

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

October 23, 2017

Minute No.

Event/Action

**General**

Chairman Longoria convened the meeting of the Port Commission and provided opening remarks

**Minutes**

2017-1023-01 Approve the Minutes of the September 5, 2017, September 26, 2017 and October 4, 2017 Port Commission Meetings

**Port Commission Committee Updates**

2017-1023-02 Chairman Longoria reported on the Audit Committee Meeting – October 4, 2017

2017-1023-03 Adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service, and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments

2017-1023-04 Commissioner Fitzgerald reported on the Pension & Benefits Committee Meeting – October 4, 2017

**Appearances**

2017-1023-05 Chairman Longoria recognized Captain Robert Shearon, Houston Pilots, who addressed the Port Commission

**Staff Reports**

2017-1023-06 Roger Guenther, Executive Director, presented a summary of selected financial and operations matters

**G. Executive**

2017-1023-07 Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$7,288 in relief assistance from South Carolina Ports employees

2017-1023-08 Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: Four twenty-foot containers of supplies donated by Georgia Ports Authority employees and the greater Savannah community for Hurricane Harvey relief

<u>Minute No.</u>	<u>Event/Action</u>
2017-1023-09	Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$22,500 in relief assistance from the American Association of Port Authorities Port Employee Emergency Relief Fund
	<b>H. Commercial</b>
2017-1023-10	Approve a one-year extension of the professional services contract agreement with John Manlove Marketing and Communications to provide creative services to the Port Authority
2017-1023-11	Award CenterPoint Energy Houston Electric, LLC the purchase of fee property, totaling approximately 2.9123 acres, and a perpetual easement totaling approximately 5.1054 acres, out of the William P. Harris League Abstract 30 in Harris County, TX in close proximity to the Bayport Container Terminal for an electrical supply substation in the purchase amount of \$1,126,556
2017-1023-12	Approve an amendment to the existing Frontier Logistics L.P.'s 2.73 acre lease by adding approximately 0.125 acres to the leased premises for rail bridge use on the western section of North L Street, effective no earlier than November 1, 2017 at an annual rental of \$2,340, subject to annual rent escalation equal to the greater of 3% or the increase in the Consumer Price Index, not to exceed 6%
2017-1023-13	Approve an assignment from Alltrans Port Services Inc. to Rains Land & Properties L.P. of the lease of approximately 4 acres adjacent to Industrial Park East, effective November 1, 2017
2017-1023-14	Approve the change of control of Huntsman International LLC to HuntsmanClariant, Ltd., in connection with the lease of property at Manchester Terminal
2017-1023-15	Approve a five-year lease agreement with CMA CGM (America) LLC, for approximately 1,500 square feet of office space in the Bayport Administration Building, commencing no earlier than November 1, 2017 at an annual base rent of \$26,640 subject to an annual 3% increase
2017-1023-16	Approve a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing & Port Services, Inc. for approximately 2 acres out of Block 1C at the Northside Turning Basin effective November 1, 2017 at an annual rental of \$87,792, subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index
2017-1023-17	Approve a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing & Port Services Inc. for an approximate 86,000 sq. ft. building and 0.50 of an acre out of Block 26C at Industrial Park East effective no earlier than October 24, 2017, at an annual rental rate of \$300,000 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index commencing with year one of the first option period, and an abatement of rent not to exceed the first year annual base rental
2017-1023-18	Approve a sixteen-month lease agreement with Enterprise Terminaling Services, L.P. for approximately 30 acres out of the Port Authority's Beltway 8 property,

Minute No.

Event/Action

effective no earlier than November 1, 2017 at an annual rental of \$786,763 subject to an annual increase equal to the greater of 3% or the increase in the Consumer Price Index.

2017-1023-19 Consent to a one year sub-lease agreement between Contanda Wah Chang Terminals, LLC, as sub-lessor and R. Warehousing & Port Services, Inc. as sub-lessee, effective November 1, 2017, for approximately 10 acres out of Block 4 at the Bulk Materials Handling Plant

2017-1023-20 Ratify a month-to-month lease with Auto Warehousing Company for approximately 33.8 acres at the Bayport Auto Terminal at the current monthly rental amount of \$85,590

2017-1023-21 Ratify a month-to-month lease with Jacob Stern & Sons, Inc. for approximately 1.36 acres at the Turning Basin at the current monthly rental amount of \$2,259

2017-1023-22 Adopt a resolution authorizing an application to the Foreign-Trade Zones Board for a Magnet site on behalf of Blimp Base Interests, Inc. (*As amended to take effect October 23, 2017*)

**I. Finance**

2017-1023-23 Authorize advertisement and receipt of responses for three formal procurements

2017-1023-23(a) Request for competitive sealed proposals for a bi-annual contract for warehouse door repair services at the Port Authority Turning Basin Terminal

2017-1023-23(b) Request for competitive sealed proposals for the annual fender maintenance for Barbours Cut and Bayport Container Terminals 2018

2017-1023-23(c) Request for qualifications for the analysis and design for the rehabilitation and repair of Wharf 9 at Turning Basin Terminal

Adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service, and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments (*see above – approved by Minute No.2017-1023-03*)

**J. Health, Safety, Security & Emergency Management**

2017-1023-24 Approve staff's ranking of vendors and award a two-year professional services contract with an option for a two-year extension for Hazardous Materials Incident Response services to the top-ranked proposer: staff ranking – first, Oil Mop LLC dba OMI Environmental Solutions; and second, Garner Environmental Services, Inc.

Port Commission adopted the staff-recommended ranking and authorized award

2017-1023-25 Authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2017-2018) contribution

Minute No.

