OF THE
PORT OF HOUSTON AUTHORITY
OF THE PORTS OF HARRIS COUNTY, TEXAS

September 26, 2017

<u>Minute No.</u>	<u>Event/Action</u>
	General
	Chairman Longoria convened the meeting of the Port Commission and provided opening remarks
	Minutes
2017-0926-01	Approve the Minutes of the July 24, 2017, July 25, 2017 and August 14, 2017 Port Commission Meetings
	Port Commission Committee Updates
2017-0926-02	Commissioner Kennedy reported on the Procurement and Small Business Development Task Force Meeting – August 14, 2017
	Appearances
2017-0926-03	Chairman Longoria recognized Mr. Kinder Baumgardner, SWA, who addressed the Port Commission
	Staff Reports
2017-0926-04	Roger Guenther, Executive Director, presented a summary of selected financial and operations matters
	G. Executive
2017-0926-05	Approve and reaffirm the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, effective September 26, 2017
	H. Commercial
2017-0926-06	Reject all proposals and authorize the re-advertisement of a request for proposals for promotional items and web-store ordering services
2017-0926-07	Approve the extension of the current three-year agreement with R.K. Johns & Associates, Inc. to provide maritime consulting services to the Port Authority, for an additional two-year period commencing September 1, 2017

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2017-0926-08	Authorize the Port Authority to contract with Levy Restaurants to provide customer event services at the 2017 Breakbulk Americas Conference Welcome Reception to be held October 17, 2017
2017-0926-09	Authorize the Port Authority to enter into a participation/sponsorship agreement for advertising in 2018 with Breakbulk Events & Media
2017-0926-10	Authorize the Port Authority to enter into a one-year advertising and sponsorship agreement with JOC Group Inc.
2017-0926-11	Authorize renewal of professional service contracts with CK Productions and David Bray Photography for an additional one-year commencing October 1, 2017, to provide professional photography and videography services at a cost of \$60,000 each
2017-0926-12	Enter into a grazing lease with David E. Brown and Polly Brown for approximately 70 acres of the undeveloped Clinton tract east of Hunting Bayou for a five-year term, effective November 1, 2017, at an annual rental of \$1,050
2017-0926-13	Approve an amendment to extend the lease with Terminal Link Texas, LLC for an additional two years effective October 1, 2017, for approximately 1,394 net rentable square feet of office space in the Berth 5 Stevedore Support Building, at an annual rental of \$40,612 with an annual 3% increase
2017-0926-14	Approve the change of control of Alltrans Port Services Inc. from Benny Rains and Donna Rains as majority owners of Alltrans Port Services Inc. to Alltrans Terminal Companies, LLC, in connection with seven Turning Basin leases
2017-0926-15	Approve the sale to Harris County of two roadway easements totaling 0.0572 acres for \$24,968 and two three-year temporary construction easements totaling 0.268 acres for \$21,012, for a total consideration amount of \$45,980, as required for the Peninsula Street Reconstruction and Expansion Project
2017-0926-16	Ratify a month-to-month lease with Volkswagen Group of America, Inc. for approximately 10.74 acres out of Block 10 at the Northside Turning Basin Area with current rental amounts of \$26,793.67 monthly and \$321,524.04 annually
I. Finance	
2017-0926-17	Authorize advertisement and receipt of responses for eleven formal procurements
2017-0926-17(a)	Request for competitive sealed bids for the repair of storm water trench drains at Bayport Container Terminal
2017-0926-17(b)	Request for competitive sealed bids for the annual concrete replacement at Turning Basin Terminal 2018
2017-0926-17(c)	Request for competitive sealed proposals for annual crane painting at Barbours Cut and Bayport Container Terminals 2018

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2017-0926-17(d)	Request for competitive sealed proposals to vegetate the Bayport Container Terminal sound berm
2017-0926-17(e)	Request for proposals for the Port Authority's Property and Casualty insurance program, which includes workers' compensation, marine, property, terrorism, equipment, liability (general, auto, public officials, and environmental), business interruption, and such other policies deemed necessary or advisable
2017-0926-17(f)	Request for proposals for Employee Benefits and Consulting services
2017-0926-17(g)	Request for proposals for JD Edwards ONE Program Elements
2017-0926-17(h)	Request for qualifications for professional services to support internal Master Planning efforts with focused studies and investigations on market and industry trends, technological solutions, energy management and sustainability, and document and graphics production support
2017-0926-17(i)	Request for qualifications for professional services for the investigation and design of Port Authority utilities along Peninsula Street from Beltway 8 to the CARE and Jacintoport Terminals
2017-0926-17(j)	Request for qualifications for the design of rehabilitation of the next container yard at Barbours Cut Terminal
2017-0926-17(k)	Request for qualifications for the design of the Entry Gate at Barbours Cut Terminal
J. Health, Safety, Security & Emergency Management	
2017-0926-18	Motion to authorize the Port Authority to amend its agreement for legal services with BoyarMiller on the terms discussed in Executive Session, and authorize the Chief Legal Officer to do all things necessary to give effect to the foregoing
2017-0926-19	Enter into an Intergovernmental Agreement with the City of Morgan's Point for security services for a one-year period
2017-0926-20	Enter into a Memorandum of Understanding with the Galveston Fire Department to provide Marine Firefighting Mutual Aid for a five-year period
2017-0926-21	Renew the agreement with the United States Coast Guard, for a five-year period, to exchange and share information and data in order to enhance maritime safety and security
K. Infrastructure	
2017-0926-22	Reject all proposals for Bayport Container Yard 6 North and South security and authorize the re- advertisement of a request for proposals for Bayport Container Yard 6 North and South security
2017-0926-23	Approve staff's ranking of vendors and award a two-year environmental consulting agreement for general environmental consulting services to the top-

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	ranked proposer: staff ranking – first, Terra Nova Consulting, Inc.; second, TerraCon Consulting, Inc.; and third, ARGENT Consulting Services, Inc. & InControl Technologies, Inc.
	Port Commission adopted the staff-recommended ranking and authorized award
2017-0926-24	Approve staff's ranking of vendors and award a professional services contract to prepare site specific baseline plans for facility inspection and condition assessment program to the top-ranked proposer: staff ranking – Brown and Gay Engineers, Inc.; second, Taylor & Hill, Inc.; and third, Walker Restoration Consultants
	Port Commission adopted the staff-recommended ranking and authorized award
2017-0926-25	RCA K4 was pulled from the agenda
2017-0926-26	Award a construction contract to Jerdon Enterprise, L.P. for the retaining wall replacement construction adjacent to Shed 1 at Woodhouse Terminal
2017-0926-27	Award a construction contract to Dura Pier Facilities Services, LTD dba Facilities Sources for stevedore support building 2 and 3 repairs at Bayport Container Terminal
2017-0926-28	Authorize an additional payment to the U.S. Army Corps of Engineers for Hurricane Harvey-related dredging expenses for Turning Basin, Sims Bayou, Woodhouse, and the Houston Public Grain Elevator terminals
2017-0926-29	Authorize an Advanced Funding Agreement with the Texas Department of Transportation Houston District Office for drainage improvements connected to the Southbound Loop 610 Feeder Road at the Turning Basin Terminal
2017-0926-30	Enter into a month-to-month lease agreement with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for one-year
2017-0926-31	Adopt a new fee schedule for construction materials engineering testing and inspection services
2017-0926-32	Issue a distribution/transmission line license to CenterPoint Energy Houston Electric, LLC for one 138- kV transmission line over and across Southside Mainline railroad right-of-way in Pasadena
2017-0926-33	Issue a distribution/transmission line license to Carl A. Norman Jr. for one 480-volt distribution line over and across Turning Basin Area-West in Houston
2017-0926-34	Approve the renewal of an expiring Port Authority license for a new ten-year term: Air Products LLC
2017-0926-35	Amend a pipeline license for Williams Olefins Feedstock Pipelines, LLC to install a coupon test station in lieu of the previously proposed deep-well anode bed on Spilman Island in La Porte

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L. Operations

2017-0926-36 Approve staff's ranking of vendors and award a two-year contract for the purchase of wire ropes for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposer: staff ranking – first, Southwest Wire Rope Inc.; second, Bishop Lifting Products, Inc.

Port Commission adopted the staff-recommended ranking and authorized award

2017-0926-37 Approve staff's ranking of vendors and award a contract for purchase of gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Digital Printing Systems, Inc.; second, Printing Technologies, Inc.; and third, Paper Systems Incorporated

Port Commission adopted the staff-recommended ranking and authorized award

2017-0926-38 Award a two-year contract to XL Parts, LLC for the purchase of equipment batteries for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal

2017-0926-39 Award a two-year contract to Northline NC, Inc. 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

2017-0926-40 Award a three-year contract to Alamo Transformer Supply Co. for the repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal

2017-0926-41 Award a two-year contract to Graybar Electric Company, Inc. for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's U.S. Communities Government Purchasing Cooperative

2017-0926-42 Issue a purchase order to Houston Freightliner, Western Star for the purchase of one 2018 Freightliner truck with a 3,500-gallon fuel tank for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's Houston-Galveston Area Council

M. People (no items)

N. Technology

2017-0926-43 Award a five-year contract to Verizon Business Network Systems, Inc. for session initiation protocol telephony services, using a State of Texas Department of Information Resources Cooperative Purchase program

2017-0926-44 Award a ten-year contract to PetroSys Solutions Inc. dba PSI Technology, for disaster recovery data center services, using a State of Texas Department of Information Resources Cooperative Purchase program

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2017-0926-45	Award a one-year contract to PetroSys Solutions, Inc dba PSI Technology for the planning and migration of the Turning Basin data center to a disaster recovery data center location, using a State of Texas Department of Information Resources Cooperative Purchase program
2017-0926-46	Amend and extend, for an additional five-years, the existing contract with Comcast Cable Communications Management, LLC for additional circuits supporting the disaster recovery data center
	O. Recess Open Meeting and Convene Executive Session
	P. Reconvene Open Meeting
2017-0926-47	Motion to authorize the Port Authority to amend its agreement for legal services with BoyarMiller on the terms discussed in Executive Session, and authorize the Chief Legal Officer to do all things necessary to give effect to the foregoing
	Q. Adjourn

**Port of Houston Authority
Port Commission Public Meeting**

**Houston, Texas
September 26, 2017**

A public meeting of the Port Commission of the Port of Houston Authority of Harris County, Texas was convened on September 26, 2017 at 9:01 a.m., at the Port of Houston Authority Executive Offices, Fourth Floor Boardroom, at 111 East Loop North, Houston, Texas 77029. The following Commissioners and staff were present:

Janiece Longoria, Chairman
Theldon R. Branch, III, Commissioner, arrived at 9:02 a.m.
Stephen H. DonCarlos, Commissioner
Clyde E. Fitzgerald, Commissioner
John D. Kennedy, Commissioner
Roy D. Mease, Commissioner
Roger Guenther, Executive Director
Erik Eriksson, Chief Legal Officer

Chairman Longoria convened the meeting of the Port Commission and welcomed everyone. She stated that thoughts and prayers are with all those impacted by Hurricane Harvey, and also the victims of Hurricanes Irma and Maria. Chairman Longoria noted the outpouring of love and support from persons of all walks of life and different states, and that everyone pulled together to help others, regardless of age, gender, race, or social status.

Chairman Longoria observed that Port Houston was closed from August 25 through September 1. She thanked Commissioner Fitzgerald and the International Longshoremen's Association (ILA) for their proactive approach in making sure that Port Houston got back to operations as soon as possible, and sincerely appreciated their work through the weekend and on Labor Day. She added that Judge Emmett and Mayor Turner did an exceptional job during this very difficult time, and continued to do so.

Chairman Longoria announced that Port Houston did not experience extensive physical damage to its facilities; however, the Bayport and Barbours Cut channels each lost 10 feet of depth because of massive amounts of silting. The Turning Basin area has approximately 5 feet of silting, which restricts the ability of ships to come in fully loaded, hurts two way traffic, and increases supply chain costs.

Satellite images taken on August 22, 2017, August 31, 2017 and September 12, 2017 were presented showing the storm's impact.

Chairman Longoria noted that damage was not restricted to the ship channel and terminal entrances; other components of the system that have been seriously impacted include dredge material placement sites, and there have been slope failures, i.e. the movement of reinforced structures, and the earthen levees that surround placement areas.

Chairman Longoria noted that the U.S. Army Corps of Engineers (Corps) had not yet assessed the cost to deal with the additional silting. She added that since Port Houston was the local sponsor of the Houston Ship Channel, staff would be working closely with the Corps to address the importance of restoring the channel to its pre-Harvey condition and appeal for additional funds to further deepen and widen the channel to accommodate larger ships coming through the Panama Canal.

Chairman Longoria noted that a study conducted by the Texas Transportation Institute determined that a loss of one foot of depth in the channel cost the U.S. economy as much as \$281 million per year; additionally, three feet of draft restriction can cost a container ship \$1 million in lost revenue. Port Houston, with the support of the Corps needed to obtain additional funding not only from the Harbor Maintenance Tax Fund but from other Trump administration efforts, and this message needed to be carried strongly by our congressional delegation to Washington.

Chairman Longoria called upon all present to support the request for additional funds for hardening the channel to make it better for the future and its growing demands.

(2017-0926-01) Minutes

(A) Chairman Longoria called for a motion to approve the minutes of the July 24, 2017 Port Commission meeting. Commissioner Mease moved for approval, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. The minutes were approved as written.

(B) Chairman Longoria called for a motion to approve the minutes of the July 25, 2017 Port Commission meeting. Commissioner Fitzgerald moved for approval, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. The minutes were approved as written.

(C) Chairman Longoria called for a motion to approve the minutes of the August 14, 2017 Port Commission meeting. Commissioner Branch moved for approval, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. The minutes were approved as written.

(2017-0926-02) Port Commission Committee Updates

Commissioner Kennedy reported on the Procurement and Small Business Development Task Force Meeting – August 14, 2017.

Gilda Ramirez, Director of Small Business and Education Outreach reported for the 2nd quarter of 2017; Port Houston awarded a total of \$34.9 million for construction, general goods and services, and professional services. \$1.5 million was awarded to eligible small businesses, for an average participation rate of 25%.

Since the inception of the Small Business Program through the 2nd quarter of 2017, \$501 million has been awarded to small business, a 30% participation rate.

Commissioner Kennedy also advised that Ms. Ramirez had briefed the task force on program terminology, formal procurements, good faith efforts, outreach activities, calendar of upcoming events and she reviewed program performance reports for year-end 2016 and year-to-date 2017.

Yvette Camel-Smith, Director of Procurement Services, reviewed the procurement dashboard and the detailed procurement report. She reported that the purchase order open balance amount had been consistently decreasing, due to efforts to close old purchase orders with no activity.

Mr. Eriksson reported on procurement law changes affecting port authorities enacted during the 2017 legislative session.

Tom Heidt, Chief Operating Officer, provided a list of topics for future task force meetings.

Commissioner Kennedy concluded his report by stating that Procurement and Small Business Development Task Force Meetings were always open to the public.

(2017-0926-03) Appearances

Chairman Longoria introduced Mr. Kinder Baumgardner of SWA Group, who addressed the Port Commission. Mr. Baumgardner advised those present that seven interns from the firm, who were present at the meeting, had designed the story board set up in the foyer, showing their vision of port landscape to incorporate the city and the port. Mr. Baumgardner thanked Chairman Longoria, the commissioners, and Port Authority staff for their assistance with the project.

Chairman Longoria asked if anyone else would like to address the Port Commission; Mr. Eriksson noted there were no other appearances.

(2017-0926-04) Staff Reports

Mr. Guenther presented a summary of operational and financial matters as follows:

- After being closed for approximately one week (August 25 – September 1) Barbours Cut and Bayport Container Terminals rebounded quickly, working 26 vessels the first week. The Port Authority was aware of 12 container vessels that bypassed or omitted the Houston call; however, most of the inbound container cargo will ultimately be discharged in Houston.
- Mr. Guenther stated that Houston had received barge shipments of containers from Savannah and New Orleans that were discharged at those ports and Port Houston was still receiving import cargo that was discharged at hub ports and continued to make its way back to our facilities.
- Channel conditions including currents, debris, and obstructions from the flood waters limited the opening of the channel to the upper Turning Basin for several days after the container terminals opened. City Docks 8 and 9 remained unavailable due to obstructions in the Turning Basin, and City Docks 28, 29, 30, and 31 remained unavailable due to the adjacent dry dock submerged in the channel.
- Mr. Guenther announced that due to the closure, cargo terminals were down 16% versus same month last year. Container volume saw a 9% decrease in TEUs versus same time last year; however, overall container volume is still 10 % higher year-to-date. Tonnage has increased 2 million tons versus this time last year.
- Mr. Guenther noted that Port Houston was close to being back to normal and wanted to thank all staff and ILA personnel for their untiring efforts to get Port Houston operational again.
- A special thank you to Georgia Ports Authority who loaded up four 20-foot containers with much needed supplies and trucked them to Houston for Port Houston employees. A special thanks also to the South Carolina Ports Authority that collected more than \$7000 in donations to help Port Houston employees in their recovery efforts.
- Mr. Guenther announced that Bayport Container Terminal would be extending its hours effective October 2.
- Mr. Guenther concluded his remarks by reporting that Robert McCullough, a mechanic at Barbours Cut who has been with the port family since 1996, was retiring. Mr. Guenther thanked him for his many years of service and wished him a long and happy retirement.

Commissioner Mease asked if Mr. Guenther had an update regarding the submerged dock; Mr. Guenther called upon Marcus Woodring, Chief Health, Safety, Security, and Emergency Management Officer to respond. Captain Woodring advised Commissioner Mease that personnel had been working 24/7 to attempt to raise the dock and he estimated the dock would be functional by the end of the week.

Chairman Longoria thanked Mr. Guenther for his report and noted that she would like to applaud staff members for their tremendous job in getting Port Houston operational as quickly as they did.

There being no further questions Chairman Longoria moved to the agenda.

The Port Commission then considered each Request for Port Commission Action (“RCA”) attached to these minutes as Exhibit “A.”

(2017-0926-05) RCA G1 was presented, moved by Commissioner Branch, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA G1 PASSED.

(2017-0926-06) RCA H1 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H1 PASSED.

(2017-0926-07) RCA H2 was presented, moved by Commissioner Kennedy, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H2 PASSED.

(2017-0926-08) RCA H3 was presented, moved by Commissioner Mease, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H3 PASSED.

(2017-0926-09) RCA H4 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H4 PASSED.

(2017-0926-10) RCA H5 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H5 PASSED.

(2017-0926-11) RCA H6 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H6 PASSED.

(2017-0926-12) RCA H7 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H7 PASSED.

(2017-0926-13) RCA H8 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H8 PASSED.

(2017-0926-14) RCA H9 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H9 PASSED.

(2017-0926-15) RCA H10 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H10 PASSED.

(2017-0926-16) RCA H11 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H11 PASSED.

(2017-0926-17) RCA II(a-k) was presented, moved by Commissioner DonCarlos, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA II(a-k) PASSED.

(2017-0926-18) RCA J1 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA J1 PASSED.

(2017-0926-19) RCA J2 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA J2 PASSED.

(2017-0926-20) RCA J3 was presented, moved by Commissioner Mease, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA J3 PASSED.

(2017-0926-21) RCA J4 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA J4 PASSED.

(2017-0926-22) RCA K1 was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K1 PASSED.

(2017-0926-23) RCA K2 was presented. Commissioner Branch moved for staff recommended ranking – first, Terra Nova Consulting, Inc.; second, TerraCon Consulting, Inc.; and third, ARGENT Consulting Services, Inc. & InControl Technologies, Inc., seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K2 PASSED.

(2017-0926-24) RCA K3 was presented. Commissioner Kennedy moved for staff recommended ranking – first, Brown and Gay Engineers, Inc.; second, Taylor & Hill, Inc.; and third, Walker Restoration Consultants, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K3 PASSED.

(2017-0926-25) RCA K4 was taken off the agenda.

(2017-0926-26) RCA K5 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K5 PASSED.

(2017-0926-27) RCA K6 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K6 PASSED.

(2017-0926-28) RCA K7 was presented, moved by Commissioner Branch, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Chairman Longoria recused herself. Nays none. RCA K7 PASSED.

Mr. Guenther advised the Port Commission that this item was an estimate of what the Port Authority will need to dredge the channel when the Corps proceeds to do so.

(2017-0926-29) RCA K8 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K8 PASSED.

(2017-0926-30) RCA K9 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K9 PASSED.

(2017-0926-31) RCA K10 was presented, moved Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K10 PASSED.

(2017-0926-32) RCA K11 was presented, moved Commissioner Mease, seconded by Commissioner Fitzgerald. Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Chairman Longoria recused herself. Nays none. RCA K11 PASSED.

(2017-0926-33) RCA K12 was presented, moved Commissioner Mease, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K12 PASSED.

(2017-0926-34) RCA K13 was presented, moved Commissioner Mease, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K13 PASSED.

(2017-0926-35) RCA K14 was presented, moved Commissioner Mease, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K14 PASSED.

(2017-0926-36) RCA L1 was presented. Commissioner Fitzgerald moved for staff recommended ranking – first, Southwest Wire Rope Inc.; second, Bishop Lifting Products Inc., seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L1 PASSED.

(2017-0926-37) RCA L2 was presented. Commissioner Mease moved for staff recommended ranking – first, Digital Printing Systems, Inc.; second, Printing Technologies, Inc.; and third, Paper Systems Incorporated, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L2 PASSED.

(2017-0926-38) RCA L3 was presented, moved by Commissioner Kennedy, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L3 PASSED.

(2017-0926-39) RCA L4 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L4 PASSED.

(2017-0926-40) RCA L5 was presented, moved by Commissioner Branch, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L5 PASSED.

(2017-0926-41) RCA L6 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L6 PASSED.

(2017-0926-42) RCA L7 was presented, moved by Commissioner Mease, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L7 PASSED.

(2017-0926-43) RCA N1 was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA N1 PASSED.

(2017-0926-44) RCA N2 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA N2 PASSED.

Chairman Longoria asked Mr. Thompson if there was a clause in the contract allowing termination at any time; he responded in the affirmative.

(2017-0926-45) RCA N3 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA N3 PASSED.

(2017-0926-46) RCA N4 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA N4 PASSED.

At 9:50 a.m., Chairman Longoria advised that the Executive Session would follow and asked Mr. Eriksson to make the following announcement:

It is now 9:51 a.m. The Port Commission of the Port of Houston Authority of Harris County, Texas will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code, (1) to conduct a private Consultation with Attorneys (*Section 551.071, Texas Open Meetings Act*), including consultations regarding (i) proposals by the City of Morgan's Point, Texas, (ii) Texas Public Information Act requests, and (iii) a proposed amendment to the agreement for legal services with BoyarMiller; deliberate regarding (2) Real Estate (*Section 551.072, Texas Open Meetings Act*), including deliberation regarding disposition of Turning Basin area real property and Woodhouse real property; (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*), including deliberations regarding public employees; and (5) Security-Related Matters (*Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act*). The Port Commission will reconvene in public session after the closed meeting is adjourned.

Immediately thereafter the Port Commission retired into closed session.

At 10:23 a.m., Chairman Longoria reconvened the open meeting at the Port of Houston Authority Executive Office Boardroom, at 111 East Loop North, Houston, Texas 77029, with the following Commissioners and staff in attendance:

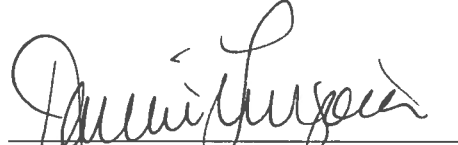
Janiece Longoria, Chairman
Theldon R. Branch, III, Commissioner
Stephen H. DonCarlos, Commissioner
Clyde E. Fitzgerald, Commissioner
John D. Kennedy, Commissioner
Roy D. Mease, Commissioner
Roger Guenther, Executive Director
Tom Heidt, Chief Operating Officer
Erik Eriksson, Chief Legal Officer

(2017-0926-47) Commissioner Branch moved to authorize the Port Authority to amend its agreement for legal services with BoyarMiller on the terms discussed in Executive Session, and authorize the Chief Legal Officer to do all things necessary to give effect to the foregoing, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. MOTION PASSED.

Chairman Longoria announced the next Port Commission meeting would be held on October 23, 2017 at 9:00 a.m.

At 10:24 a.m., Chairman Longoria adjourned the Port Commission meeting.

The above is a correct copy of the Minutes of the September 26, 2017 meeting of the Port Commission of the Port of Houston Authority.



Janiece Longoria, Chairman



Erik A. Eriksson, Assistant Secretary

G. EXECUTIVE

Subject 1. Approve and reaffirm the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, effective September 26, 2017.

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, approve and reaffirm the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, 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:

Internal Audit

Staff Contact:

Maxine Buckles

Background:

By Minute No. 2016-0628-05, the Port Commission last approved the Port Authority's Audit Committee Charter, Internal Audit Charter, and the Internal Audit Policies supporting the Audit Committee and Internal Audit Charters.

The Audit Committee Charter requires that the Audit Committee conduct an annual review of its charter, the Internal Audit Charter, and the Internal Audit Policies.

The Internal Audit Charter sets forth the purpose, authority, and responsibilities of the Internal Audit Department relating to Port Authority systems and business processes, risk management practices, interaction with the Port Authority's independent auditor, internal control structure, accounting policy, and internal audit matters, compliance, and reporting. The Internal Audit Policies support the Audit Committee and Internal Audit Charters.

Staff Evaluation/Justification:

The Audit Committee and staff propose a reaffirmation of the Audit Committee Charter and the Internal Audit Charter to document the completion of the annual review and to maintain synchronization of the effective dates. All other content is unchanged.

Port Authority staff proposed changes to two policies to maintain consistency with the IIA Standards and consistency of presentation. These proposed administrative changes were presented to the Audit Committee for review and consideration.

The Audit Committee has reviewed the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, and staff requests that the Port Commission approve and adopt the proposed changes to the Internal Audit Policies, in the forms attached, and reaffirm the Audit Committee Charter and the Internal Audit Charter.



**Audit Committee of the
Port Commission of the Port of Houston Authority**

Charter

Revised and adopted as of September 26, 2017

A. Purpose and authority

The Audit Committee ("Committee") is established by the Port Commission as governing body of the Port of Houston Authority of Harris County, Texas ("Port Authority") for the primary purpose of assisting the Port Commission in:

- Oversight of the integrity of the Port Authority's financial statements and the Port Authority's accounting and financial reporting processes and financial statement audits.
- Oversight of the Port Authority's compliance with legal and regulatory requirements.
- Oversight of the qualifications and independence of the Port Authority's public accounting firm ("independent auditor").
- Oversight of the performance of the Port Authority's independent auditor, any county audit and any internal audit functions ("internal audit").
- Oversight of the Port Authority's systems of financial controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Port Authority.

Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Port Authority's policies, procedures, and practices at all levels. The Audit Committee also provides for open communication among the independent auditor, financial and senior management, the internal audit function, and the Port Commission.

The Audit Committee has the authority to initiate investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Audit Committee shall also have the authority to meet with and seek any information it requires from employees, officers, Port Commissioners, or external parties.

The Port Commission will provide appropriate funding, as requested by the Audit Committee, for compensation to the independent auditor, to any advisers that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section C of this charter.

B. Composition and meetings

The Audit Committee will be comprised of three or more Port Commissioners, and as provided by the Amended and Restated Bylaws of the Port of Houston Authority, as amended from time-to-time (the "Bylaws").

Unless a chairperson is selected by the Chairman of the Port Commission, the members of the Committee may designate a chairperson by majority vote.

The Committee will meet periodically as circumstances dictate and as otherwise provided by the Bylaws. The Committee chairperson will approve the agenda for the Committee's meetings and any member may suggest items for consideration.

As part of its responsibility to foster open communication, the Committee may meet periodically with management, any internal audit professionals, and the independent auditor in separate executive sessions.

C. Responsibilities and duties

To fulfill its responsibilities and duties, the Audit Committee will:

Documents/reports/accounting information review

1. Meet with management and the independent auditor, as applicable, to review and discuss the Port Authority's Comprehensive Annual Financial Report ("CAFR"), Restated Retirement Plan Audit, Federal and State Single Audit Reports, and any findings associated with these audits.
2. Meet with management periodically to review and discuss the Port Authority's current financial statements.
3. Review other relevant reports or financial information submitted by the Port Authority to any governmental body or the public, including relevant reports rendered by the independent auditor (or summaries thereof).

4. Recommend to the Port Commission whether the financial statements should be approved by it, as may be required by law.
5. Obtain and review any special financial reports to management.

Independent auditor

6. Recommend to the Port Commission whether to retain the independent auditor, and its compensation and the scope of its work of preparing or issuing an audit report and related duties; oversee the work performed by the independent auditor, who shall report directly to the Audit Committee; review the performance and independence of the independent auditor; remove the independent auditor if circumstances warrant; and oversee the resolution of disagreements between management and the independent auditor if they arise.
7. Discuss with the independent auditor the matters required to be discussed under Statement on Auditing Standards No. 61 (*“Communication with audit committees”*)
8. Review with the independent auditor any findings or difficulties and management’s responses or recommendations.
9. Review the independent auditor’s report on the Port Authority’s assessment of internal control over financial reporting.
10. Hold timely discussions with the independent auditor regarding the following:
 - Critical accounting policies and practices
 - Alternative treatments of financial information within generally accepted accounting principles (“GAAP”) and/or Governmental Accounting Standards Board (“GASB”) standards related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
 - Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.
11. Consider whether the independent auditor may provide non-audit services, and whether it is compatible with the auditor’s independence; and oversee any relationships or services that may affect the independence and objectivity of the auditor, and take appropriate actions to oversee the independence of the outside auditor.

12. At least annually, obtain and review a report by the independent auditor describing:

- The independent auditor's internal quality-control procedures
- Any material issues raised by its most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the independent auditor, and any steps taken to deal with such issues
- All relationships between the independent auditor and the Port Authority.

13. Review the experience and qualifications of the lead partner each year and determine that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.

14. Consider whether there should be rotation of the independent auditor itself.

15. Approve Port Authority policies, consistent with governing laws and regulations, for its hiring of personnel of the independent auditor.

Financial reporting processes, internal control structure, and accounting policy

16. In consultation with the independent auditor and any internal audit function, periodically review the integrity of the Port Authority's financial reporting processes (both internal and external).

17. Periodically review the adequacy and effectiveness of the Port Authority's disclosure controls and procedures, and the Port Authority's internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.

18. Understand the scope of the auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses.

19. Receive and review any disclosure from the Port Authority senior management of:

- Significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Port Authority's ability to record, process, summarize, and report financial data
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the Port Authority's internal controls.

20. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Port Authority's selection or application of accounting principles, major issues as to the adequacy of the Port Authority's internal controls, and any special audit steps adopted in light of material control deficiencies.
21. Review analyses prepared by management (and the independent auditor as noted in item no. 10 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
22. Review the effect of regulatory and accounting initiatives on the financial statements of the Port Authority.
23. Periodically review the adequacy and effectiveness of the Port Authority's other internal control systems, including information technology security and control.

Internal audit

24. Review with management and the chief audit executive the charter, activities, staffing, and organizational structure of the internal audit function and approve any additional activities.
25. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.
26. Review and approve the annual audit plan and all major changes to the plan.
27. Review the performance of the chief audit executive on an annual basis, and recommend to the Port Commission for possible action his or her annual compensation and any salary adjustments, taking into consideration a report and recommendations of the Executive Director of the Port Authority, and any other information it deems appropriate.
28. Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework ("IPPF")* which presently consists of the following three elements: *Definition of Internal Auditing*, *Code of Ethics*, and *International Standards for the Professional Practice of Internal Auditing*.
29. Periodically meet separately with the chief audit executive to discuss any matters that the Committee or internal audit believes should be discussed privately.

Compliance

30. Review the effectiveness of the system for monitoring compliance with laws and regulations, and related internal policies, and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

31. Periodically review and provide input for updating and strengthening the Port Authority's code of ethics.

32. Collaborate with other Port Commissioners with regard to oversight of the Port Authority's system to communicate to and train its personnel regarding this code of ethics, and oversight of the Port Authority's processes to monitor compliance with and enforce the code of ethics.

33. Establish and oversee procedures for:

- The receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters
- The confidential, anonymous submission by Port Authority employees and others (collectively, "whistleblowers") of concerns regarding questionable accounting, auditing, or other compliance matters.

34. Review the findings of any examinations by regulatory agencies, and any other auditor observations.

35. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Port Authority's major risk exposures and the steps management has undertaken to control them.

36. Review, with the Port Authority's counsel, legal compliance and legal matters that could have a significant impact on the Port Authority's financial statements.

37. Obtain regular updates from management and counsel regarding other compliance matters.

Reporting

38. Report regularly to the Port Commission regarding the execution of the Audit Committee's duties and responsibilities, activities, any issues encountered, and related recommendations.

Other responsibilities

39. Review as necessary – with the independent auditor, the internal audit function, and management – the extent to which changes or improvements in financial or accounting practices have been implemented.

40. Review, with management, the Port Authority's finance function, including its budget and organization.

41. Conduct an annual assessment of this charter and the Audit Committee's purpose, duties, and responsibilities hereunder, and recommend to the Port Commission any changes or amendments.

42. Perform any other activities consistent with this charter and governing laws that the Port Commission or Audit Committee determines are necessary or appropriate.