Event/Action

**K. Infrastructure**

- 2017-1023-26 Approve staff's ranking of vendors and award a professional services contract for Enterprise Asset Software Capability Assessment Project, Phase I to the top-ranked proposer: staff ranking – first, Technology Evaluation Centers, Inc.; and second, Computerized Facility Integration, LLC
- Port Commission adopted the staff-recommended ranking and authorized award
- 2017-1023-27 Approve staff's ranking of vendors and award a contract for a container capacity assessment and operation options study to the top-ranked proposer: staff ranking - first, Moffatt & Nichol; second, Mott MacDonald; and third, TBA B.V.
- Port Commission adopted the staff-recommended ranking and authorized award
- 2017-1023-28 Approve staff's ranking of vendors and award three professional services contracts in an amount not to exceed \$65,000 each, to perform inspection and professional engineering consultant services through January 2018 for the initial stage of Phase 2 of the facility inspection and condition assessment program for marine assets to each of the top-ranked proposers: alphabetical staff ranking – CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc.
- Port Commission adopted the staff-recommended ranking and authorized awards
- 2017-1023-29 Enter into a Spur Track Crossing Right Of Way and Permit Agreement with the Texas Department of Transportation for the construction and operation of a rail spur across SH 146/Red Bluff Road
- 2017-1023-30 Enter into an Industry Track Agreement with Union Pacific Railroad Company (Union Pacific) for Bayport South access and authorize a payment to Union Pacific for force account work on connecting Union Pacific tracks
- 2017-1023-31 Issue a marine construction permit to LyondellBasell Acetyls, LLC for a barge dock, mooring dolphins, a trestle, two platforms, and riprap adjacent to Upper San Jacinto Bay in La Porte
- 2017-1023-32 Issue a license across Beltway 8 Property to the Harris County Toll Road Authority for construction access associated with the replacement of the Sam Houston Tollway Bridge
- 2017-1023-33 Approve the renewal of expiring Port Authority licenses for new ten-year terms: Contanda Terminals LLC, Enterprise Products Pipeline Company LLC, Houston Pipe Line Company LP, KM Liquids Terminals LLC, Praxair, Inc., and Targa Downstream LLC
- 2017-1023-34 Issue a pipeline license to Equistar Chemicals LP for one 12-inch ethylene pipeline (Line 165) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties
- 2017-1023-35 Issue a pipeline license to Equistar Chemicals LP for one 6-inch butadiene pipeline (Line 84) under and across Carpenters Bayou, Northside Mainline

Minute No.

Event/Action

railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston

2017-1023-36

Issue a pipeline license to Equistar Chemicals LP for one 8-inch ethane pipeline (Line 180C) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties

2017-1023-37

Issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 195A) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties

2017-1023-38

Issue a pipeline license to Equistar Chemicals LP for one 4-inch idle pipeline (Line 72) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston

2017-1023-39

Issue a pipeline license to Equistar Chemicals LP for one 6-inch crude oil pipeline (Line 85) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston

2017-1023-40

Issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 190B) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties

**L. Operations**

2017-1023-41

Reject all bids and authorize the re-advertisement for competitive sealed bids for miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal

2017-1023-42

Approve staff's ranking of vendors and award a two-year contract for mowing services and landscaping maintenance at various Port Authority locations to the top-ranked proposer: staff ranking - first, Yellowstone Landscape; second, Maldonado Nursery & Landscaping Services; and third, Personal Touch Management Inc. dba Special Touch Landscaping

Port Commission adopted the staff-recommended ranking and authorized award

2017-1023-43

Award a contract to Industrial & Crane Service, Inc. for replacement of short trolley rails and Gantrex pads on two wharf cranes at Bayport Container Terminal

2017-1023-44

Award a three-year contract to SimplexGrinnell, LP, using the Texas Comptroller's Office Texas Multiple Award Schedule contract, for the purchase of monitoring, inspection, repair services, and spare parts for fire alarm and suppression systems at Barbours Cut Terminal, Bayport Container Terminal and Turning Basin Terminal

Minute No.

Event/Action

- 2017-1023-45 Issue a purchase order to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program for the purchase of two 10,000-lb. capacity Caterpillar forklifts for Turning Basin Terminal
- 2017-1023-46 Issue a purchase order to Equipment Depot, using the Local Government Purchasing Cooperative's BuyBoard program for the purchase of one Genie S-85 telescopic boom manlift for Barbours Cut Terminal
- 2017-1023-47 Issue a purchase order to Facility Interiors, Inc., using the Local Government Purchasing Cooperative's U.S. Communities contract for the purchase of office furniture and interior remodeling service for C-6 Administration Building at Barbours Cut Terminal

**M. People**

- 2017-1023-48 Award a two-year contract with LinkedIn Corporation, the sole source provider, for recruiting and trade marketing access and services
- 2017-1023-49 Amend and restate the Port Authority's Restated Retirement Plan

**N. Technology**

- 2017-1023-50 Award a purchase order to Mythics, Inc. for software support services for JDEdwards Enterprise Resource Planning software, using a State of Texas Department of Information Resources Cooperative Purchase contract for the period beginning October 11, 2017 and ending October 29, 2020 in an amount not to exceed \$127,807 per year for three years
- 2017-1023-51 Award a purchase order to NetSync Network Solutions, Inc. for required hardware and support for the Situational Awareness and SharePort applications using a State of Texas Department of Information Resources Cooperative Purchase program contract

**O. Recess Open Meeting and Convene Executive Session**

**P. Reconvene Open Meeting**

**Q. Infrastructure**

- 2017-1023-52 Issue a license to Celanese Ltd. for three monitoring wells and twelve recovery wells on Bayport Terminal property, adjacent to the Small Boat Channel in Pasadena
- 2017-1023-53 Authorize the Port Authority to pay amounts to Interface Consulting International, Inc. for consulting services on the terms discussed in Executive Session, and authorize the Chief Legal Officer to do all things necessary to give effect to the foregoing

**Adjourn Meeting**

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

**Houston, Texas  
October 23, 2017**

A public meeting of the Port Commission of the Port of Houston Authority of Harris County, Texas was convened on October 23, 2017 at 9:00 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  
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 began by noting that Port Houston hosted another successful Breakbulk Americas Conference on October 17-19, 2017. As the largest breakbulk port in the United States, Port Houston was named the primary host port for the conference in 2014. The conference is the largest gathering of breakbulk executives in the United States; this year's event drew more than 5,000 attendees to the city and had an estimated economic impact of \$3.6 million on the greater Houston area, taking into consideration revenues driven by hotel accommodations, transportation, and restaurant services. Chairman Longoria also complimented the staff on the Port Houston booth.

Chairman Longoria announced that community outreach is extremely important to Port Houston and highlighted recent events in which Port Houston staff participated.

- On September 23, 2017 Port Houston partnered with the Galveston Bay Foundation to host one of the General Land Office's Adopt-a-Beach sites at Morgan's Point. Nearly 100 volunteers, many from Port Houston, cleared 2,000 pounds of trash, debris, and recyclables from a half-mile stretch of beach along Galveston Bay.
- Port Houston partnered with Hermann Park Conservancy to help host the Fourth Annual "Park to Port" Bike Ride on October 7, 2017. Port Houston employees, family, and friends participated in the 20-mile round trip ride from Hermann Park's Bayou Parkland. Other Port Houston team members helped host the mid-point turn-around event at Brady's Landing, with snacks, drinks, and music. Volunteers visited with riders and cheered them on as they started back toward Hermann Park for a post ride-celebration.

- On October 18, 2017 over 50 Port Houston employees volunteered at the Houston Food Bank to benefit the Backpack Buddy program. This program was designed to help alleviate child hunger by providing underprivileged children with backpacks full of nutritious and easy-to-prepare food. This month's program specifically focused on preparing disaster backpacks with personal hygiene products for families impacted by Hurricane Harvey. Chairman Longoria thanked all the volunteers for sorting, preparing and packing nearly 3,500 backpacks; she also thanked staff and volunteers for their participation in all these community events.

Chairman Longoria concluded by reminding all present that there would not be a regular Port Commission meeting in November. In lieu of the regular meeting, the annual Budget Workshop would be held Tuesday, November 14, 2017 at 2:00 p.m., and the next regular meeting of the Port Commission would be held Tuesday, December 12, 2017.

(2017-1023-01) Chairman Longoria called for a motion to approve the minutes of the September 5, 2017, September 26, 2017 and October 4, 2017 Port Commission meetings. Commissioner Mease moved for approval, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. The minutes were approved as written.

(2017-1023-02) Commissioner Longoria reported on the Audit Committee Meeting of October 4, 2017. She advised that the annual reviews of the Investment Policy and Internal Controls for Investments were conducted and staff reviewed proposed changes with the committee. The committee concurred with staff's proposed changes, and recommended adoption of the revised Investment Policy and Internal Controls for Investments as presented under today's agenda Item I-2.

Internal Audit Department staff provided a dashboard overview of the status of 2017 internal audit activities, and reported on the department's Foreign Trade Zone Compliance Audit, Treasury Investments Policy Audit, and Promotion and Development Fund reviews for the first and second quarters of 2017, and announced there were no issues under the Port Authority's "whistleblower" policy through August 2017. Staff also advised the committee of upcoming proposed policy revisions.

Chairman Longoria concluded her report by stating that Grant Thornton LLP presented its 2017 Financial Statement Audit and Retirement Plan Audit update including planned audit completion timelines, notification of recent regulatory changes affecting the Port Authority's financial statements, and other routine matters.



(2017-1023-03) RCA I2 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 I2 PASSED.

(2017-1023-04) Commissioner Fitzgerald reported on the Pension and Benefits Committee Meeting of October 4, 2017.

Commissioner Fitzgerald reiterated the committee heard the presentation by Grant Thornton LLP regarding the 2017 Financial Statement Audit and Retirement Plan Audit.

Commissioner Fitzgerald announced that a review presented to the committee of the performance for the second quarter of 2017 for both the pension plan and the Other Post-Employment Benefits (“OPEB”) Trust showed that as of June 30, 2017, the pension plan had assets of \$175 million and the OPEB Trust had assets of \$58 million. During the last twelve months, the pension plan had a positive return of 10.2% and the OPEB Trust had a positive return of 10.3%. Expense ratios yielded savings of over \$1.2 million combined versus average market fees. Commissioner Fitzgerald stated that the Pension Plan remains well funded with a ratio of 92.4% at the last valuation performed in 2016.

In conclusion, Commissioner Fitzgerald advised the Port Commission that revisions to the pension plan to clarify retirement benefits for current or future employees on long term disability leave had been completed and the committee recommended approval of the requested revisions as presented under agenda Item M2.

(2017-1023-05) Appearances

Chairman Longoria recognized Captain Robert Shearon, Houston Pilots, who addressed the Port Commission.

Captain Shearon announced that the Houston Pilots have two new pilot boats, the Pilot Boat Houston and the Pilot Boat Bayou City. He thanked Chairman Longoria for her remarks, sponsorship, and christening of the Pilot Boat Houston at a ceremony on October 21, 2017 at the San Jacinto Maritime College, and added that Ms. Carrie Taylor, Senator Larry Taylor’s wife, christened Pilot Boat Bayou City. Captain Shearon emphasized that he truly appreciated the support of the industry for the two new pilot boats.

Captain Shearon noted he had just received a report that Port Houston’s newest cranes were rounding Barbours Cut with an estimated docking time of noon. Chairman Longoria inquired as to where the public could view the cranes and he recommended “The Point” at Morgan’s Point. Chairman Longoria thanked him for his comments.

(2017-1023-06) Staff Reports

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

- Mr. Guenther stated that operating activities recovered well after Hurricane Harvey, and Port Houston received most of the cargo that was initially diverted following the storm.
- Container activity at the Barbours Cut and Bayport facilities combined showed an increase of 22% for September versus the prior year, and Port Houston general cargo facilities handled nearly 400,000 tons of steel. Results remain strong overall for the year: Port Houston facilities have handled 28.8 tons of cargo year to date, a 9% increase over the prior year.
- Container volume continues to be solid, up 11% in 2017 versus last year, passing the 1.8 million twenty-foot equivalent (TEU) mark through September. Mr. Guenther noted that staff remains confident of continued growth in the container sector both on the import and export side during the remainder of this year and into 2018.
- Mr. Guenther concluded his remarks by reiterating Captain Shearon's report that the three super Post-Panamax cranes should be alongside the wharf at Barbours Cut by noon and offloaded in the coming days, adding that this was a big step in Port Houston's investment in infrastructure for handling the increased volume and larger vessels that continue to call at its terminals.