* * *



PORT OF HOUSTON AUTHORITY
INTERNAL AUDIT CHARTER

September 26, 2017

Port of Houston Authority Internal Audit Charter

A. INTRODUCTION

Attribute Standard 1000 of the International Standards for the Professional Practice of Internal Auditing (*The Standards*) as issued by the *Institute of Internal Auditors* ("IIA") requires the Audit Organization to define the mission, scope, authority, responsibility, and accountability of the Internal Audit (IA) function using a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes, and incorporating a Code of Ethics of the IIA by adopting an Internal Audit Charter. The Internal Audit Department ("IAD") Charter is the commitment by all relevant parties to support and execute these activities correlated to items specified within this document and as expressed in the Mission and Vision Statement of the Port of Houston Authority ("PHA").

B. MISSION STATEMENT AND SCOPE OF WORK

1. The *Mission Statement* of the IAD is to perform the Internal Audit ("IA") function for the PHA as Audit Organization. This includes provision of independent, objective assurance and consulting services designed to add value and improve the PHA's operations. In doing so, we use Generally Accepted Governmental Auditing Standards ("GAGAS") and *The Standards*. The IAD helps divisional and departmental management of the PHA accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of various processes (*i.e. risk management, control, and governance*).

2. The *Scope of Work* of the IA function is to determine whether the organization's strategic design, implementation, documentation, and reporting of various processes are adequate and operating in a manner as represented by management. This should ensure that:

- a. Risks are identified, communicated, documented, and managed
- b. Interaction with the various governance groups occurs as needed
- c. Significant financial, managerial, and operational information is accurate, relevant, reliable, and timely
- d. Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- e. Resources are acquired economically, used efficiently, and adequately safeguarded/maintained
- f. Programs, plans, and objectives are achieved as committed and/or budgeted
- g. Quality and continuous improvements are fostered within the PHA's control processes
- h. Significant legislative and regulatory issues impacting the PHA are identified, recognized, and addressed appropriately
- i. Opportunities for improving management control, accountability, and the PHA's image that are identified will be communicated to the proper level of management

C. RESPONSIBILITY

1. The IAD, which includes the PHA chief audit executive ("CAE") and staff, has responsibility to:

- a. Develop a flexible Annual Audit Plan using appropriate risk-based methodology, including any risk or control concerns expressed by Audit Committee of the Port Commission ("Audit Committee") and/or PHA management, and submit that plan to the Port Commission for

review and approval. The flexible Annual Audit Plan includes the latitude for adequate follow-up on any issues identified during the engagement process and includes relevant resource limitations and their impact on *Scope of Work*;

b. Implement the Annual Audit Plan as approved by the Port Commission, including any special tasks or projects requested by the Audit Committee and/or PHA management;

c. Provide periodic reports to the Audit Committee summarizing the results of each engagement that identify audit findings, commendations, best practices, recommendations, conclusions, and Departmental Management responses. These reports are issued by the IAD and distributed to the Port Commission and PHA divisional and departmental management. Final Reports are also made available to the external auditor, to enhance reliability, facilitate communication, and reduce costs of the overall audit process;

d. Maintain a staff with sufficient knowledge, skills, experience, and professional certifications to meet requirements of *The Standards*. This includes adequate continuing professional education ("CPE") to maintain licensure and/or certifications and apply relevant GAGAS;

e. Establish and maintain an IAD Policies and Procedures Manual that contains specific guidelines for operations of the IA function and serves as a reference for design, execution, and assessment of the audit activities;

f. Establish and maintain a Quality Assurance Program, to provide reasonable assurance regarding the operations of the IAD in relationship to its compliance with professional standards, this Charter, and the IAD Policies and Procedures Manual. This will include internal and external review and reporting of periodic results in performance to the Port Commission, Audit Committee and/or PHA management, along with a feedback mechanism of measureable value for assessment that will be provided to the PHA;

g. Upon request, perform relevant consulting services beyond assurance to assist PHA divisional and departmental management in meeting their objectives and foster synergies within the organization, while leveraging resource utilization that promotes development of professional staff with skill sets valuable to operational effectiveness and efficiencies;

h. Establish and maintain sufficient and adequate levels of relevant and dynamic knowledge base, by evaluating and monitoring new or emerging services, computer hardware and software systems, processes, functions, operations, and controls coincident with the development, implementation and/or expansion of the PHA's operations;

i. Assist in the investigation of alleged fraudulent activities within the PHA as requested by the PHA's General Counsel, PHA security, any law enforcement agency or judiciary, and notify the Audit Committee, Executive Director, and General Counsel of the results; and

j. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal coverage, avoiding duplication of effort, building professional rapport, and further developing reliance on credibility and validity of the internal audit function.

D. ACCOUNTABILITY

The CAE, in performing the IA function, shall be accountable to the Audit Committee of the Port Commission. This will be measured by:

1. Preparing a Risk-based Annual Audit Plan and providing periodic updates to the Audit Committee regarding its status and related matters, including resources;

2. Providing a periodic assessment on the adequacy, effectiveness, status of the PHA's divisions and departments, and/or component processes for controlling their activities and

3. managing their risks, as set out in the *Mission Statement and Scope of Work* and supported by projects that the IAD has performed;

4. Reporting scope of work, results, conclusions, significant issues (including unmitigated risks and control deficiencies as expressed in engagement-level assessments), potential improvements (*i.e. recommendations*), and the status of follow-up procedures performed;

5. Maintaining adequate documentation to support conclusions in the form of workpaper files that can also be reviewed for efficiency, relevance to audit plan and program, future audit work, and quality assessment purposes; and

6. Coordinating with and providing assessments of the other control and monitoring functions (*i.e. risk management, compliance, security, ethics, environmental, etc.*)

E. INDEPENDENCE

1. Because of the unique nature of the *IA* function and the potential for ambiguity and conflicting interests, the independence of the *IA* function is critical to its success. Independence is vital both in substance and perception, in order to build a foundation of integrity upon which the efficacy and reliability of the *IA* function can be established and sustained.

2. To provide for the independence of the *IA* function, *IAD* personnel report to the *CAE* who reports functionally to the Audit Committee and administratively to the Executive Director.

3. In the event of the *IA* function must investigate serious concerns identified under the GAGAS or The Standards (e.g. external impairments, fraud, etc.), *IAD* personnel shall be provided unrestricted access to the PHA Finance & Administration Department, PHA's Legal Department (subject to the maintenance of appropriate privileges), and appropriate Law Enforcement.

F. AUTHORITY

1. In order for the *IAD* to fulfill its responsibilities, provide adequate accountability, and maintain independence, it shall have:

a. Continual unrestricted access to all functions, records, property, and personnel of the PHA in meeting its specific audit objectives (subject to the maintenance of appropriate legal privileges and confidentiality). This includes full access to all systems that input, process, store, and report any and all information of the operations of the PHA which are not limited or otherwise restricted;

b. Full and unrestricted access to the Port Commission, management, and appropriate law enforcement (subject to the maintenance of appropriate legal privileges and confidentiality);

c. The ability to allocate audit resources, set audit frequencies, select subjects, determine scope of work, and apply audit techniques required to accomplish audit objectives, without external impairments; and

d. The necessary assistance and/or cooperation of personnel in relation to performance of engagement activity. This includes all PHA divisions and departments where cost efficient and where outsourced functions are procured for the PHA's business.

2. To further maintain independence, reliability, and integrity, the *IA* function, as performed by the *IAD*, expressly excludes:

a. Responsibility for any operational duties of the PHA, including those circumstances where the *CAE* certifies or attests to the effectiveness and conformity to organizational policies, procedures, and applicable laws and regulations of such operations;

b. The authority to initiate or approve transactions that are outside of the direct operations of the IA function and its activities; and

c. The authority to direct the activities of the PHA's employees outside the IA function.

G. PROFESSIONAL STANDARDS

1. As indicated in the *Introduction* and *Mission Statement and Scope of Work* sections, the IA function within the IAD will conform and adhere to GAGAS and *The Standards* or provide appropriate disclosure when exception or limitation exists or occurs.

2. As part of providing assurance to continued adherence, the IAD will undergo a Peer Review engagement every five years, which will render an independent opinion on conformance to the professional standards and requirements reference above.

3. In addition, after a successful IIA peer review, for all audits or engagements where the IAD applies GAGAS or *The Standards*, the IAD will provide positive assurance, in its report or other deliverable, as to its adherence to them and its application of them in its report or other deliverable.

H. AMENDMENT OF THE INTERNAL AUDIT CHARTER

The CAE is responsible for ensuring that the Charter of the IAD is periodically reviewed, and updated or revised as necessary. Any amendment and/or revision shall be signed and approved by the CAE, Executive Director, and the Chair of the Audit Committee.

EXECUTIVE ENDORSEMENT

This Internal Audit Charter of the PHA is the formal document that specifies the *Mission Statement, Scope of Work, Responsibility, Accountability, Authority, and Independence* of the IA function. This Charter is a binding commitment and is vital to all stakeholders of the PHA. The endorsements below of this Internal Audit Charter underscores the importance of the IA function in relationship to the PHA's operations and confirms their continued cooperation in fulfillment of their obligation to carry out the IA function.

 Maxine N. Buckles
 Chief Audit Officer
 Port of Houston Authority

09/26/2017
 Approval Date

 Thomas J. Heidt
 Chief Operating Officer
 Port of Houston Authority

09/26/2017
 Approval Date

 Roger Guenther
 Executive Director
 Port of Houston Authority

09/26/2017
 Approval Date

 Janiece Longoria
 Chair, Audit Committee
 Port Commission of the Port of Houston Authority

09/26/2017
 Approval Date

RELEVANT PROFESSIONAL STANDARDS -

GAGAS Chapters 1-3; IIA *Standards* (all, but emphasis on): 1000; 1000.A1 ; 1000.C1 ; 1010; 1110; 1110.A1 ; 1320; 2000; 2100; 2600 and related IIA Practice Advisories: 1000-1 ; 1000.C1-2; 2060-2; 2100-3; 2330.A1-2; 2500.A1 -1

<p align="center">PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. <u>POL-IA-001</u> CODE OF ETHICS Date: 09/26/2017</p>
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CODE OF ETHICS

PRINCIPLES

Internal auditors within the Internal Audit Department (“IAD”) must adhere to the Port of Houston Code of Conduct and are expected to apply and uphold the following principles:

- **INTEGRITY**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **INDEPENDENCE AND OBJECTIVITY**

The Internal Audit (“IA”) function must be independent, and internal auditors must be objective in performing their work. Internal auditors must also exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

Note: See Independence Policy for specific details.

- **CONFIDENTIALITY**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **COMPETENCY**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal auditing services.

RULES OF CONDUCT

1. INTEGRITY

Internal auditors within the IAD:

- 1.1 Shall perform their work with honesty, diligence, and responsibility.
- 1.2 Shall observe the law and make disclosures expected by the law and the profession.
- 1.3 Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4 Shall respect and contribute to the legitimate and ethical objectives of the organization.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-001</u> CODE OF ETHICS Date: 09/26/2017
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2. INDEPENDENCE AND OBJECTIVITY

Internal auditors within the IAD:

- 2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2 Shall not assess specific operations for which they were previously responsible.
- 2.3 Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.4 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. CONFIDENTIALITY

Internal auditors within the IAD:

- 3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. COMPETENCY

Internal auditors within the IAD:

- 4.1 Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2 Shall perform internal auditing services in accordance with the Generally Accepted Governmental Auditing Standards ("GAGAS") in conjunction with the International Standards for the Professional Practice of Internal Auditing ("*The Standards*") and the IAD's Policies and Procedures Manual.
- 4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

Relevant Standards:

- GAGAS 1.10 Ethical Principles
1.24 Professional Behavior
- IIA 1010 Recognizing Mandatory Guidance in the Internal Audit Charter
1300 Quality Assurance and Improvement Program
1311 Internal Assessment
1320 Reporting on the quality Assurance and Improvement Program
1322 Disclosure of Non conformance
2000 Managing the Internal audit activity
2110 Governance
2110. A1
2431. Engagement Disclosure of Nonconformance



**PORT OF HOUSTON AUTHORITY
INTERNAL AUDIT POLICY**

Policy No. POL-IA-002
INDEPENDENCE
Date: 09/26/2017

INDEPENDENCE

POLICY

- In performing the Internal Audit ("IA") Function, the Internal Audit Department ("IAD") applies the standards of independence and objectivity as promulgated by the Generally Accepted Government Auditing Standards ("GAGAS") and the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing ("*The Standards*"). The GAGAS Conceptual Framework Approach to Independence is applied at the Audit Organization, Audit, and Individual Auditor Levels. This is an essential cornerstone of our existence as an IAD and in the fulfillment of our mission statement and attainment of our objectives as outlined in the IAD Charter.
- The Internal Audit Division within the Port of Houston Authority ("PHA") is considered an Internal Audit Organization for purposes of executing its mission and scope of work as indicated in the PHA Internal Audit Charter.
- IAD personnel must be independent in both substance and perception in order to build a foundation of integrity upon which the efficacy and reality of the IA function can be established and sustained.
- To provide for independence of the IA function, IAD personnel report to the PHA chief audit executive ("CAE") who reports functionally to the Audit Committee of the Port Commission ("Audit Committee").
- In the event that the IA function must investigate serious concerns identified under the GAGAS or the *The Standards*, IAD personnel shall be provided unrestricted access to the Port Commission, PHA management, PHA's Legal Division, and appropriate Law Enforcement (subject to the maintenance of appropriate privileges).

THREATS TO INDEPENDENCE

The following are the seven categories of threats to independence as presented in Section 3.14 of the Government Auditing Standards 2011 Revision:

- a. *Self-interest threat - the threat that a financial or other interest will inappropriately influence an auditor's judgment or behavior;*
- b. *Self-review threat - the threat that an auditor or audit organization that has provided non-audit services will not appropriately evaluate the results of previous judgments made or services performed as part of the non-audit services when forming a judgment significant to an audit;*
- c. *Bias threat - the threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective;*
- d. *Familiarity threat - the threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective;*
- e. *Undue influence threat - the threat that external influences or pressures will impact an auditor's ability to make independent and objective judgments;*

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-002</u> INDEPENDENCE Date: 09/26/2017
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- f. Management participation threat - the threat that results from an auditor's taking on the role of management or otherwise performing management functions on behalf of the entity undergoing an audit; and*
- g. Structural threat - the threat that an audit organization's placement within a government entity, in combination with the structure of the government entity being audited, will impact the audit organization's ability to perform work and report results objectively.*

Section 3.16 of the Government Auditing Standards 2011 Revision provides the following examples of Safeguards that could eliminate threats or reduce them to an acceptable level:

- a. Consulting an independent third party, such as a professional organization, a professional regulatory body, or another auditor;*
- b. Involving another audit organization to perform or re-perform part of the audit;*
- c. Having a professional staff member who was not a member of the audit team review the work performed; and*
- d. Removing an individual from an audit team when that individual's financial or other interests or relationships pose a threat to independence.*

The following are documentation requirements under GAGAS to support an auditor's compliance with independence standards:

- a. Document threats to independence that require the application of safeguards, along with safeguards applied, in accordance with the conceptual framework for independence as required by paragraph 3.24;*
- b. Document the safeguards required by paragraph 3.30 if an audit organization is structurally located within a government entity and are considered independent based on those safeguards;*
- c. Document consideration of audited entity management's ability to effectively oversee a non-audit service to be provided by the auditor as indicated in paragraph 3.34; and*
- d. Document the auditor's understanding with an audited entity for which the auditor will perform a non-audit service as indicated in paragraph 3.39.*

ATTEST TO INDEPENDENCE

As part of compliance, the CAE on behalf of the IAD and each individual auditor will assure their independence and disclose when impairment occurs or exists in the form of a signed document. These signed documents are executed annually and are kept as a part of the IAD records. Additionally, the individual auditor attests to his/her independence at the audit/engagement level by sign-off on an "Independence workpaper".

The independence statements act as support and validation of adherence to this policy.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-002</u> INDEPENDENCE Date: 09/26/2017
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RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

INDEPENDENCE	
DEFINITION	3.02 – 3.06
PERSONAL IMPAIRMENTS	3.07 – 3.09
EXTERNAL IMPAIRMENTS	3.10, 3.11

ORGANIZATIONAL INDEPENDENCE	
DEFINITION	3.12
EXTERNAL AUDIT	3.13 – 3.15
INTERNAL AUDIT	3.16 – 3.19
NON-AUDIT SERVICES	3.20, 3.21
OVERARCHING INDEPENDENCE PRINCIPLES	3.22 – 3.24
NON-AUDIT SERVICES	3.25 – 3.30

IIA STANDARDS

INDEPENDENCE AND OBJECTIVITY	1100
ORGANIZATIONAL INDEPENDENCE	1110, 1110.A1
INDIVIDUAL OBJECTIVITY	1120
IMPAIRMENTS	1130, 1130.A1, 1130.A2, 1130.A3, 1130.C1, 1130.C2

IIA PRACTICE ADVISORIES

ORGANIZATIONAL INDEPENDENCE	1110 – 1
INDIVIDUAL OBJECTIVITY	1120 – 1
IMPAIRMENT TO INDEPENDENCE OR OBJECTIVITY	1130 – 1
INDEPENDENCE OF THE EXTERNAL ASSESSMENT TEAM IN THE PUBLIC SECTOR	1312 – 4



<p align="center">PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. POL-IA-003 PROFICIENCY, COMPETENCY AND PROFESSIONAL DEVELOPMENT Date: 09/26/2017</p>
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PROFICIENCY, COMPETENCY, AND PROFESSIONAL DEVELOPMENT

POLICY

- The Internal Audit Department ("IAD") will maintain an adequate level of staff and access to other resources needed to execute its function and discharge its duties in accordance with the International Standards for the Professional Practice of Internal Auditing ("*The Standards*") and IAD Charter by:
 - Recruiting, hiring and retaining qualified professionals (which may include external service providers) that possess the necessary skills and certifications to individually perform and collectively execute the internal audit function;
 - Creating and adapting an internal organizational structure while maintaining alignment with the organization's dynamic environment and its effect on the IAD's objectives, scope, responsibilities, accountability, and authority;
 - Providing training to new hires and experienced staff through internally developed and managed programs, Continuing Professional Education ("CPE"), and external providers of relevant curriculum that offers professional development;
 - Ensuring continued professional development of employees by:
 - Providing adequate CPE to maintain licensure and/or certifications and applying relevant Generally Accepted Government Auditing Standards ("GAGAS"); and
 - Introducing progressive auditing and analytical techniques (including those using relevant and emerging information technologies).
- Professional Development is also a partnership between the employee and the employer. The Port of Houston Authority ("PHA") uses an annual employee performance evaluation ("EPE") system which sets goals and objectives that align the individual's goals with the IAD's, allowing for recognition, growth and advancement where available. The EPE process is interactive and cooperative, which provides an avenue for a mutually beneficial and productive work environment.
- The PHA chief audit executive will decline project(s) if he/she determines that there is a lack of adequate level of staff and access to other resources (including financial) needed to execute its function and discharge its duties in accordance with professional standards.

NOTE: For more detailed information see the Proficiency, Competency & Professional Development Procedures.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-003</u> PROFICIENCY, COMPETENCY AND PROFESSIONAL DEVELOPMENT Date: 09/26/2017
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RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

PROFESSIONAL JUDGMENT	3.60 – 3.68
COMPETENCE	3.69 – 3.71
TECHNICAL KNOWLEDGE	3.72 – 3.75

IIA Standards

- 1200 PROFICIENCY AND DUE PROFESSIONAL CARE
- 1210 PROFICIENCY
 - 1210.A1
 - 1210.A2
 - 1210.A3
 - 1210.C1
- 1220 DUE PROFESSIONAL CARE
 - 1220.A1
 - 1220.A2
 - 1220.A3
 - 1220.C1
- 1230 CONTINUING PROFESSIONAL DEVELOPMENT
- 2000 MANAGING THE INTERNAL AUDIT ACTIVITY
- 2340 ENGAGEMENT SUPERVISION

GAGAS

GUIDANCE ON GAGAS REQUIREMENTS FOR CPE GAO-05-568G

IIA PRACTICE ADVISORIES

- | | |
|-----------|---|
| 1200-1 | PROFICIENCY AND DUE PROFESSIONAL CARE |
| 1210-1 | PROFICIENCY |
| 1210.A1-1 | OBTAINING EXTERNAL SERVICE PROVIDERS TO SUPPORT OR COMPLEMENT THE INTERNAL AUDIT ACTIVITY |



PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. POL-IA-004 PLANNING AND RISK Date: 09/26/2017
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PLANNING AND RISK

POLICY

The Port of Houston Authority ("PHA") chief audit executive (CAE) will adequately:

- Plan activities and engagements to be performed for the upcoming year based on a process as identified and outlined in the Annual Audit Plan, derived from risk assessment. The CAE establishes the risk-based PHA Annual Internal Audit Plan to determine the priorities of the internal audit activity, consistent with the PHA goals and the Internal Audit Department ("IAD") Charter.
- Plan each engagement to sufficiently identify risk, objectives, scope, work to be performed (as outlined in the Audit/Engagement Planning Procedures), and provide sufficient and appropriate documented evidence to adequately support findings, conclusions, and recommendations.

NOTE: The Annual Audit Plan is a published document which identifies each project for the upcoming fiscal year. The Annual Audit Plan is a documented process and is maintained as part of the Annual Audit Documentation.

ENTERPRISE RISK ASSESSMENT

- Every three years, the will IAD perform an Enterprise Risk Assessment ("ERA") of the PHA to identify the overall "auditable universe" and to prioritize the universe based on areas of risk.
- The ERA is used to prepare the Enterprise Audit Plan which covers three fiscal years and is modified annually to develop the Annual Audit Plan (see below for additional details).
- The Enterprise Audit Plan is submitted to the Port Commission for review and approval.

ANNUAL AUDIT PLAN

- An Annual Risk Assessment ("ARA") is performed at the entity level to adequately plan the annual activities of the Internal Audit ("IA") function, which considers: updated reviews of department changes; changes to the organizational structure or relationships that change IA's view of the overall "auditable universe"; notable/significant events, transactions, contracts, initiatives, leadership, or process changes affecting the PHA that occurred during the year; and considerations of acquisitions, changes, implementations, upgrades, and interfaces of IT/IS that are integral components of business processes.
- The ARA is used to prepare the Risk Assessment Report which is distributed to the Audit Committee of the Port Commission ("Audit Committee"), Port Commission, Executive Director, and appropriate senior leadership.
- Input and recommendations for projects to include in the audit plan may be requested from the Audit Committee, Executive Director, and senior leadership. Management's feedback is vital and intended to further identify the areas of exposed risk that operational management would like reviewed as well as provide value to the organization.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-004</u> PLANNING AND RISK Date: 09/26/2017
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- IAD management and staff meet as a part of developing the proposed Annual Audit Plan to strategize potential engagements for the upcoming year.
- The CAE drafts an Annual Audit Plan of specific activities, engagements, and projects which consider risk and utilize a risk-based approach and available resources, and proposes and presents it to the Executive Director and the Audit Committee.
- The Annual Audit Plan is submitted to the Port Commission for review and approval.
- The IAD implements the Annual Audit Plan as approved by the Port Commission, including any special tasks or projects requested by the Audit Committee and/or PHA management.
- The IAD provides periodic reports to the Audit Committee summarizing the results of each engagement. These reports include audit findings, best practices, recommendations, conclusions, and departmental management responses. These reports are issued to the Port Commission and PHA senior leadership. Final reports are also made available to the external auditor.
- Status, progress and other relevant communications pertaining to the Annual Audit Plan are provided to the Audit Committee on a routine (at least quarterly) basis.

ENGAGEMENT PLANNING

- The Engagement Plan is documented by the Manager (or designee) and approved by the CAE.
- Information will be accumulated and recorded during the engagement which will contribute to the following:
 - Identification of the overall audit/engagement objectives (including specific and measurable criteria, where required);
 - Identification and refinement of scope;
 - Risk definition and internal control assessment(s);
 - Developing the audit/engagement program to meet specific objectives; and
 - Determining resources (internal and external) needed to accomplish the overall audit/engagement and specific audit/engagement objectives (including the budget).

NOTE: Computer-assisted audit techniques (CAATs) are used in analysis, where appropriate.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-004</u> PLANNING AND RISK Date: 09/26/2017
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RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE**Generally Accepted Governmental Auditing Standards (“GAGAS”)**

FINANCIAL AUDITS	Chapter 4
ATTESTATION ENGAGEMENTS	Chapter 5
PERFORMANCE AUDITS	6.06 - 6.51
INDEPENDENCE (INCLUDING NON-AUDIT SERVICES)	3.02 – 3.59

IIA STANDARDS (ANNUAL AUDIT PLAN)

2010 PLANNING
2020 COMMUNICATION AND APPROVAL
2030 RESOURCE MANAGEMENT
2050 COORDINATION
2100 NATURE OF WORK
2110 GOVERNANCE
2120 RISK MANAGEMENT
2130 CONTROL

IIA STANDARDS (ENGAGEMENT PLANNING)

2200 ENGAGEMENT PLANNING
2201 PLANNING CONSIDERATIONS
2210 ENGAGEMENT OBJECTIVES
2220 ENGAGEMENT SCOPE
2230 ENGAGEMENT RESOURCE ALLOCATION
2240 ENGAGEMENT WORK PROGRAM

IIA PRACTICE ADVISORIES

2010 – 1 LINKING THE AUDIT PLAN TO RISK AND EXPOSURES
2010 – 2 USING THE RISK MANAGEMENT PROCESS IN INTERNAL AUDIT PLANNING
2110 – 1 GOVERNANCE: DEFINITION
2110 – 2 GOVERNANCE: RELATIONSHIP WITH RISK AND CONTROL
2110 – 3 GOVERNANCE: ASSESSMENTS
2120 – 1 ASSESSING THE ADEQUACY OF RISK MANAGEMENT PROCESSES
2120 – 2 MANAGING THE RISK OF THE INTERNAL AUDIT ACTIVITY
2200 – 1 ENGAGEMENT PLANNING
2200 – 2 USING THE TOP-DOWN, RISK-BASED APPROACH TO IDENTIFY CONTROLS TO BE ASSESSED IN AN INTERNAL AUDIT ENGAGEMENT
2210 – 1 ENGAGEMENT OBJECTIVES
2210.A1 RISK ASSESSMENT IN ENGAGEMENT PLANNING



<p>PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. POL-IA-005 AUDIT/ENGAGEMENT EXECUTION & FIELDWORK Date: 09/26/2017</p>
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AUDIT/ENGAGEMENT EXECUTION & FIELDWORK

POLICY

The Internal Audit Department (“IAD”) will include the following elements in performing engagements as set forth by Generally Accepted Governmental Auditing Standards (“GAGAS”) and the standards issued by the Institute of Internal Auditors (“IIA”):

- Perform, obtain, and document sufficient and appropriate:
 - Planning (including decision support for development and modification of audit procedures – See Audit/Engagement Planning Procedures);
 - Understanding and assessment of the environment and processes (including risk and internal control);
 - Auditor communication during planning and throughout the engagement;
 - Consideration of previous audits and attestation engagements;
 - Evidence, analysis, and evaluation to support conclusions (using Computer Aided Analysis Tools, where appropriate); and
 - Support for evidence, findings, recommendations, communications, and reporting.
- Process for developing elements of a finding.
- Adequate supervision of staff, their proficiency, competency, and exercise of due professional care (See Proficiency, Competency & Professional Development Policy and Procedures).
- Consideration of fraud consistent with engagement objectives.
- Quality Assurance function, based on a set of written policies and procedures.

NOTE: The concepts of reasonable assurance, significance, and risk form a framework to apply this policy, which is in accordance with professional standards and are included throughout the discussion.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

FINANCIAL AUDITS	CHAPTER 4
ATTESTATION ENGAGEMENTS	CHAPTER 5
PERFORMANCE AUDITS	CHAPTER 7

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-005</u> AUDIT/ENGAGEMENT EXECUTION & FIELDWORK Date: 09/26/17
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IIA STANDARDS

2200 ENGAGEMENT PLANNING
2201 PLANNING CONSIDERATIONS
2210 ENGAGEMENT OBJECTIVES
2220 ENGAGEMENT SCOPE
2230 ENGAGEMENT RESOURCE ALLOCATION
2240 ENGAGEMENT WORK PROGRAM
2300 PERFORMING THE ENGAGEMENT
2310 IDENTIFYING INFORMATION
2320 ANALYSIS AND EVALUATION
2340 ENGAGEMENT SUPERVISION

IIA PRACTICE ADVISORIES

2230 – 1 ENGAGEMENT RESOURCE ALLOCATION
2240 – 1 ENGAGEMENT WORK PROGRAM
2300 – 1 USE OF PERSONAL INFORMATION IN CONDUCTING ENGAGEMENTS
2320 – 1 ANALYTICAL PROCEDURES
2320 – 2 ROOT CAUSE ANALYSIS

NOTE: The concept of fieldwork, as a professional standard, is broader than the time spent in the field and is a term not used in the standards issued by the IIA, except in relationship to Quality Assurance and assessing the timeliness of engagement reporting.



<p>PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. POL-IA-006 AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS Date: 09/26/2017</p>
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AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS

POLICY

- The Internal Audit Department ("IAD") will obtain, review, record, and retain sufficient and appropriate evidence to support its findings, conclusions, and recommendations. This is a collective body of information that is referred to as Engagement Documentation or Workpapers and includes the following elements:
 - Objectives
 - Scope
 - Procedures
 - Conclusions
 - Communications
 - Supporting Schedules
 - Notifications
- Refer to the Audit/Engagement Documentation & Workpapers Procedures for detailed workpaper documentation guidelines.
- Documentation will be reviewed by an experienced professional, other than the preparer, at various stages of the audit/engagement and prior to issuance of the final report. This supports the assurance of sufficient and appropriate evidence, as obtained by proficient/competent performance, exercise of professional judgment, and as overseen with adequate supervision.
- A final record of the work performed by an auditor shall be retained and stored as required. They are often referred to as 'workpapers' or 'working papers' which become part of a historical record maintained within the IAD.
- Documentation will be retained for the purposes of accountability, efficiency, follow-up, and quality assurance for a minimum of 7 years after the completion of an engagement.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

GENERAL STANDARDS	3.91 – 3.92
FINANCIAL AUDITS	4.10 – 4.16
ATTESTATION ENGAGEMENTS	5.16 – 5.17
PERFORMANCE AUDITS	6.79 – 6.85

IIA STANDARDS

- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM
- 2300 PERFORMING THE ENGAGEMENT
- 2310 IDENTIFYING INFORMATION
- 2320 ANALYSIS AND EVALUATION

<p>PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. <u>POL-IA-006</u> AUDIT/ENGAGEMENT DOCUMENTATION & WORKPAPERS Date: 09/26/2017</p>
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2330 DOCUMENTING INFORMATION
2340 ENGAGEMENT SUPERVISION

IIA PRACTICE ADVISORIES

2330 – 1	DOCUMENTING INFORMATION
2330.A1 – 2	CONTROL OF ENGAGEMENT RECORDS
2330.A1 – 2	GRANTING ACCESS TO ENGAGEMENT RECORDS
2330.A2 – 1	RETENTION OF RECORDS



<p align="center">PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY</p>	<p>Policy No. POL-IA-007 AUDIT/ENGAGEMENT REPORTS & OTHER DELIVERABLES Date: 09/26/2017</p>
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AUDIT/ENGAGEMENT REPORTS & OTHER DELIVERABLES

POLICY

- The Internal Audit Department ("IAD") will issue reports and/or deliverables communicating the results of each engagement and disseminate them to relevant parties as indicated in the Audit/Engagement Reporting & Other Deliverables Procedures.
- The form of the deliverable should be appropriate for its intended use.
- Effectively written deliverables that include requested management responses will:
 - Communicate results to responsible officials and management;
 - Make the results less susceptible to misunderstanding; and
 - Facilitate follow-up to determine whether appropriate corrective action has been taken.
- A draft copy of written deliverables will be reviewed by and with responsible management prior to distribution of the final deliverables.
- Engagement deliverables should be accurate, objective, clear, concise, constructive, complete, and timely. They should include the engagement's objectives and scope as well as applicable conclusions, recommendations, and action plans.
- Final communication of engagement results should, where appropriate, contain the internal auditor's overall opinion and/or conclusions. Internal auditors are encouraged to acknowledge exemplary performance (commendations) in communications.
- Results should be communicated to appropriate stakeholders. Communication should be made to the Audit Committee of the Port Commission ("Audit Committee"), Port of Houston Authority ("PHA") department management and other parties, where applicable, who can ensure the results are given due consideration.
- Prompt and timely engagement reporting is important to enable effective improvement or corrective actions for recommendations. Guidelines for timeliness of engagement reporting are found in the Audit/Engagement Reporting & Other Deliverables Procedures and are summarized as follows:
 - Draft engagement deliverables should be completed on a timely basis (usually within two weeks or ten business days) from the last date of fieldwork;
 - Any revisions to draft engagement deliverables resulting from the exit meetings should be completed timely following the final exit meeting date; and
 - Final engagement deliverables should be completed timely (usually issued within one month or twenty business days) of the final exit meeting date.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-007</u> AUDIT/ENGAGEMENT REPORTS & OTHER DELIVERABLES Date: 09/26/2017
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RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

FINANCIAL AUDITS	4.17 – 4.45
ATTESTATION ENGAGEMENTS	5.18 – 5.44
PERFORMANCE AUDITS	Chapter 7

IIA STANDARDS

- 2400 COMMUNICATING RESULTS
- 2410 CRITERIA FOR COMMUNICATING
- 2420 QUALITY OF COMMUNICATIONS
- 2421 ERRORS AND OMISSIONS
- 2430 USE OF "CONDUCTED IN CONFORMANCE WITH THE INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING"
- 2431 ENGAGEMENT DISCLOSURE OF NONCONFORMANCE
- 2440 DISSEMINATING RESULTS
- 2500 MONITORING PROGRESS

IIA PRACTICE ADVISORIES

2400 – 1	LEGAL CONSIDERATIONS IN COMMUNICATING RESULTS
2410 – 1	COMMUNICATION CRITERIA
2420 – 1	QUALITY OF COMMUNICATIONS
2440.A2 – 1	COMMUNICATIONS OUTSIDE THE ORGANIZATION
2440 – 1	DISSEMINATING RESULTS
2440 – 2	COMMUNICATING SENSITIVE INFORMATION WITHIN AND OUTSIDE THE CHAIN OF COMMAND



PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-008</u> COMMUNICATIONS Date: 09/26/2017
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COMMUNICATIONS

POLICY

GENERAL – Communications are to be accurate, objective, clear, concise, constructive, complete, relevant, and timely. To fulfill these attributes:

- The Internal Audit Department (“IAD”) will communicate directly with the Audit Committee of the Port Commission (“Audit Committee”), the Executive Director and the appropriate senior leadership, as needed, related to the status of current projects, resources, and developing factors or external influences to the IAD function and the Annual Audit Plan.
- IAD will communicate the results of the Quality Assurance (“QA”) program to the Port Commission, Audit Committee and/or Port of Houston Authority (“PHA”) management.
- IAD will communicate with appropriate PHA officials and/or management about the organizations’ risk and control environment.
- Communications with the audited entity will include the engagement’s objectives, scope, methodology, requests for information, interim communications of status, concerns (e.g., impairment of independence, etc.), potential issues, as well as applicable conclusions, recommendations, and action plans. Distinctions based on engagement type and/or function are as follows:

FINANCIAL AUDITS/ ATTESTATION ENGAGEMENTS	Nature, timing and extent of planned work; Level of assurance; Requests for information; Interim communications; and Any restrictions, if applicable.
PERFORMANCE AUDITS (including Compliance)	Overview of the objectives, scope, methodology, and timing of the audit and planned reporting (including any potential restrictions on the report), requests for information and interim communication.
REPORTING (All)	Deficiencies in Internal Control; Non-compliance; Contract violations.
COMMUNICATE	Fraud and/or Illegal Acts.