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

(2017-1023-07) RCA G1 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 G1 PASSED.

Chairman Longoria asked Mr. Guenther to comment on this generous donation from South Carolina Ports employees. Mr. Guenther concurred with her characterization and remarked that South Carolina Ports employees took up donations for Port Houston employees impacted by Hurricane Harvey and South Carolina Ports itself matched its employees' donations.

(2017-1023-08) RCA G2 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 G2 PASSED.

(2017-1023-09) RCA G3 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 G3 PASSED.

Commissioner Mease asked for an explanation of how the funds were dispersed. Mr. Guenther explained that a team comprised of Marcus Woodring, Chief Health, Safety, Security, and Emergency Management Officer, Curtis Duncan, Controller, and Trish Baker, Assistant Maintenance Manager, reviewed the requests of impacted employees and fairly distributed the funds. Mr. Guenther also commented that Port Houston employees donated sick and vacation time totaling \$120,000 to the Catastrophic Relief Fund, which was also distributed to impacted employees.

(2017-1023-10) RCA H1 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H1 PASSED.

(2017-1023-11) RCA H2 was presented, moved by Commissioner Branch, seconded by Commissioner Mease. Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Chairman Longoria recused herself. Nays none. RCA H2 PASSED.

(2017-1023-12) RCA H3 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 H3 PASSED.

(2017-1023-13) RCA H4 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 H4 PASSED.

(2017-1023-14) RCA H5 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 H5 PASSED.

(2017-1023-15) RCA H6 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 H6 PASSED.

(2017-1023-16) RCA H7 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 H7 PASSED.

(2017-1023-17) RCA H8 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 H8 PASSED.

(2017-1023-18) RCA H9 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 H9 PASSED.

(2017-1023-19) RCA H10 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 H10 PASSED.

(2017-1023-20) RCA H11 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 H11 PASSED.

(2017-1023-21) RCA H12 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 H12 PASSED.

(2017-1023-22) RCA H13 was presented, *as amended to take effect October 23, 2017*, moved by Commissioner Kennedy, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA H13 PASSED.

(2017-1023-23) RCA II(a-c) 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 II(a-c) PASSED.

(2017-1023-24) RCA J1 was presented. Commissioner Kennedy moved for staff recommended ranking – first, Oil Mop LLC dba OMI Environmental Solutions; and second, Garner Environmental Services, Inc., seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA J1 PASSED.

(2017-1023-25) RCA J2 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 J2 PASSED.

(2017-1023-26) RCA K1 was presented. Commissioner Branch moved for staff recommended ranking – first, Technology Evaluation Centers, Inc.; and second, Computerized Facility Integration, LLC, seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K1 PASSED.

(2017-1023-27) RCA K2 was presented. Commissioner Branch moved for staff recommended ranking – first, Moffatt & Nichol; second, Mott MacDonald; and third, TBA B.V., seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K2 PASSED.

(2017-1023-28) RCA K3 was presented. Commissioner DonCarlos moved for the recommended alphabetical staff ranking – CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc., seconded by Commissioner Kennedy. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K3 PASSED.

(2017-1023-29) RCA K4 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 K4 PASSED.

(2017-1023-30) RCA K5 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 K5 PASSED.

Chairman Longoria called on Charlie Jenkins, Senior Director, Asset Management, to explain this recommendation. Mr. Jenkins stated that this would permit connection of rail track from the main line into Bayport and facilitate the Commercial Division's Ridge Lease previously approved by the Port Commission.

(2017-1023-31) RCA K6 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K6 PASSED.

(2017-1023-32) RCA K7 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K7 PASSED.

(2017-1023-33) RCA K8 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K8 PASSED.

(2017-1023-34) RCA K9 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K9 PASSED.

(2017-1023-35) RCA K10 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K10 PASSED.

(2017-1023-36) RCA K11 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K11 PASSED.

(2017-1023-37) RCA K12 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K12 PASSED.

(2017-1023-38) RCA K13 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K13 PASSED.

(2017-1023-39) RCA K14 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K14 PASSED.

(2017-1023-40) RCA K15 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA K15 PASSED.

(2017-1023-41) RCA L1 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 L1 PASSED.

(2017-1023-42) RCA L2 was presented. Commissioner Kennedy moved for staff recommended ranking – first, Yellowstone Landscape; second, Maldonado Nursery & Landscaping Services; and third, Personal Touch Management Inc. dba Special Touch

Landscaping, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA L2 PASSED.

(2017-1023-43) RCA L3 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 L3 PASSED.

(2017-1023-44) RCA L4 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 L4 PASSED.

(2017-1023-45) RCA L5 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 L5 PASSED.

(2017-1023-46) RCA L6 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 L6 PASSED.

(2017-1023-47) RCA L7 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 L7 PASSED.

(2017-1023-48) RCA M1 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 M1 PASSED.

(2017-1023-49) RCA M2 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 M2 PASSED.

(2017-1023-50) RCA N1 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 N1 PASSED.

(2017-1023-51) RCA N2 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 N2 PASSED.

At 9:29 a.m., Chairman Longoria advised that the Executive Session would follow and asked Mr. Eriksson to make the following announcement:

It is now 9:29 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) Memorandum of Settlement Agreement with the City of Seabrook, Texas; and (ii) consulting services by Interface Consulting International, Inc.; deliberate regarding (2) Real Estate (*Section 551.072, Texas Open Meetings Act*), including deliberation regarding disposition of Bayport area 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 9:56 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  
Erik Eriksson, Chief Legal Officer

(2017-1023-52) RCA Q1 was presented, moved by Commissioner Kennedy, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. RCA Q1 PASSED.

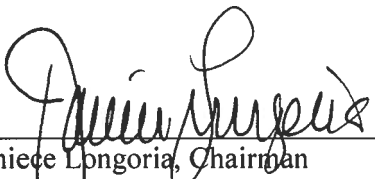
(2017-1023-53) Commissioner Mease moved to authorize the Port Authority to pay amounts to Interface Consulting International, Inc. for consulting services on the terms discussed in Executive Session, and authorize the Chief Legal Officer to do all things necessary to give effect to the foregoing, seconded by Commissioner Fitzgerald. Chairman



Longoria, and Commissioners Branch, DonCarlos, Fitzgerald, Kennedy, and Mease voted Aye. Nays none. MOTION PASSED.

At 9:57 a.m., Chairman Longoria adjourned the Port Commission meeting.

The above is a correct copy of the Minutes of the October 23, 2017 meeting of the Port Commission of the Port of Houston Authority.



\_\_\_\_\_  
Janiece Longoria, Chairman



\_\_\_\_\_  
Erik A. Eriksson, Assistant Secretary

## I. FINANCE

---

<b>Subject</b>	<b>2. Adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service, and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting: (a) adopt a revised Investment Policy for Port Authority funds (including the investment strategies outlined in Article V, the Authority Designees listed on Exhibit "A," and the List of Approved Banks, Broker-Dealers, Custodians, Money Market Funds, Commercial Paper Direct Issuers and Investment Pools listed on Exhibit "C"); (b) approve the revised Internal Controls for Investments; (c) authorize the Chairman to execute and the Secretary or Assistant Secretary to attest to the resolutions contained in the Investment Policy and the Internal Controls for Investments; 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:**  
General

**Department:**  
Treasury

**Staff Contact:**  
Ray Yi

**Background:**

In accordance with Chapter 2256 of the Texas Government Code (Public Funds Investment Act), the Port Commission shall review the Port Authority's investment policy and investment strategies not less than annually, and shall adopt a written instrument or resolution stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies.

By Minute No. 2016-1025-16, the Investment Policy, investment strategies, and Internal Controls for Investments were last reviewed and approved by the Port Commission.

**Staff Evaluation/Justification:**

The Investment Policy, investment strategies and Internal Controls for Investments have been reviewed by (a) Port Authority staff, (b) FirstSouthwest, the Port Authority's investment advisor, and (c) the Audit Committee of the Port Commission.

A number of revisions have been proposed, all of which comply with the requirements of the Public Funds Investment Act as amended. These include:

- (a) adding another approved source for investment training;
- (b) revisions relating to certification by business organizations offering to engage in investment transactions;
- (c) modifications to the authorized investments relating to obligations of the Federal Home Loan Banks, no-load money market mutual funds, no-load mutual funds, and interest-bearing banking deposits;
- (d) modifications to Exhibit "C," the List of Approved Banks, Broker-Dealers, Custodians, Money Market Funds, Commercial Paper Direct Issuers, and Investment Pools; and
- (e) minor clerical revisions.

The Audit Committee and Port Authority staff recommends adoption of the revised Investment Policy, which includes the investment strategies, and approval of the Internal Controls for Investments, as proposed.

# Port of Houston Authority

## Investment Policy



**PORT HOUSTON**  
THE INTERNATIONAL PORT OF TEXAS

Adopted October 23, 2017

Minute No. 2017-1023-

TABLE OF CONTENTS

	Investment Policy .....	3
Article I	Purpose and Scope .....	3
Article II	Definitions .....	4
Article III	Investment Officer .....	5
Article IV	Investment Objectives .....	8
Article V	Investment Strategies for Particular Funds .....	17
Article VI	Miscellaneous .....	18
	Signature Page .....	19
Exhibit "A"	Authority Designees .....	20
Exhibit "B"	Certificate of Compliance from Sellers of Investments .....	21
Exhibit "C"	List of Approved Banks, Broker-Dealers, Custodians, Money Market Funds, Commercial Paper Direct Issuers and Investment Pools .....	23

## INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective October 23, 2017, pursuant to Chapter 2256 of the Texas Government Code, as amended (the “Public Funds Investment Act” or the “Act”).

### ARTICLE I PURPOSE AND SCOPE

#### Section 1.1. Purpose

This Policy with respect to Authority investments has been adopted to establish policies and procedures that enhance opportunities for a prudent and systematic investment of Authority funds. This Policy statement intends to emphasize the guiding principles of the Authority’s investment program and provide for compliance with all statutes, rules, and regulations governing the investment of public funds.

The initial step toward a prudent investment policy is to organize and formalize investment-related activities. Related activities which comprise good cash management generally include accurate cash projections, the expeditious collection of revenue, the control of disbursements, cost-effective banking relations, and a borrowing program which coordinates working capital requirements and investment opportunity. In concert with these requirements are the many facets of an appropriate and secure investment program. The funds of the Authority shall be invested and secured in compliance with the various provisions of Texas law, including the Public Funds Investment Act. This Policy will also specify the scope of authority of the Investment Officer and Authority Designees (as defined herein) who are responsible for the investment of Authority funds.

#### Section 1.2. Scope

This Policy shall apply to the Authority’s general operating funds, debt service funds, construction funds, capital projects funds, bond reserve funds, and such other funds as determined necessary or desirable by the Commission. Article V of this Policy outlines the investment strategies to be employed for the particular funds currently approved.

Such funds may be managed as a pooled fund group, as defined in Section 2256.002(9) of the Act, or as separately invested assets, as defined in Section 2256.002(12) of the Act. The latter may include trust or escrow funds best managed as separate accounts.

This Policy shall not apply to defined benefit (pension) funds, defined contribution (Internal Revenue Code, Section 401) funds, deferred compensation (Internal Revenue Code, Section 457) funds, funds set aside for other post-employment benefits, and such other funds as specified in Section 2256.004 of the Act (“Exempt Funds”).