NOTE: The forms and timing of communication related to the preceding section are discussed in detail in the Communications Procedure.

- The IAD will communicate limitations and/or changes to the scope of services. This includes the boundaries and responsibilities of management when the IAD engages in Non-Audit Services.
- Final communication of engagement results will, where appropriate, contain the IAD’s overall opinion and/or findings, conclusions, commendations, and recommendations.
- The IAD will acknowledge exemplary performance in communications.

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-008</u> COMMUNICATIONS Date: 09/26/2017
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- Engagement results will be communicated to appropriate parties. In general, communication will be made to PHA officials, management and/or other parties of interest who can ensure the results are given due consideration.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

General Standards	3.39
Financial Audits	4.03 – 4.04, 4.23 – 4.24, 4.48
Attestation Engagements	5.04 – 5.05, 5.47, 5.49, 5.59, 5.65
Performance Audits	6.47 – 6.50, 6.78,
Non Audit Services	2.12 – 2.13

IIA Standards

- 1111 Direct Interaction with the Board (Management)
- 1220 Due Professional Care
- 1320 Reporting on the Quality Assurance and Improvement Program
- 2020 Communication and Approval
- 2060 Reporting to the Board and Senior Management
- 2400 Communicating Results
- 2410 Criteria for Communicating
 - 2410.A1
 - 2410.A2
 - 2410.A3
 - 2410.C1
- 2420 Quality of Communications
- 2421 Errors and Omissions
- 2431 Engagement Disclosure of Nonconformance
- 2440 Disseminating Results
 - 2440.A1
 - 2440.A2
 - 2440.C1
 - 2440.C2
- 2500 Monitoring Progress

IIA Practice Advisories

- | | |
|-------------|---|
| 1111 – 1 | Board Interaction |
| 1311 – 1 | Internal Assessments |
| 1312 – 1 | External Assessments |
| 2020 – 1 | Communication and Approval |
| 2060 – 1 | Reporting to Senior Management and the Board |
| 2400 – 1 | Legal Considerations in Communicating Results |
| 2410 – 1 | Communication Criteria |
| 2420 – 1 | Quality of Communications |
| 2440.A2 – 1 | Communications Outside the Organization |
| 2440 – 1 | Disseminating Results |
| 2440 – 2 | Communicating Sensitive Information Within and Outside the Chain of Command |
| 2500 – 1 | Monitoring Progress |



PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-009</u> FOLLOW-UP AND REMEDIATION Date: 09/26/2017
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FOLLOW-UP AND REMEDIATION

POLICY

GENERAL – The Internal Audit Department (“IAD”) develops, maintains, and modifies as necessary follow-up procedures that monitor the status of findings and issues previously reported and assesses management’s process to remediate accordingly. To fulfill these attributes:

- IAD maintains a listing of the population of findings identified during the course of an audit that resulted in the issuance of a report. (Note: GAGAS 6.11f and 6.18 require auditors to understand the risk associated with the results of previous audits and issues identified with internal controls that are relevant to the current audit objectives. This is part of the engagement planning process. See Audit/Engagement Planning Procedures.)
- IAD obtains and maintains management responses and assesses the sufficiency and reasonableness in the context of the issue identified, which considers and applies risk assessment methodology.
- IAD requests management status on the remediation of issues at least once per year.
- IAD performs additional substantive procedures to verify:
 - Accuracy of management assessment of cleared items; and
 - Efficiency and Effectiveness the Management’s remediation process.
- IAD communicates the results of the follow-up process and procedures as a formal report distributed to the Audit Committee of the Port Commission (“Audit Committee”), Executive Director, and appropriate department directors or management.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

IIA STANDARDS

- 2500 – MONITORING PROGRESS
- 2600 – RESOLUTION OF SENIOR MANAGEMENT’S ACCEPTANCE OF RISK

IIA PRACTICE ADVISORIES (PA)

- 2500 – 1 MONITORING PROGRESS
- 2500.A1-1 FOLLOW-UP PROCESS



PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-010</u> QUALITY CONTROL & ASSURANCE Date: 09/26/2017
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QUALITY CONTROL & ASSURANCE

POLICY

- The Internal Audit Department ("IAD") shall establish and maintain a system of Quality Control that is designed to provide relevant parties with reasonable assurance that:
 - The organization and its personnel comply with professional standards and applicable legal and regulatory requirements; and
 - The organization has an external peer review every 5 years.
- The system of Quality Control adopted defines and monitors the IAD's:
 - Leadership;
 - Emphasis on high quality work; and
 - Policies and Procedures designed to provide assurance that internal controls are operating effectively.
- The IAD develops and maintains Policies and Procedures for the Internal Audit ("IA") function, which addresses Quality Assurance ("QA") through standards of management, practice, proficiency, competency, execution, communication, documentation, reporting and review. The IAD Policies and Procedures Manual is reviewed and updated at least annually and presented to the Audit Committee of the Port Commission ("Audit Committee") for approval.
- Each engagement has a review process specifically for QA to provide an assessment of work to:
 - Ensure adherence to the policies and procedures, and a related system of quality; and
 - Determine if the Policies and Procedures, including those of QA, are suitably designed and operating effectively.
- IAD performs reviews to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, relevant Generally Accepted Governmental Auditing Standards ("GAGAS") and the International Standards for the Professional Practice of Internal Auditing ("*The Standards*").
- Audit Manager(s) will review the engagement work for projects under their direct supervision, while a separate manager, supervisor, or assigned staff will perform specific Quality Control functions on work not performed by or under their specific assignment.
- The internal system process, which is outlined in greater detail in the Quality Assurance and Improvement Program Procedures will, at minimum, include:
 - Review of administrative and personnel records (related to Quality Control and Continuing Professional Education);
 - Review of audit and attestation documentation, including reports;

PORT OF HOUSTON AUTHORITY INTERNAL AUDIT POLICY	Policy No. <u>POL-IA-010</u> QUALITY CONTROL & ASSURANCE Date: 09/26/2017
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- Periodic summary of findings with systemic causes;
- Determination of corrective actions and/or improvements to engagement or quality processes; and
- Written report of communication of findings and timely follow-up.
- The QA function within the IAD will develop, adhere to, review and modify metrics associated with its performance
- The IAD will develop, adhere to, report, review, and modify metrics associated with its performance.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

Independence	3.02 – 3.359, A3.02 – A3.09
Professional Judgment	3.60 – 3.68
Competence	3.69 – 3.81
Quality Control and Assurance	3.81 – 3.107, A3.10 – A3.012

IIA Standards

1300	Quality Assurance and Improvement Program (QAIP)
1310	Requirements of the QAIP
1320	Reporting on the QAIP
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "

IIA Practice Advisories

1230 – 1	Continuing Professional Development
1300 – 1	Quality Assurance and Improvement Program
1310 – 1	Requirements of the Quality Assurance and Improvement Program

H. COMMERCIAL

Subject 1. Reject all proposals and authorize the re-advertisement of a request for proposals for promotional items and web-store ordering services.

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, reject all proposals and authorize the re-advertisement of a request for proposals for promotional items and web-store ordering services, 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:

Reject & Other Actions

Department:

Commercial

Staff Contact:

Stan Swigart

Background:

By Minute No. 2017-0425-10(c), the Port Commission authorized the advertisement of a request for proposals (RFP) and receipt of responses for promotional items and web-store ordering services. The Port Authority notified vendors regarding its 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. Twenty-five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 7, 2017, seven RFPs were received, opened, and publicly read.

After reviewing the RFP and proposals, staff determined that the small business participation scoring instructions were not clear. Accordingly, staff recommends that the Port Commission reject all proposals and authorize the re-advertisement of a request for proposals for promotional items and web-store ordering services.

H. COMMERCIAL

Subject **2. Approve the extension of the current three-year agreement with R.K. Johns & Associates, Inc. to provide maritime consulting services to the Port Authority, for an additional two-year period commencing September 1, 2017 and additional amount not to exceed \$150,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended The Port Commission, at its September 26, 2017 meeting, approve the extension of
Action the current three-year agreement with R.K. Johns & Associates, Inc. to provide
 maritime consulting services to the Port Authority, for an additional two-year period
 commencing September 1, 2017 and additional 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.

Category:

Awards, Amendments & Change Orders

Department:

Commercial

Staff Contact:

Ricky Kunz / Stan Swigart

Background:

By Minute No. 2014-0826-57, the Port Commission authorized an agreement with R.K. Johns & Associates, Inc. (RK Johns) to provide maritime consulting services, including market analysis, to several Port Authority divisions.

By Minute No. 2016-0628-11, the Port Commission authorized the extension of RK Johns agreement to provide additional maritime consulting services. The analysis has assisted the Port Authority in identifying and planning for likely impacts on markets, customers, and port businesses of various hypothetical scenarios contemplated for the global economic climate in 2020-2025. R.K. Johns assists in all aspects of the critical assessments and present recommendations for planning and other activities.

R.K. Johns has extensive experience in assisting port authorities and private terminal operators with strategic analysis, plan implementation, and third party negotiations. R.K. Johns staff members have strong personal relationships with all the major container lines and container terminal operators worldwide, and have had strong working relationships with Port Authority staff for many years. From 2008 to 2010, and 2014 to 2017, RK Johns provided similar high quality professional services to the Port Authority.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a two-year extension and \$150,000 increase for the current professional services contract agreement with R.K. Johns.

H. COMMERCIAL

Subject **3. Authorize the Port Authority to contract with Levy Restaurants to provide customer event services at the 2017 Breakbulk Americas Conference Welcome Reception to be held October 17, 2017 in an amount not to exceed \$95,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, approve a contract with Levy Restaurants to provide customer event services at the 2017 Breakbulk Americas Conference Welcome Reception in an amount not to exceed \$95,000, 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:

Commercial

Staff Contact:

Ricky Kunz / Stan Swigart

Background:

By Minute No. 2016-0927-18, the Port Commission approved the Port Authority's sponsorship of the 2016 Breakbulk Americas Conference Welcome Reception, as the host port of the conference.

This opening night reception serves in effect as the Port Authority's own event for the maritime industry – the ocean carriers, agents, cargo interests, stevedores, freight forwarders, and brokers that provide business and services at the Port of Houston.

Staff Evaluation/Justification:

In order to accommodate breakbulk conference attendees, the event is being held at the George R. Brown Convention Center, the conference site. Levy Restaurants is the sole source to provide customer event services at the George R. Brown Convention Center.

Accordingly, staff recommends that the Port Commission approve this contract.

H. COMMERCIAL

Subject 4. Authorize the Port Authority to enter into a participation/sponsorship agreement for advertising in 2018 with Breakbulk Events & Media in an amount not to exceed \$115,000.

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to enter into a participation/sponsorship agreement for advertising in 2018 with Breakbulk Events & Media in an amount not to exceed \$115,000, 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:

Commerical

Staff Contact:

Ricky Kunz / Stan Swigart

Background:

By Minute Number 2016-1025-10, the Port Commission authorized the 2017 advertising and sponsorship agreements with Breakbulk Events & Media in an amount not to exceed \$106,000.

A key component of the Port Authority's trade development and marketing strategy includes participation at various levels in conferences and advertisement placement focused on the breakbulk freight sections. These efforts are aimed to gain market exposure as well as provide networking and marketing opportunities within the maritime shipping community, which includes ocean carriers, agents, cargo interests, stevedores, freight forwarders, and brokers. Breakbulk Events & Media produces more than 12 conferences serving international trade and maritime markets. Breakbulk Events & Media's readership includes top global logistics professionals from manufacturing, global logistics, ocean carriers, port terminals, and various other transportation providers.

Staff Evaluation/Justification:

Staff recommends that the Port Authority approve agreements to provide for advertisement placement in six 2018 Breakbulk Magazine issues and conference participation at 2018 Breakbulk Events & Media conferences as follows: Breakbulk Americas, Breakbulk Europe, and Breakbulk China.

H. COMMERCIAL

Subject **5. Authorize the Port Authority to enter into a one-year advertising and sponsorship agreement with JOC Group Inc. in an amount not to exceed \$180,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to enter into a one-year advertising and sponsorship agreement with JOC Group Inc. in an amount not to exceed \$180,000, 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:

Commerical

Staff Contact:

Ricky Kunz / Stan Swigart

Background:

By Minute No. 2016-1025-09, the Port Commission authorized the 2016 advertising agreement with JOC Group Inc. for ad placement in JOC Group publications, including the *Journal of Commerce*. This agreement is part of the Port Authority's media marketing program based on targeted cargo types (primarily containerized cargo) that best suit Port Authority facilities. The readership of this publication includes top global logistics professionals from manufacturing, third party logistics, ocean carriers, port terminals, and various other transportation service providers.

The *Journal of Commerce* is well known in the shipping and port industry for reaching a wide audience involved in the shipment of containerized freight. The JOC Group Inc. is also the leading provider of proprietary data, news, business intelligence, analytical content, and trade shows, supporting commercial maritime, rail, trucking, warehousing, and logistics industries worldwide.

Staff Evaluation/Justification:

The Port Authority's Marketing team has developed a 2018 business-to-business advertising and marketing campaign that would provide strategic exposure targeted to the maritime shipping industry through the use of digital media and publications including, but not exclusive to, the *Journal of Commerce* magazine and events. The campaign is expected to include advertisement placement in 14 issues of the *Journal of Commerce* magazine as well as various digital and news wire media products.

Finally, the Port Authority expects to participate as a sponsor at Trans Pacific Maritime conferences in America and Asia, as well as the Host Port Sponsor at the next Gulf Shipping Conference in Houston.

Accordingly, staff recommends the Port Authority enter into a one-year advertising and sponsorship agreement with JOC Group Inc.

H. COMMERCIAL

Subject **6. Authorize renewal of professional service contracts with CK Productions and David Bray Photography for an additional one-year commencing October 1, 2017, to provide professional photography and videography services at a cost of \$60,000 each.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended The Port Commission, at its September 26, 2017 meeting, authorize renewal of
Action professional service contracts with CK Productions and David Bray Photography for an
 additional one-year commencing October 1, 2017, to provide professional photography
 and videography services at a cost of of \$60,000 each, 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:

Commercial

Staff Contact:

Ricky Kunz / Stan Swigart

Background:

By Minute No. 2015-0623-08, the Port Commission awarded one-year professional services agreements to CK Productions and David Bray Photography.

By Minute No. 2016-0628-10, the Port Commission approved one-year extensions for both agreements, which expired on September 1, 2017.

In the past year, the Port Authority has regularly used these photographers to obtain images and video recordings of public meetings, special events, and Port Authority operations and other activities. The materials are used in connection with the Port Authority's public outreach efforts and promotional activities, including those that support the development of regional maritime commerce as well as Port Authority terminal and other business activities. Port Authority staff believes these services continue to meet its expectations and bring value to the port's marketing and public relations efforts.

Staff Evaluation/Justification:

Staff recommends a renewal of the agreements with CK Productions and David Bray Photography.

H. COMMERCIAL

Subject **7. Enter into a grazing lease with David E. Brown and Polly Brown for approximately 70 acres of the undeveloped Clinton tract east of Hunting Bayou for a five-year term, effective November 1, 2017, at an annual rental of \$1,050.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, approve a grazing lease with David E. Brown and Polly Brown for approximately 70 acres of the undeveloped Clinton tract east of Hunting Bayou for a five-year term, effective November 1, 2017, at an annual rental of \$1,050, 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:

Real Estate

Staff Contact:

R.D. Tanner

Background:

David E. Brown and Polly Brown have leased this Clinton tract property to graze livestock since 2014. The annual rate is \$15 per acre per year. The Port Authority's grazing leases supports security and aids in prevention of illegal dumping on its large undeveloped land tracts.

Staff Evaluation/Justification:

Staff recommends approval of a five-year lease agreement with David E. Brown and Polly Brown on the terms described above.

H. COMMERCIAL

Subject **8. Approve an amendment to extend the lease with Terminal Link Texas, LLC for an additional two years effective October 1, 2017, for approximately 1,394 net rentable square feet of office space in the Berth 5 Stevedore Support Building, at an annual rental of \$40,612 with an annual 3% increase.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended The Port Commission, at its September 26, 2017 meeting, approve an amendment to
Action extend the lease with Terminal Link Texas, LLC for an additional two years effective
October 1, 2017, for approximately 1,394 net rentable square feet of office space in
the Berth 5 Stevedore Support Building, at an annual rental of \$40,612 with an annual
3% increase, 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:

Real Estate

Staff Contact:

R.D. Tanner

Background:

By Minute No. 2015-0929-22, the Port Commission approved a two-year lease agreement with Terminal Link Texas, LLC (Terminal Link). Terminal Link has now requested that the Port Authority extend its lease of approximately 1,394 net rentable square feet of office space in the Berth 5 Stevedore Support Building for a two-year term. The rate would include an annual 3% rental increase over the prior year's rate. Terminal Link has been in the building since 2009 and provides stevedoring services at the Bayport Container Terminal.

Staff Evaluation/Justification:

Staff recommends approval of a two-year lease amendment to Terminal Link on the terms described above.

H. COMMERCIAL

Subject **9. Approve the change of control of Alltrans Port Services Inc. from Benny Rains and Donna Rains as majority owners of Alltrans Port Services Inc. to Alltrans Terminal Companies, LLC, in connection with seven Turning Basin leases.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended The Port Commission, at its September 26, 2017 meeting, approve the change of
Action control of Alltrans Port Services Inc. from Benny Rains and Donna Rains as majority
 owners of Alltrans Port Services Inc. to Alltrans Terminal Companies, LLC, in
 connection with seven Turning Basin leases, 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:

Real Estate

Staff Contact:

R.D. Tanner

Background:

The Port Authority currently has seven leases with Alltrans Port Services Inc., covering premises at the Northside Turning Basin and the Industrial Park East (Turning Basin) facilities (the seven leases are identified as 2011-0142-16, 2010-0166, 2014-0360, 2013-0121, 2011-0357-16, 2016-0251, and 2010-0167-15). Benny Rains and Donna Rains are the majority owners of Alltrans Port Services, Inc.

If the change of control is approved, Uniprop Corporation of Birmingham, Michigan, controlled by the Zlotoff family, will be the majority owner of Alltrans Terminal Companies, LLC. with Rail Partners Management Group and Mark Brown (owner of Texas Transloaders) becoming minority owners. All leases, contracts, agreements, and any current financing will remain in the name of Alltrans Port Services, the majority owner of which would be Alltrans Terminal Companies, LLC.

Staff Evaluation/Justification:

Staff has reviewed the terms of the change of control transaction, including the public filings, and recommends approval.

H. COMMERCIAL

Subject 10. Approve the sale to Harris County of two roadway easements totaling 0.0572 acres for \$24,968 and two three-year temporary construction easements totaling 0.268 acres for \$21,012, for a total consideration amount of \$45,980, as required for the Peninsula Street Reconstruction and Expansion Project.

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, approve the sale to Harris County of two roadway easements totaling 0.0572 acres for \$24,968 and two three-year temporary construction easements totaling 0.268 acres for \$21,012, for a total consideration amount of \$45,980, as required for the Peninsula Street Reconstruction and Expansion Project, 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:

Real Estate

Staff Contact:

R.D. Tanner

Background:

The reconstruction and expansion of Peninsula Street by Harris County as an undivided, concrete roadway includes widening to segregate eastbound left and right turning movements from through traffic. These improvements are expected to benefit the Port Authority's CARE Terminal, the new Houston Fuel Oil Terminal Co. (HFOTCO) dock, and other property owners in the area.

In connection with the project, the county has submitted offers to the Port Authority for two parcels totaling .0572 acres comprised of a .0372 and .02 acre tract for perpetual road easements and two parcels totaling .2680 acres comprised of a .1651 and .1029 acres for temporary construction easements. The sale to the county does not require a public bid.

The staff has determined that offered amounts are acceptable, following its thorough review of appraisals obtained by the county. However, the sale to Harris County for the perpetual easements would be contingent upon the land being used for a public purpose; if it is not, the title and right to possession of the subject easement interests would revert to the Port Authority.

Staff Evaluation/Justification:

Staff recommends approval of this proposed acquisition.

H. COMMERCIAL

Subject **11. Ratify a month-to-month lease with Volkswagen Group of America, Inc. for approximately 10.74 acres out of Block 10 at the Northside Turning Basin Area with current rental amounts of \$26,793.67 monthly and \$321,524.04 annually.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, ratify a month-to-month lease with Volkswagen Group of America, Inc. for approximately 10.74 acres out of Block 10 at the Northside Turning Basin Area with current rental amounts of \$26,793.67 monthly and \$321,524.04 annually, 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:

Rea Estate

Staff Contact:

R.D. Tanner

Background:

The Port Authority currently has a month-to-month lease with Volkswagen Group of America Inc. (VGA) that will have been in effect for more than a year after September 31, 2017. VGA's current rental is \$26,793.67 monthly and \$321,524.04 annually. These amounts reflect the Port Commission-authorized 3% increases for all month-to-month Leases that were effective May 1, 2017.

The property is currently being used for the additional storage of automobiles that cross Port Authority docks or are transported by rail.

An amendment to the Water Code adopted in the 2011 legislative session requires that the Port Commission approve month-to-month leases in effect for more than one year.

Staff Evaluation/Justification:

Staff recommends ratifying this month-to-month lease with VGA.

I. FINANCE

Subject	1. Authorize advertisement and receipt of responses for eleven formal procurements.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	<p>The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to advertise and receive responses for eleven formal procurements, determine that the proposed procurement methods provide 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 for these procurements.</p> <p>(a) Request for competitive sealed bids for the repair of storm water trench drains at Bayport Container Terminal</p> <p>(b) Request for competitive sealed bids for the annual concrete replacement at Turning Basin Terminal 2018</p> <p>(c) Request for competitive sealed proposals for annual crane painting at Barbours Cut and Bayport Container Terminals 2018</p> <p>(d) Request for competitive sealed proposals to vegetate the Bayport Container Terminal sound berm</p> <p>(e) Request for proposals for the Port Authority's Property and Casualty insurance program, which includes workers' compensation, marine, property, terrorism, equipment, liability (general, auto, public officials, and environmental), business interruption, and such other policies deemed necessary or advisable</p> <p>(f) Request for proposals for Employee Benefits and Consulting services</p> <p>(g) Request for proposals for JD Edwards ONE Program Elements</p> <p>(h) Request for qualifications for professional services to support internal Master Planning efforts with focused studies and investigations on market and industry trends, technological solutions, energy management and sustainability, and document and graphics production support</p> <p>(i) Request for qualifications for professional services for the investigation and design of Port Authority utilities along Peninsula Street from Beltway 8 to the CARE and Jacintoport Terminals</p> <p>(j) Request for qualifications for the design of rehabilitation of the next container yard at Barbours Cut Terminal</p> <p>(k) Request for qualifications for the design of the Entry Gate at Barbours Cut Terminal</p>

Category:

Authority to Obtain Bids, Proposals, or Qualifications

Department:

Procurement Services

Staff Contact:

Yvette Camel-Smith

Background:

In accordance with the Port Authority's Procurement Policy, the Port Commission should approve in advance every Port Authority solicitation for the procurement of goods and services that must be approved by the Port Commission pursuant to Texas Water Code Chapter 60 (Formal Procurements). In addition, Texas Water Code Chapter 60 requires that the Port Commission determine which Formal Procurement purchasing method provides "best value" for the Port Authority.

The Port Commission has established the following purchasing methods provide "best value" to the Port Authority, unless it determines otherwise in conjunction with its approval of the solicitation of a Formal Procurement:

- Solicitation of "Competitive Sealed Proposals" or "Competitive Sealed Bids," for construction, repair, rehabilitation, or alteration of facilities (except as provided below), and for non-construction items;
- Solicitation of "Requests for Proposals," for procurement of high technology items, insurance, services, and other intangible items, other than construction services; and
- Solicitation of "Requests for Qualifications," for the professional services of engineers, architects, and surveyors.

Staff Evaluation/Justification:

Port Authority staff requests approval to advertise eleven new Formal Procurements. Staff has evaluated and recommends the customary best value methods for each procurement.

J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT

Subject	1. Award a contract to Network Cabling Services, utilizing the BuyBoard Purchasing Cooperative, for technology upgrades at the Port Coordination Center in an amount not to exceed \$108,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a contract to Network Cabling Services, utilizing the BuyBoard Purchasing Cooperative, for technology upgrades at the Port Coordination Center in an amount not to exceed \$108,000, 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 Objective 4c. - Operate safely and securely

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

The Port Coordination Center utilizes technology in the Dispatch Center, the Emergency Operations Center, and the Training Room. Much of the original technology was purchased using Port Security Grants. The requested upgrades in technology impact all three areas.

The Emergency Operations Center utilizes a switcher to display different video and computer feeds on the various screens and monitors. The current switcher requires upgrading to allow for more input and outputs, to be compatible with the new Situational Awareness Program. Additionally, the software system requires extensive reprogramming.

The Dispatch Center would be outfitted with a wall monitor to allow the display of various feeds on a centralized screen, allowing personnel other than the dispatchers at the consoles to view the feeds, and includes a "quad system" that allows the display to be split into four sections.

Finally, the Training Room would have speakers installed, the physical infrastructure repaired, and a "Clickshare" system installed to allow for different computers to be projected.

Staff Evaluation/Justification:

The Local Government Purchasing Cooperative (Cooperative) is an administrative agency of cooperating local governments authorized by the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Cooperative is further authorized as a local purchasing cooperative organization as set forth in Section 271.101, et seq., of the Texas Local Government Code. The Port Commission, by Minute No. 2006-1023-43, entered into an interlocal agreement with the Cooperative to become a member participant, and since that time has used the Cooperative and its BuyBoard electronic purchasing application to facilitate compliance

with state procurement requirements; to more efficiently identify qualified vendors of commodities, goods and services; to relieve the burdens of the governmental purchasing function; and to realize the various potential economies, including administrative cost savings.

Staff recommends utilizing the Local Government Purchasing Cooperative for this procurement to provide best value to the Port Authority. Network Cabling Systems, a local company, was determined to provide the product sought using the BuyBoard Purchasing Cooperative.

J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT

Subject **2. Enter into an Intergovernmental Agreement with the City of Morgan's Point for security services for a one-year period in an amount not to exceed \$24,720.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to enter into an Intergovernmental Agreement with the City of Morgan's Point for security services for a one-year period in an amount not to exceed \$24,720, 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 Objective 4c. - Operate safely and securely
Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

Awards, Amendments & Change Orders

Department:

Police Department

Staff Contact:

Mark Smith

Background:

The Port Authority's Police Department has primary law enforcement jurisdiction within Barbours Cut Terminal, with the City of Morgan's Point providing primary police services within the city jurisdiction that surrounds the terminal.

The current one-year Intergovernmental Agreement expires on September 30, 2017, and is paid in 12 monthly amounts of \$2,060, totaling \$24,720. If approved by the Port Commission, the agreement would then be required to be approved by the Morgan's Point City Council.

Staff Evaluation/Justification:

The Port Authority and the City of Morgan's Point each stands to benefit from the Intergovernmental Agreement with fosters cooperation in responding to crime in and around Barbours Cut Terminal.

Staff recommends that the Port Commission approve the above agreement.

J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT

Subject	3. Enter into a Memorandum of Understanding with the Galveston Fire Department to provide Marine Firefighting Mutual Aid for a five-year period.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to enter into a Memorandum of Understanding with the Galveston Fire Department to provide Marine Firefighting Mutual Aid for a five-year period, 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 Objective 4c. - Operate safely and securely Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

General

Department:

Fire Department

Staff Contact:

William Buck

Background:

The Port Authority Fire Department is the only entity in the Houston-Galveston Bay complex that operates fireboats for the suppression of maritime fires along the Houston Ship Channel. The possibility exists that a maritime fire could occur within the Port of Galveston and outside of the Houston Ship Channel. This proposed Memorandum of Understanding sets out the terms of the assistance that would be provided by the Fire Department to the Galveston Fire Department in the event of a maritime fire in the Port of Galveston, including costs to be recouped after the initial 12 hour period (costs plus 20 percent).

Staff Evaluation/Justification:

Staff recommends approval of this Memorandum of Understanding with the Galveston Fire Department, to serve the best interests of shipping in the Houston-Galveston Bay complex.

J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT

Subject	4. Renew the agreement with the United States Coast Guard, for a five-year period, to exchange and share information and data in order to enhance maritime safety and security.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, authorize renewal of the Port Authority's agreement with the United States Coast Guard, for a five-year period, to exchange and share information and data in order to enhance maritime safety and security, 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 Objective 4c. - Operate safely and securely Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

General

Department:

Security

Staff Contact:

Marcus Woodring

Background:

The Port Authority has previously entered into a Memorandum of Agreement with the United States Coast Guard to exchange and share information and data (primarily security camera video data) in order to enhance maritime safety and security, and is permitted to do so under the provisions of 14 U.S.C. sections 141 60.003, 60.120, and 60.151-153. The agreement has also allowed the United States Coast Guard access to Port Authority facilities, to repair and maintain any of its communications equipment located on Port Authority property.

There is no cost associated with this Memorandum of Agreement.

Staff Evaluation/Justification:

Renewing this agreement will facilitate the continuance of good communications and working relationships between the United States Coast Guard and the Port Authority on safety and security matters, address the common goals of safety and security through the exchange and sharing of information and data, facilitate joint development of maritime information processes that further the mutual goals of the parties, and promote periodic meetings between the parties to identify and pursue ways to assist each other to accomplish these goals.

Staff recommends the renewal of the agreement with the United States Coast Guard.

K. INFRASTRUCTURE

Subject	1. Reject all proposals for Bayport Container Yard 6 North and South security and authorize the re-advertisement of a request for proposals for Bayport Container Yard 6 North and South security.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 27, 2017 meeting, reject all proposals for Bayport Terminal Container Yard 6 North and South security and authorize the re-advertisement of a request for competitive sealed proposals for Bayport Terminal Container Yard 6 North and South security, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Reject & Other Actions

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The proposed project consists of installing pan-tilt-zoom (PTZ) cameras on existing high-mast poles and associated equipment necessary to monitor the west and south perimeter area of Bayport Container Yard 6 for security.

By Minute No. 2017-0131-18(a), the Port Commission authorized the advertisement and receipt of competitive sealed proposals (CSPs) for Bayport Terminal Container Yard 6 North and South security. The Port Authority notified vendors regarding its request for CSPs using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Seventeen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 26, 2017, one CSP was received and opened. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Commission reject the proposal for Bayport Container Yard 6 North and South security and authorize the re-advertisement of a request for competitive sealed proposals for Bayport Terminal Container Yard 6 North and South and the West empty container yard security.

K. INFRASTRUCTURE

Subject	2. Approve staff's ranking of vendors and award a two-year environmental consulting agreement in an amount not to exceed \$250,000 for general environmental consulting services to the top-ranked proposer: staff ranking – first, Terra Nova Consulting, Inc.; second, TerraCon Consulting, Inc.; and third, ARGENT Consulting Services, Inc. & InControl Technologies, Inc.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting: (a) approve staff's ranking of vendors that offer the best proposals to the Port Authority, based on the selection criteria, in the following order – first, Terra Nova Consulting, Inc.; second, TerraCon Consulting, Inc.; third, ARGENT Consulting Services, Inc. & InControl Technologies, Inc.; (b) authorize negotiation and award of a professional services contract for general environmental services with the first-ranked vendor; (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.

Category:

Awards, Amendments & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

The Port Authority is seeking to obtain general environmental consulting services which will include performing field sampling or studies, and providing technical expertise for a variety of general environmental issues related to port operations, port tenants, and the maritime industry.