ARTICLE II  
DEFINITIONS

Section 2.1. Definitions

Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

- A. “**Act**” means Chapter 2256, Texas Government Code, as amended from time to time.
- B. “**Authority Designees**” means the Commissioners, officers, and Employees of the Authority authorized to handle investments for the Authority, and such other persons, political subdivisions or business entities that may be engaged and authorized to handle investments for the Authority. Exhibit “A” attached hereto sets forth the current list of Authority Designees which may be amended from time to time by action of the Port Commission or the Executive Director of the Authority.
- C. “**Authorized Collateral**” means any security with which Authority funds may be secured under Chapter 2257, Texas Government Code.
- D. “**Authorized Investment**” means any security in which the Authority is authorized to invest under Chapter 2256, Texas Government Code.
- E. “**Collateral**” means any security or other obligation which the Authority authorizes to serve as security for the deposit of Authority funds in Article IV hereof.
- F. “**Commission**” means the Port Commission of the Authority.
- G. “**Commissioner**” means a person appointed to serve on the Commission.
- H. “**Employee**” means any person employed by the Authority, but does not include independent contractors or professionals hired by the Authority as outside consultants, nor does it include employees of other entities who may be appointed as Authority Designees.
- I. “**Investment Officer**” means those Employees appointed from time to time by the Authority to handle the investment and reinvestment of Authority funds.
- J. “**Primary Bank**” means the Authority’s current depository bank or another financial institution as may be designated by the Commission or the Authority from time to time.

- K. **“Public Funds Collateral Act”** means Chapter 2257, Texas Government Code, as amended from time to time.
- L. **“Public Funds Investment Act”** means Chapter 2256, Texas Government Code, as amended from time to time.

ARTICLE III  
INVESTMENT OFFICER

Section 3.1. Investment Officer

Section 2256.005(f) of the Act specifies that an “investing entity shall designate, by rule, order, ordinance, or resolution, as appropriate, one or more officers or employees ... as investment officer to be responsible for the investment of its funds consistent with the investment policy adopted by the entity.”

The Authority hereby appoints the Senior Director, Treasury of the Authority to serve as Investment Officer to handle the investment of Authority funds. The Authority’s Treasury Manager, Controller, and the Chief Financial Officer are each authorized to act as Investment Officer for the Authority in the absence of the Investment Officer or when the Investment Officer is unavailable. The Investment Officer shall be responsible for investing Authority funds in accordance with this Policy and in compliance with the standard of care specified in Section 2256.006 of the Act.

The Investment Officer shall invest the Authority’s funds as provided in Article IV using the judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment. The standard of prudence to be used by the Investment Officer shall be the “prudent person,” and shall be applied in the context of managing an overall portfolio. The Investment Officer and Authority Designees (1) acting in accordance with this Policy and any written procedures approved by the Commission, and (2) exercising due diligence, shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided that deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

Section 3.2. Training

In order to better provide for quality and capability of investment management pursuant to Section 2256.005(b)(3) of the Act, the Investment Officer and each Authority Designee listed on Exhibit “A” attached hereto shall attend periodic investment training sessions, courses, and seminars as required by Section 2256.008 of the Public Funds Investment Act.

- A. Within 12 months after assuming duties, the treasurer, chief financial officer, the Investment Officer and each Authority Designee listed on Exhibit “A” attached hereto shall attend a training session relating to the person’s investment responsibilities and receive not less than 10 hours of instruction.

- B. On an ongoing basis, the treasurer, chief financial officer, the Investment Officer and each Authority Designee listed on Exhibit "A" attached hereto shall receive not less than 10 hours of instruction in each subsequent two-year period which begins on the first day of the Authority's fiscal year and consists of the two consecutive fiscal years after that date.
- C. Training must include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Public Funds Investment Act.
- D. Training must be provided by the Government Finance Officers Association, Government Finance Officers Association of Texas, Government Treasurers' Organization of Texas, Texas Municipal League, Government Investment Officers Association, University of North Texas – Center for Public Management, Texas State University – William P. Hobby Center for Public Service, Texas Association of Counties, County Treasurers' Association of Texas, North Central Texas Council of Governments, or another independent source approved by the Commission.

### Section 3.3. Disclosures of Relationships with Persons Selling Investments to the Authority

In order to avoid conflicts of interest and promote lawful and ethical behavior in the Authority's investment management, the Investment Officer, the Authority Designees, and any person who assists the Investment Officer or Authority Designees with their duties hereunder shall disclose in writing any personal business relationship or relationship within the second degree by affinity or consanguinity to any individual seeking to sell an investment to the Authority as required by Section 2256.005(i) of the Public Funds Investment Act. Such disclosure statement shall be filed with the Commission and the Texas Ethics Commission.

### Section 3.4. Solicitation of Offers or Bids

In order to achieve the best value for the Authority, at least three competitive offers or bids shall be solicited and received orally, in writing, electronically or in any combination of those methods with respect to individual security purchases or sales. Competitive bids are not required (a) in cases where an agreement is reached with a particular issuer to sell back a security and purchase a similar instrument from the same issuer (e.g., swapping a commercial paper investment with the issuer to extend the maturity), (b) for investments in money market mutual funds, investment pools and regular cash deposits at the Authority's depository banks, as well as (c) for U.S. Treasury and agency securities purchased as new issues.

In situations where the exact security is not offered by other broker-dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. In the case of a certificate of deposit purchase, at least two other offers should be solicited to provide a comparison. When few, if any, institutions wish to participate in such competitive bids, then the



Authority Designees may use another authorized investment of similar maturity for evaluation purposes. The Investment Officer may approve exceptions to this process on a case by case basis, and shall document such exceptions in writing.

### Section 3.5. Certifications from Sellers of Investments

In accordance with Section 2256.005(k) of the Public Funds Investment Act, the Investment Officer, with the assistance of Authority Designees as requested by the Investment Officer,

- (i) shall present this Policy to any business organization offering to engage in an investment transaction with the Authority, and
- (ii) shall obtain from such business organization a certificate in substantially the form attached hereto as Exhibit "B," signed by a qualified representative of the business organization.