By Minute No. 2016-0927-32, the Port Commission authorized the advertisement of a request for proposals (RFP) for a general environmental services provider. The Port Authority notified vendors regarding its 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. Twenty-eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

The Port Authority received eleven proposals before the July 19, 2017 deadline. Staff evaluated and ranked the proposals in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as providing the best offers to the Port Authority:

- Terra Nova Consulting, Inc.

- TerraCon Consulting, Inc.
- ARGENT Consulting Services, Inc. & InControl Technologies, Inc.

Staff recommends that the Port Commission authorize negotiation and award of a contract with Terra Nova Consulting, Inc., and as otherwise described above.

K. INFRASTRUCTURE

Subject	3. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$675,000 to prepare site specific baseline plans for facility inspection and condition assessment program to the top-ranked proposer: staff ranking – Brown and Gay Engineers, Inc.; second, Taylor & Hill, Inc.; and third, Walker Restoration Consultants.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 27, 2017 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Brown and Gay Engineers, Inc.; second, Taylor & Hill, Inc.; and third, Walker Restoration Consultants; (b) authorize negotiations and award a professional services contract to Brown and Gay Engineers, Inc. to prepare site specific baseline plans for facility inspection and condition assessment program, in an amount not to exceed \$675,000; (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 #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2017-0131-18(k), the Port Commission authorized the advertisement of a request for qualifications (RFQ) for professional services. The Port Authority notified vendors regarding its RFQ using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Thirty-five vendors downloaded the project materials from BuySpeed.

This project supports the Facilities Inspection and Condition Assessment Program (FICAP) by preparing baseline drawings of existing construction of approximately 140 marine structures ranging in age from new to nearly 100 years old. Detailed description of the project:

1. Research PHA's construction drawing data base and extract all structural information pertaining to a marine asset's original construction and any modifications that were made to that asset over the years.
2. Compile all information in CAD format.

3. Be trained on and utilize the FICAP manual to name all components and elements of each marine asset.

Staff Evaluation/Justification:

On August 23, 2017, three RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Brown and Gay Engineers, Inc.
- Taylor & Hill, Inc.
- Walker Restoration Consultants

Staff recommends that the Port Commission authorize negotiations and award a contract to Brown and Gay Engineers, Inc., and as otherwise described above.

K. INFRASTRUCTURE

Subject **4. Approve staff's ranking of vendors and award a contract in an amount not to exceed \$425,200 for container capacity assessment and operation options study to the top-ranked proposer: staff ranking - first, Moffat & Nichol; second, Mott MacDonald; and third, TBA B.V.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting:
 (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Moffat & Nichol; second, Mott MacDonald; and third, TBA B.V.;
 (b) award the contract to Moffat & Nichol for container capacity assessment and operation options study in an amount not to exceed \$425,200;
 (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.

Category:

Awards, Amendments & Change Orders

Department:

Facility Planning

Staff Contact:

Mark Griffin

Background:

By Minute No. 2017-0524-09(g), the Port Commission authorized the advertisement of a request for proposals (RFPs) for container capacity assessment and operation options study. This project would consist (1) re-assess design criteria for the reconfiguration and development plans and the throughput capacities achievable under these designs; (2) evaluate capacity gains that might be achieved through various operational and equipment options; (3) gauge the need for and timing of expanding container operations to proximate and available sites; and (4) demonstrate the relative financial performance of development and operational options in terms of marginal unit cost per unit of added capacity.

The Port Authority notified vendors using the Port Authority's BuySpeed procurement System, and the project was advertised on the Port Authority's website and in a local newspaper. Twenty vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

on August 16, 2017, five RFPs were received and opened. They were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following three vendors, listed in ranking order, as most qualified:

- Moffat & Nichol

- Mott MacDonald
- TBA B.V.

Staff recommends that the Port Commission authorize negotiations and award a contract to Moffat & Nichol, and as otherwise described above.

K. INFRASTRUCTURE

Subject **5. Award a construction contract to Jerdon Enterprise, L.P. for the retaining wall replacement construction adjacent to Shed 1 at Woodhouse Terminal in the amount not to exceed \$265,266.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, award a construction contract to Jerdon Enterprise, L.P. for the retaining wall replacement construction adjacent to Shed 1 at Woodhouse Terminal in the amount not to exceed \$265,266, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The objective of this project is to reconstruct the collapsed approximately 80 linear feet of the existing retaining concrete wall at the Woodhouse facility adjacent to Shed 1, select fill all voids under the pavement, and reroute or replace down spouts.

By Minute No. 2017-0524-09(c), the Port Commission authorized the advertisement and receipt of competitive sealed bids (CSBs) for the retaining wall replacement construction adjacent to Shed 1 at Woodhouse Terminal. The Port Authority notified vendors regarding its request for 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. Twenty-three vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 16, 2017, three CSB's were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Commission award a contract to Jerdon Enterprise, L.P., the responsible bidder submitting the lowest and best bid.

K. INFRASTRUCTURE

Subject	6. Award a construction contract to Dura Pier Facilities Services, LTD dba Facilities Sources for stevedore support building 2 and 3 repairs at Bayport Container Terminal in the amount not to exceed \$158,155.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a construction contract to Dura Pier Facilities Services, LTD dba Facilities Sources for stevedore support buildings 2 and 3 repairs at Bayport Container Terminal in the amount not to exceed \$158,155, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The objective of this repair project is to eliminate recurring moisture issues inside Bayport stevedore support buildings 2 and 3 on the 2nd floor and in the attic space.

By Minute No. 2017-0627-11(d), the Port Commission authorized the advertisement and receipt of competitive sealed bids (CSBs) for stevedore support buildings 2 and 3 repairs at Bayport Container Terminal. The Port Authority notified vendors regarding its request for 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. Seven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 26, 2017, 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 Commission award a contract to Dura Pier Facilities Services, LTD., the responsible bidder submitting the lowest and best bid.

K. INFRASTRUCTURE

Subject 7. Authorize an additional payment not to exceed \$2,000,000 to the U.S. Army Corps of Engineers for Hurricane Harvey-related dredging expenses for Turning Basin, Sims Bayou, Woodhouse, and the Houston Public Grain Elevator terminals.

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize an additional payment not to exceed \$2,000,000 to the U.S. Army Corps of Engineers for Hurricane Harvey-related dredging expenses for Turning Basin, Sims Bayou, Woodhouse, and the Houston Public Grain Elevator terminals, and further authorize the Executive Director to do any and all things reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Development

Staff Contact:

Mark Vincent, P.E.

Background:

By Minute No. 2013-0820-13, the Port Authority entered into a Memorandum of Agreement with the U.S. Army Corps of Engineers to dredge Port Authority's berths concurrently with the dredging of the federal channel in amount not to exceed \$5,400,000. There is now an estimated overrun of sediment and debris resulting from the flooding caused by Hurricane Harvey that is expected to cost an estimated \$2,000,000 to remove under the current contract.

Staff Evaluation/Justification:

Hurricane Harvey related shoaling and debris must be removed to restore full utilization of the docks at Port Authority's affected terminals. Utilizing the current federal contract would be the quickest and most cost-effective way to address this issue.

Staff recommends that the Port Commission approve this additional payment to do so.

K. INFRASTRUCTURE

Subject **8. Authorize an Advanced Funding Agreement with the Texas Department of Transportation Houston District Office for drainage improvements connected to the Southbound Loop 610 Feeder Road at the Turning Basin Terminal in the amount of \$509,788.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize an Advanced Funding Agreement with Texas Department of Transportation Houston District Office for drainage improvements connected to the Southbound Loop 610 Feeder Road at the Turning Basin Terminal in an amount not to exceed \$509,788, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2016-1213-25, the Port Commission awarded a professional services contract to CivilTech Engineering for drainage improvements connected to the Southbound Loop 610 Feeder Road at the Turning Basin Terminal.

The Texas Department of Transportation requires an Advanced Funding Agreement totaling \$509,788 to cover the hours spent to review and coordinate the design and construction for this project over and across the Texas Department of Transportation roadways. The Texas Department of Transportation will participate to fund up to approximately \$202,554 of the total, to be reimbursed at the completion of the work.

The staff has reviewed the cost estimate and found it to be fair and reasonable.

Staff Evaluation/Justification:

The aforementioned work is necessary, and the Advanced Funding Agreement stipulates the requirements of the project and its funding. Staff recommends that a total amount of \$509,788 be approved to cover design and construction phase work. Any unused amount as well as the Texas Department of Transportation participation amount is expected to be reimbursed to the Port Authority.

K. INFRASTRUCTURE

Subject **9. Enter into a month-to-month lease agreement with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for one-year.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017, meeting, authorize entering into a month-to-month lease agreement with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for one year, 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 Objective 4a. - Be an environmental leader
STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

General

Department:

Environmental Affairs

Staff Contact:

Richard Byrnes

Background:

In September 2007, the Environmental Affairs Department initiated a vanpool program for Port Authority employees by participating in the Houston-Galveston Area Council METROVan program. The program is available to riders in Harris, Galveston, Brazoria, Liberty, Chambers, Fort Bend, Montgomery, and Waller counties.

The vanpool program was implemented as a means of improving local air quality, by reducing various vehicular emissions, the number of vehicles on roadways, and overall fuel consumption.

In order to participate in the METROVan Program, the Port Authority leases vans on a month-to-month basis from 2Plus of Texas, Inc. (STAR). Minute Nos. 2008-0219-52, 2008-0722-42, 2009-0623-27, 2011-0125-21, 2013-0723-20, and 2015-0929-40 reflect the Port Commission's prior approvals of this participation.

The METROVan Program provides a \$35-per-month incentive discount per rider on vanpool fares to the Port Authority; each rider in turn is responsible for paying \$25 monthly, in addition to all fuel and toll costs. An average of \$1000 monthly lease cost per van is incurred by the Port Authority.

Employees at all three major terminals participate in the Port Authority's vanpool program. As of August 2017, it supports five vans and accommodates thirty-one riders. More riders are anticipated to join the program in the future.

Staff Evaluation/Justification:

An extension of one-year would enable current vanpool groups to continue operating and for more vanpools to form during the next year.

Staff recommends that the program be continued through September 2018.

K. INFRASTRUCTURE

Subject	10. Adopt a new fee schedule for construction materials engineering testing and inspection services.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, adopt a new fee schedule attached hereto for construction materials engineering testing and inspection services, that the new schedule be applicable to all future material testing laboratory contracts, and that the Executive Director be delegated authority to execute future revised schedules, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:
General

Department:
Project and Construction Management

Staff Contact:
Roger H. Hoh, P.E.

Background:
As per Section 60.463 (c) of the Texas Water Code, the Port Authority retains materials testing laboratories to ensure it receives the materials and construction services that were specified in construction and equipment procurement contracts. The Port Authority's present fee schedule was adopted by the Port Commission on December 15, 2009. The Project & Construction Management Department has evaluated the Port Authority's present schedule and believes the fee schedule should be revised to reflect current industry costs and rates, and include some additional tests and services needed for current and future Port Authority work.

Staff Evaluation/Justification:
Staff believes that the 2009 schedule should be updated and revised in order to ensure efficient and reliable procurement of routine materials and construction services for current and future Port Authority work.

Furthermore, after a review of relevant statutes and the current Port Authority policy, the Legal Division recommends that the Port Commission delegate the adoption and execution of such schedule to the Executive Director. The proposed fee schedule will be determined based on evaluation of CPI indices and other comparable schedules in the relevant market.

Staff recommends that the Port Commission take these actions.

K. INFRASTRUCTURE

Subject	11. Issue a distribution/transmission line license to CenterPoint Energy Houston Electric, LLC for one 138-kV transmission line over and across Southside Mainline railroad right-of-way in Pasadena.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to issue a distribution/transmission line license to CenterPoint Energy Houston Electric, LLC for one 138-kV transmission line over and across Southside Mainline railroad right-of-way in Pasadena, 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 Development

Staff Contact:

Mark Vincent, P.E.

Background:

CenterPoint Energy Houston Electric, LLC, Port Authority File No. 2017-0215, has applied for a distribution/transmission line license for one 138-kV transmission line over and across Southside Mainline railroad right-of-way in Pasadena, in the Thomas Earle Survey, A-18, in Harris County, Texas.

The transmission line would provide service to Intercontinental Terminals Company.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Development department and the Port Terminal Railroad Association. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$1,991. The \$675 application fee and \$2,500 as-built deposit have been paid.

Staff recommends approval.

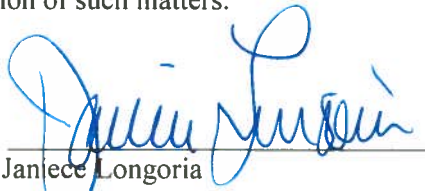
AFFIDAVIT OF SUBSTANTIAL INTEREST

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

**Filed with the Port of Houston Authority
In Compliance with Section 171.004 of the Texas Local Government Code**

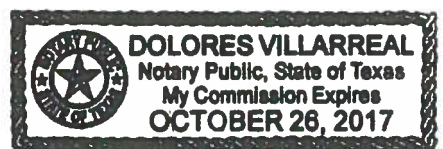
On this day appeared Janiece Longoria, who after being duly sworn, stated as follows:


1. I am twenty-one (21) years of age or over and competent to make this Affidavit of Substantial Interest, based upon facts within my personal knowledge.
2. I am Chairman of the Port Commission (the "Commission") of the Port of Houston Authority (the "Port Authority").
3. I am filing this Affidavit with the official record keeper of the Port Authority, pursuant to §171.004 of the Texas Local Government Code, to comply with the provisions of Chapter 171 of the Texas Local Government Code.
4. I have or may have a substantial interest in the matter of Item K-11 from the Commission Agenda dated September 26, 2017.
5. The nature and extent of the substantial interest described above is as follows: a possible interest in a business entity, on which the action requested in the above matter will have a special economic effect, distinguished from the effect on the public. This substantial interest derives from ownership of \$15,000 or more of the fair market value of CenterPoint Energy, a company affiliated with one or more of the pipeline licensees that are the subject of the Request for Port Commission Action for the above-referenced Item K-11.
6. This substantial interest also derives from my service as a director of CenterPoint Energy, a company affiliated with one or more of the pipeline licenses that are the subject of the Request for Port Commission Action for the above-referenced item; funds received by me in connection with such employment exceed 10 percent of my gross income for the previous year.
7. By virtue of the foregoing described interest, I have not and will not participate in any consideration, vote, or decision by the Port Commission of such matters.



Janiece Longoria

SWORN TO AND SUBSCRIBED before me this September 26, 2017.





Notary Public, State of Texas

K. INFRASTRUCTURE

Subject	12. Issue a distribution/transmission line license to Carl A. Norman Jr. for one 480-volt distribution line over and across Turning Basin Area-West in Houston.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to issue a distribution/transmission line license to Carl A. Norman Jr. for one 480-volt distribution line over and across Turning Basin Area-West in Houston, 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 Development

Staff Contact:

Mark Vincent, P.E.

Background:

Carl A. Norman Jr., Port Authority File No. 2017-0207, has applied for a distribution/transmission line license for one 480-volt distribution line over and across Turning Basin Area-West in Houston, in the S. M. Williams Survey, A-87, in Harris County, Texas.

The Port Authority has sold a 0.26 acre site, which included a metal building, to Mr. Norman. The site was part of a parcel of land located at Turning Basin Area-West, just south of J. W. Peavey Street.

The new owner proposes to install an aerial distribution line from an existing utility pole located on Port Authority property to the metal building. The line would cross Port Authority property for approximately 25 feet before entering private property to the building.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Development and Real Estate departments. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$1,531. The \$675 application fee has been paid.

Staff recommends approval.

K. INFRASTRUCTURE

Subject **13. Approve the renewal of an expiring Port Authority license for a new ten-year term: Air Products LLC.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to approve the renewal of an expiring license for a new ten-year term: Air Products 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 Development

Staff Contact:

Mark Vincent, P.E.

Background:

The pipeline licensee listed below has applied to renew its license:

<u>Company</u>	<u>File number</u>	<u>License fee</u>
Air Products LLC	1997-0138	\$1,531
	Total	\$1,531

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Development department and the Port Terminal Railroad Association when applicable. The license is to be renewed subject to the Port Authority's usual terms and conditions.

Staff recommends approval.

K. INFRASTRUCTURE

Subject	14. Amend a pipeline license for Williams Olefins Feedstock Pipelines, LLC to install a coupon test station in lieu of the previously proposed deep-well anode bed on Spilman Island in La Porte.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, authorize the Port Authority to amend a pipeline license for Williams Olefins Feedstock Pipelines, LLC to install a coupon test station in lieu of the previously proposed deep-well anode bed on Spilman Island, 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 Development

Staff Contact:

Mark Vincent, P.E.

Background:

Williams Olefins Feedstock Pipelines, LLC (Williams), Port Authority File No. 1998-0002, has applied to amend a pipeline license to install a coupon test station in lieu of the previously proposed deep-well anode bed on Spilman Island in La Porte, in the Henry K. Lewis Survey, A-41, in Harris County, Texas.