For purposes of Sections 2256.005(k) and 2256.005(l) of the Act, the term "business organization" refers to an investment pool or investment management firm under contract with an investing entity to invest or manage the entity's investment portfolio that has accepted authority granted by the entity under the contract to exercise investment discretion in regard to the investing entity's funds.

The certificate should document such business organization's receipt, review, and understanding of this Policy, reflect that it has implemented reasonable procedures and controls to preclude investment transactions conducted between such business organization and the Authority that are not authorized by this Policy, and reflect its agreement to review the terms and characteristics of any proposed investment to ensure that the investment complies with the requirements of the Public Funds Investment Act and with this Policy. No investment shall be purchased or otherwise obtained from a business organization prior to the receipt of such a certificate in accordance with Section 2256.005(l) of the Act.

### Section 3.6. Reporting by the Investment Officer

Pursuant to Section 2256.023 of the Act, not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer with the help of Authority Designees shall prepare and submit to the Commission and the Executive Director of the Authority a written report of the investment transactions for all funds of the Authority for the preceding reporting period.

The report must (1) describe in detail the investment position of the Authority on the date of the report, (2) be prepared jointly by all the Investment Officers of the Authority, if the Authority appoints more than one, (3) be signed by all Investment Officers, (4) contain a summary statement of each pooled fund group that states the beginning and ending book and market values and fully accrued interest for the reporting period, (5) state the book value and the market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested, (6) state the maturity date of each separately invested asset that has a maturity date, (7) state the Authority fund for which each individual investment was acquired, and (8) state the compliance of the investment portfolio as it relates to this Policy, including the investment strategies contained herein, and the Public Funds Investment Act. The market values and credit ratings of the Authority's investments shall be obtained from a reliable outside source (e.g., Bloomberg L.P., International Data Corporation (IDC), a custodian bank, etc.) which has access to investment market values and credit ratings.

The quarterly investment reports shall also be provided to the Authority's independent auditor at least annually, as required by Section 2256.023(d) of the Act. The auditor should review these reports in connection with its annual examination of the Authority's financial statements in accordance with generally accepted auditing standards. The results of such reviews and examinations should be reported to the Commission by the independent auditor.

### Section 3.7. Assistance with Investment Procedures

The Authority may contract with investment managers to assist in the purchase and sale of investment securities. In addition, the Authority may hire investment advisors to assist in the selection of investment managers and mutual funds, assess market and security risks, provide compliance reports and evaluate manager performance. Such engagements shall comply with Sections 2256.003(b) and 2256.003(c) of the Act. Investment advisors must be registered with the Securities and Exchange Commission ("SEC") under the Investment Advisers Act of 1940, as well as with the Texas State Securities Board.

### Section 3.8. Settlement Basis

All purchases of investments, except investments in bank deposits, certificates of deposit, local government investment pools or in mutual funds, shall be made on a delivery versus payment ("DVP") basis, pursuant to Section 2256.005(b)(4)(E) of the Act, through a custodian bank. The safekeeping entities and custodians for all Authority investments and for all Collateral pledged to secure Authority funds shall be selected by the Investment Officer from the list of approved financial institutions at which the Authority's accounts may be maintained. The current list is attached hereto as Exhibit "C".

ARTICLE IV  
INVESTMENT OBJECTIVES

Section 4.1. Provisions Applicable To All Funds

This Policy shall apply to all funds under the direct control of the Authority except for Exempt Funds.

Section 4.2. Objectives

- A. In accordance with Sections 2256.005(b)(2) and 2256.005(b)(3) of the Act, this Policy must “primarily emphasize safety of principal and liquidity” and “address investment diversification, yield, and maturity.”

Accordingly, the Authority’s general objectives in investing its funds, listed in the order of importance, are:

- (i) Preservation and safety of principal;
  - (ii) Suitability of the investment for the financial requirements of the Authority;
  - (iii) Liquidity;
  - (iv) Marketability of the investment, if the need arises to liquidate the investment before maturity;
  - (v) Diversification of the investment portfolio; and
  - (vi) Yield, without compromising the first five objectives.
- B. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek first to ensure that capital losses are avoided, whether from securities defaults or erosion of market value.
- C. Investment decisions should also favor stability of principal over income.
- D. The Authority’s investment portfolio shall be structured so as to be sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated. This need for investment liquidity may be tempered to the extent that the Authority is allowed and able to borrow under a short-term basis to meet its operating requirements if needed, taking into consideration the net cost to the Authority.

- E. The investment portfolio shall be designed to attain a benchmark rate of return as defined in Article V for each fund throughout budgetary and economic cycles, taking into account the Authority's investment risk constraints, the cash flow characteristics of the portfolio, and state laws that restrict the placement of Authority funds.
- F. Investments shall be made in a manner that avoids incurring unreasonable and avoidable risks regarding specific security types or individual financial institutions.
- G. No investments shall be made for the purpose of trading or speculation, such as anticipating an appreciation of capital through changes in market interest rates.
- H. All Authority Designees shall undertake in the investment process to act responsibly as custodians of the public trust. Authority Designees shall avoid any transaction that might impair public confidence in the Authority's ability to operate effectively. The Investment Officer shall recognize that the investment portfolio is subject to public review and evaluation. The overall program of managing the Authority's funds shall be designed and managed with a degree of professionalism that is worthy of public trust. Nevertheless, the Commission recognizes that in a diversified portfolio, occasionally losses may occur and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.
- I. The Authority may utilize, when appropriate, portfolio management techniques such as swaps and forward purchase agreements in order to enhance yields, provided that safety of principal is given first consideration.
- J. The Authority as a general objective plans to hold investments to maturity while protecting principal and obtaining the highest bond equivalent yield possible at the date of investment, and not to devote substantial efforts to earn profit on investment market fluctuations. Investments shall be purchased because of their interest yield expectations over their remaining life rather than for speculative purposes.
- K. Pooling of fund groups for the purposes of investment is approved and allowed.