Williams previously proposed to install a deep-well anode bed outside of the eastern dike of Spilman Island as part of a cathodic protection system serving the existing 18-inch hydrogen chloride and 4-inch ammonia pipelines. Williams now proposes to replace the well with a coupon test station due to unforeseen installation impediments.

The test station is a shallower, less invasive installation, used to monitor the integrity of the cathodic protection system. It would be located approximately 400 feet westward of the previously proposed well location, near the base of the dike.

The proposed location and installation method of the test station has been coordinated with the United States Army Corps of Engineers due to its proximity to the placement area dike.

Staff Evaluation/Justification:

The application was reviewed and approved by the Channel Development and Real Estate departments. The license is to be issued subject to the Port Authority's usual terms and conditions. The \$675 application fee has been paid.

L. OPERATIONS

Subject **1. Approve staff's ranking of vendors and award a two-year contract for the purchase of wire ropes for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,600,000 to the top-ranked proposer: staff ranking – first, Southwest Wire Rope Inc.; second, Bishop Lifting Products, Inc.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting:
 (a) approve staff's ranking of proposals based on the selection criteria, in the following order – first, Southwest Wire Rope Inc. and second, Bishop Lifting Products, Inc.
 (b) authorize negotiations and award a two-year contract to Southwest Wire Rope Inc. for the purchase of wire ropes for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,600,000;
 (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 #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2016-0202-47, the Port Commission awarded a two-year contract to Southwest Wire Rope Inc. in the amount not to exceed \$1,200,000 for the purchase of wire ropes for cranes and other lifting equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Funds for this contract are nearly depleted. Wire ropes are primarily used for hoist, trolley, and boom functions of the Port Authority's twenty-three wharf cranes and eighty-three RTG cranes, as well as other lifting equipment. Additionally, three wharf cranes are expected to arrive at BCT next month and three more at BPT in May 2018, and these cranes also use wire rope. An adequate inventory of different sizes of wire rope is necessary to service equipment efficiently, minimize equipment downtime, and ensure efficient terminal operations.

By Minute No. 2017-0627-11(e), the Port Commission authorized the advertisement and receipt of competitive sealed proposals (CSPs) for the purchase of wire ropes for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. The Port Authority notified vendors regarding its request

for CSPs using the Port Authority's BuySpeed EProcurement System and the project was advertised on the Port Authority's website and in a local newspaper. Two vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 19, 2017, two CSPs were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Southwest Wire Rope Inc.
- Bishop Lifting Products, Inc.

Staff recommends that the Port Authority authorize negotiations and award a two-year contract to Southwest Wire Rope Inc., and as otherwise set forth above.

L. OPERATIONS

Subject	2. Approve staff's ranking of vendors and award a contract for purchase of gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$111,520 to the top-ranked proposer: staff ranking – first, Digital Printing Systems, Inc.; second, Printing Technologies, Inc.; and third, Paper Systems Incorporated.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting: (a) approve staff's ranking of proposals based on the selection criteria, in the following order – first, Digital Printing Systems, Inc.; second, Printing Technologies, Inc.; and third, Paper Systems Incorporated; (b) authorize negotiations and award a contract for purchase of gate interchange cards for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$111,520; (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 (c) 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:

Container Terminals

Staff Contact:

Ryan Mariacher

Background:

The Operations Department at Barbours Cut Terminal and Bayport Container Terminal utilize approximately six million cards per year for the gate interchange process. The gate interchange cards are used to document the transfer of custody of intermodal equipment entering and exiting the terminals. Staff has determined that combining the purchases for both terminals into one contract will be economically beneficial and provide the best value to the Port Authority.

By Minute No. 2017-0725-10(e), the Port Commission authorized staff to advertise this procurement using the competitive sealed proposals (CSP). The Port Authority notified vendors regarding its request for CSPs 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 BuySpeed.

Staff Evaluation/Justification:

On August 16, 2017, six CSPs were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Digital Printing Systems, Inc.
- Printing Technologies, Inc.
- Paper Systems Incorporated

Staff recommends that the Port Commission authorize negotiations and award a contract to Digital Printing Systems, Inc., and as otherwise set forth above.

L. OPERATIONS

Subject **3. Award a two-year contract to XL Parts, LLC for the purchase of equipment batteries for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, award a two-year contract to XL Parts, LLC for the purchase of equipment batteries for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns eighty-three rubber tire gantry cranes and six-hundred-fifty vehicles, trucks, tractors, forklifts, and landscaping machinery operating in its facilities that need batteries for daily operation. In addition, batteries are also used for uninterruptible power supply to critical equipment such as IT and security devices. An adequate inventory of different batteries is necessary for equipment to operate, minimizing equipment downtime and ensuring efficient terminal operations.

By Minute No. 2017-0627-11(f), the Port Commission authorized the advertisement and receipt of competitive sealed bids (CSBs) for the purchase of batteries for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. The Port Authority notified vendors regarding its request for 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. Four vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 19, 2017, four CSBs were received, opened, and publicly read. 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 XL Parts, LLC., the responsible bidder submitting the lowest and best bid.

L. OPERATIONS

Subject	4. Award a two-year contract to Northline NC, Inc. 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 in an amount not to exceed \$350,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a contract to Northline NC Inc. for the purchase of new and repaired J.R. Merritt master control switches for wharf and RTG cranes at Barbours Cut and Bayport Container Terminals 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 #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2015-0224-33, the Port Commission awarded a two-year contract to Northline NC, LLC in an amount not to exceed \$250,000 for the purchase of new and repaired J.R. Merritt master control switches for wharf and RTG cranes at Barbours Cut and Bayport Container Terminals. 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.

By Minute No. 2017-0725-10(b), the Port Commission authorized the advertisement and receipt of competitive sealed bids (CSBs) 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. The Port Authority notified vendors regarding its request for 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. Twenty-three vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 16, 2017, one CSB response 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 Commission award a contract to Northline NC, Inc., the responsible bidder submitting the lowest and best bid.

L. OPERATIONS

Subject **5. Award a three-year contract to Alamo Transformer Supply Co. for the repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, award a three-year contract to Alamo Transformer Supply Co. for the repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000, 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 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2014-0923-27, the Port Commission awarded a three-year contract to Alamo Transformer Supply Company in the amount not to exceed \$300,000 for repair and oil testing of transformers at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. The terminals have numerous transformers to distribute electrical power to buildings, equipment, lighting, etc., and therefore a testing and repair vendor is necessary to service equipment efficiently, minimize equipment downtime, and ensure efficient terminal operations. Funds for this contract have been depleted.

By Minute No. 2017-0627-11(a), the Port Commission authorized the advertisement and receipt of competitive sealed bids (CSBs) for the repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. The Port Authority notified vendors regarding its request for 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. Two vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 9, 2017, One CSB was received and opened. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Authority award a three-year contract to Alamo Transformer Supply Co., the responsible bidder submitting the lowest and best bid.

L. OPERATIONS

Subject	6. Award a two-year contract to Graybar Electric Company, Inc. for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's U.S. Communities Government Purchasing Cooperative, in an amount not to exceed \$2,000,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a two-contract to Graybar Electric Company, Inc. for the purchase of electrical and lighting components for maintenance of the facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$2,000,000, determine that this 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.
Goals	STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2016-0322-35, the Port Commission awarded a two-year contract to Graybar Electric Company, Inc. in the amount not to exceed \$1,500,000 for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Assorted electrical and lighting components are needed for routine maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Funds for this contract are nearly depleted six months prior to expiration date largely due to terminal lighting repairs.

The U.S. Communities Purchasing Program offers discounts on lighting, relays, breakers, fittings, conduits, switches, connectors, receptacles, panels and other items frequently needed to perform routine maintenance of cranes, equipment, and buildings at Port Authority facilities.

Staff Evaluation/Justification:

Procuring of electrical and lighting components for maintenance of facilities and equipment through the U.S. Communities Purchasing Program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

Staff determined that Graybar Electric Company, Inc. is the vendor that best meets the Port Authority's requirements and offers the best price for electrical and lighting components, and Graybar Electric Company, Inc.'s pricing was reviewed and approved by the U.S. Communities Purchasing Program.

Accordingly, staff recommends that the Port Commission award this contract to this company as providing best value for the Port Authority.

L. OPERATIONS

Subject	7. Issue a purchase order to Houston Freightliner, Western Star for the purchase of one 2018 Freightliner truck with a 3,500-gallon fuel tank for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's Houston-Galveston Area Council, in an amount not to exceed \$160,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, issue a purchase order to Houston Freightliner, Western Star for the purchase of one 2018 Freightliner truck with a 3,500-gallon fuel tank for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's Houston-Galveston Area Council, in an amount not to exceed \$160,000, determine that this 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.
Goals	STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns a 1997 Ford F-800 with a 2,500-gallon fuel tank that operates at Barbours Cut Terminal. This unit is used daily for dispensing diesel fuel to terminal equipment. There are a total of forty-four RTG cranes and numerous yard tractors and container handling equipment consume approximately 2,500 to 3,000 gallons of diesel fuel daily at Barbours Cut Terminal. It has become costly to maintain this vehicle and it no longer meets certain established criteria for fuel handling. Staff has determined that a 3,500-gallon fuel truck will enable Maintenance personnel to efficiently deliver fuel and be ready for increased operational demands in the future.

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. Effective January 1, 2002, the Port Authority and H-GAC entered into the Interlocal Agreement for Cooperative Purchasing to enable the Port Authority to participate in H-GAC's Cooperative Purchasing Program.

H-GAC was established pursuant to the Texas Interlocal Cooperative 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.

Staff Evaluation/Justification:

Staff has determined that Houston Freightliner, Western Star is the vendor that best meets the Port Authority's requirements and offers the best price for a 3,500-gallon fuel tank, and Houston Freightliner, Western Star's pricing was reviewed and approved by the H-GAC's Cooperative Purchasing Program.

Accordingly, staff recommends that the Port Commission award this contract to that company as providing best value for the Port Authority.

N. TECHNOLOGY

Subject	1. Award a five-year contract to Verizon Business Network Systems, Inc. for session initiation protocol telephony services, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$540,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a five-year contract to Verizon Business Network Systems, Inc. for session initiation protocol (SIP) telephony services, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$540,000, determine that this 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.
Goals	Strategic Objective 1c. - Implement streamlined processes supported by technology Strategic Objective 2b. - Deliver cost and service advantages through innovation and efficiency

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

As the Information Technology (IT) Department continues to work to provide reliable voice, video and data services, it is important that the underlying technology remain up to date. The current technology in use at the Port Authority, ISDN-PRI (primary rate interface), is outdated and requires an upgrade. The technology solution proposed by staff is session initiation protocol (SIP), representing industry best practices and the industry standard.

The Texas Legislature enacted Government Code Chapter 2054 (the Information Resources Management Act) which established the State of Texas Department of Information Resources (DIR). DIR has a cooperative purchasing program (ITC Co-op) that enables governmental entities to efficiently pool their purchasing power to negotiate favorable pricing for computer hardware, software, and technology services. Under this program the State of Texas through its DIR has entered into contracts with providers of products and related services that are the result of compliance with applicable procurement laws of the State of Texas, and authorizes state agencies and local governments to purchase the products and services under these DIR cooperative contracts.

Pursuant to Texas Government Code Section 2054.0565, procurement using DIR contracts satisfies competitive procurement requirements. Additionally, DIR is an agency of the state of Texas, therefore the use of a DIR contract is a purchasing method acceptable for the Port Authority pursuant to Texas Water Code Section 60.454.

Staff Evaluation/Justification:

Staff has determined that the price and availability offered by Verizon Business Network Systems, Inc. using the DIR purchasing program provides the best value to the Port Authority for these services, and recommends that the Port Commission award this contract to that company.

N. TECHNOLOGY

Subject	2. Award a ten-year contract to PetroSys Solutions Inc. dba PSI Technology, for disaster recovery data center services, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$1,600,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, award a ten-year contract to PetroSys Solutions Inc. dba PSI Technology for disaster recovery data center services, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$1,600,000, determine that this 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.
Goals	Strategic Objective 1c. - Implement streamlined processes supported by technology Strategic Objective 2b. - Deliver cost and service advantages through innovation and efficiency

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

As the Information Technology (IT) Department continues to work to provide reliable network services, it is important that its data centers have the needed and redundant environment controls, power, and Internet connectivity to support Port Authority business. Moving one of the Port Authority's data centers to a hardened facility with redundant environment controls, power, and Internet connectivity will help ensure maximum network and application availability. This solution would provide not only disaster recovery, but business continuity and emergency preparedness for our data and internet services.

The Texas Legislature enacted Government Code Chapter 2054 (the Information Resources Management Act) which established the State of Texas Department of Information Resources (DIR). DIR has a cooperative purchasing program (ITC Co-op) that enables governmental entities to efficiently pool their purchasing power to negotiate favorable pricing for computer hardware, software and technology services. Under this program the State of Texas through its DIR has entered into contracts with providers of products and related services that are the result of compliance with applicable procurement laws of the State of Texas, and authorizes state agencies and local governments to purchase the products and services under these DIR cooperative contracts.

Pursuant to Texas Government Code Section 2054.0565, procurement using DIR contracts satisfies competitive procurement requirements. Additionally, DIR is an agency of the state of Texas, therefore the use of a DIR contract is a purchasing method acceptable for the Port Authority pursuant to Texas Water Code Section 60.454.

Staff Evaluation/Justification:

Staff has determined that the price and availability offered by PetroSys Solutions Inc. dba PSI Technology using the DIR purchasing program provides the best value to the Port Authority for these services, and recommend that the Port Commission award this contract to that company.

N. TECHNOLOGY

Subject **3. Award a one-year contract to PetroSys Solutions, Inc dba PSI Technology for the planning and migration of the Turning Basin data center to a disaster recovery data center location, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$250,000.**

Meeting Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2017 meeting, award a one-year contract to PetroSys Solutions, Inc dba PSI Technology for the planning and migration of the Turning Basin Data Center to a disaster recovery data center location, using a State of Texas Department of Information Resources Cooperative Purchase program, in an amount not to exceed \$250,000, determine that this 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.

Goals STRATEGIC GOAL #2 - GROWTH (Grow and diversify the business base)

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

As the Information Technology (IT) Department continues to work to provide reliable network services, it is important that its data centers have the needed and redundant environment controls, power, and Internet connectivity to support the business. Moving one of the Port Authority's data center; to a hardened facility with redundant environment controls, power, and Internet connectivity will help ensure maximum network and application availability. The proposed contract would (a) assist in the acquiring the initial equipment required to start the migration to the disaster recovery data center; (b) assist with the design and architecture of the solution; and (c) provide resources for the physical movement of equipment, with recertification that the equipment is in good working order.

The Texas Legislature enacted Government Code Chapter 2054 (the Information Resources Management Act) which established the State of Texas Department of Information Resources (DIR). DIR has a cooperative purchasing program (ITC Co-op) that enables governmental entities to efficiently pool their purchasing power to negotiate favorable pricing for computer hardware, software and technology services. Under this program the State of Texas through its DIR has entered into contracts with providers of products and related services that are the result of compliance with applicable procurement laws of the State of Texas, and authorizes state agencies and local governments to purchase the products and services under these DIR cooperative contracts.

Pursuant to Texas Government Code Section 2054.0565, procurement using DIR contracts satisfies competitive procurement requirements. Additionally, DIR is an agency of the state of Texas, therefore the use of a DIR contract is a purchasing method acceptable for the Port Authority pursuant to Texas Water Code Section 60.454.

Staff Evaluation/Justification:

Staff has determined that the price and availability offered by PetroSys Solutions, Inc. dba PSI Technology, using the DIR purchasing program provides the best value to the Port Authority for these services, and recommends that the Port Commission award this contract to that company.

N. TECHNOLOGY

Subject	4. Amend and extend, for an additional five-years, the existing contract with Comcast Cable Communications Management, LLC. for additional circuits supporting the disaster recovery data center, in an amount not to exceed \$1,100,000.
Meeting	Sep 26, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2017 meeting, amend and extend, for an additional five years, the existing contract with Comcast Cable Communications Management, LLC. for additional circuits supporting the disaster recovery Data Center, in an amount not to exceed \$1,100,000, determine that this 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.
Goals	Strategic Objective 1c. - Implement streamlined processes supported by technology Strategic Objective 2b. - Deliver cost and service advantages through innovation and efficiency

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

As Information Technology (IT) continues to provide reliable network services, it is essential to continue to monitor the usage and related cost of circuits. Amending the existing contract enables; (a) adding circuits to connect to the disaster recovery data center; (b) adding circuits for the connecting to League City for the Computer Aided Dispatch (CAD) application for the HSSE Division, and; (c) increasing Internet speed port-wide. Extending the contract for sixty (60) months, enables an overall reduction costs of services. However, should there be a need for additional services or increases in speed/bandwidth, the flexibility exists to meet the increased demands and needs of the business.

Staff Evaluation/Justification:

Accordingly, staff has determined that the price and availability provided by amending and extending the current Comcast Cable Communications Management, LLC Master Service Agreement, provides the best value to the Port Authority for these services.