#### Section 4.3. Authorized Investment Instruments

In compliance with Section 2256.005(b)(4) of the Act, this Policy specifies that funds of the Authority may only be invested in the following, except where more restrictive bond covenants apply, in which case such funds shall be invested in compliance with the applicable bond covenants:

- A. Obligations, including letters of credit, of the U.S. or its agencies and instrumentalities, including the Federal Home Loan Banks.
- B. Direct obligations of the State of Texas or its agencies and instrumentalities.
- C. Other obligations the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the U.S. or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (“FDIC”) or by the explicit full faith and credit of the United States.
- D. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent.
- E. Collateralized mortgage obligations directly issued by a federal agency or instrumentality of the U.S., the underlying security for which is guaranteed by an agency or instrumentality of the U.S. and that, as described under Section 2256.009(b) of the Act, are not:
  - (i) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (“IO’s”); or
  - (ii) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (“PO’s”); or
  - (iii) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; or
  - (iv) collateralized mortgage obligations, the interest rate of which is determined by an index that adjusts opposite to the changes in the market index (inverse floaters).
- F. Certificates of deposit that meet the requirements of Section 2256.010(a) of the Public Funds Investment Act, namely, certificates of deposit issued by a depository institution that has its main office or branch office in this State and that are:
  - (i) guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor;
  - (ii) secured by obligations that are described by Section 2256.009(a) of the Act, including mortgage-backed securities directly issued by a federal

agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Act; or

- (iii) secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for deposits of the Authority.

G. Certificates of deposit that meet the requirements of Section 2256.010(b) of the Public Funds Investment Act, namely:

- (i) the funds are invested through: (A) a broker that has its main office or a branch office in this State as selected by the Investment Officer from Exhibit "C", the list of approved financial institutions adopted by the Authority as required by Section 2256.025; or (B) a depository institution that has its main office or a branch office in this State as selected by the Investment Officer;
- (ii) the broker or the depository institution selected by the Investment Officer arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority;
- (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
- (iv) the Investment Officer appoints the depository institution, an entity described by Section 2257.041(d) of the Public Funds Collateral Act, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority secured in any other manner and amount provided by law for deposits of the Authority.

H. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act under a master repurchase agreement which includes appropriate provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations, and governing law.

I. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by Section 2256.013 of the Public Funds Investment Act. All commercial paper purchased must be rated not less than "A-1", "P-1", or the equivalent by at least two nationally recognized credit rating agencies or must be

rated at least “A-1”, “P-1” or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof. Commercial paper may be purchased directly from issuers or through banks or broker-dealers, as approved and listed on Exhibit “C”.

- J. No-load money market mutual funds (i) registered with and regulated by the SEC, (ii) that provide the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.), and (iii) that comply with federal Securities and Exchange Commission Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.).
- K. Guaranteed Investment Contracts are Authorized Investments for bond proceeds if the Guaranteed Investment Contracts have a defined termination date, are secured by obligations in the amounts and of the types required by the Public Funds Investment Act, are pledged to the Authority, are deposited with the Authority or with a third party selected and approved by the Authority, and meet all other applicable requirements of the Act, including Section 2256.015 thereof.
- L. Investment pools as authorized under Section 2256.016 of the Public Funds Investment Act, provided that such investment pools are continuously rated no lower than “AAA” or “AAA-m” or at an equivalent rating by at least one nationally recognized rating service.
- M. Bankers' acceptances as authorized by Section 2256.012 of the Public Funds Investment Act:
  - (i) with a stated maturity of 270 days or fewer from the date of its issuance;
  - (ii) that will be, in accordance with its terms, liquidated in full at maturity;
  - (iii) are eligible for collateral for borrowing from a Federal Reserve Bank; and
  - (iv) are accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than “A-1” or “P-1” or an equivalent rating by at least one nationally recognized credit rating agency.
- N. Interest-bearing banking deposits that are guaranteed or insured by the FDIC or its successor, or the National Credit Union Share Insurance Fund or its successor, as allowed under Section 2256.009(a)(7) of the Act.

- O. No-load mutual funds (i) registered with the SEC, (ii) with an average weighted maturity of less than two years; and (iii) either: (a) has a duration of one year or more and is invested exclusively in obligations approved under Subchapter A of the Act, or (b) has a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities.

#### Section 4.4. Effect of Loss of Required Rating; Exemption for Existing Investments

Except as hereinafter provided, if any investment that requires a minimum investment rating is downgraded below such minimum rating subsequent to purchase, it will no longer be considered an Authorized Investment, and the Authority shall take all prudent measures consistent with this Policy to liquidate the investment pursuant to Section 2256.021 of the Act; provided, however, the Authority is not *required* to liquidate investments that were Authorized Investments at the time of purchase, as prescribed by Section 2256.017 of the Public Funds Investment Act.

Investment ratings shall be monitored regularly by the Authority's Investment Officer(s) and/or investment advisors through the use of information obtained from Bloomberg Markets, the Authority's custodian, broker-dealers, financial publications and/or financial websites. Any ratings downgrade, or instance of negative "credit watch" notification, shall be reported to the Investment Officer(s) upon discovery.

#### Section 4.5. Internal Controls for Investments

Section 2256.005(m) of the Act specifies that an "investing entity other than a state agency, in conjunction with its annual financial audit, shall perform a compliance audit of management controls on investments and adherence to the entity's established investment policies."

The Investment Officer, with the help of such Authority Designees as he requests, shall periodically (at least annually) review, prepare and submit to the Commission for approval a system of internal controls for investments which shall be documented in writing. The investment controls shall be reviewed by the Authority's independent auditor in connection with the annual examination of the Authority's financial statements to the extent deemed necessary to evaluate the system as required by generally accepted auditing standards.

The controls shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officials of the Authority. Controls deemed most important include control of collusion, segregation of duties, segregation of transaction authority from accounting and record keeping, custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, approved written confirmation of telephone transactions, minimizing the number of authorized investment personnel, documentation of transactions and strategies and compliance with codes of ethics.



#### Section 4.6. Maturity

This Policy must address maturity, as provided in Section 2256.005(b)(3) of the Act. Accordingly, Authority funds, except funds accumulated for debt service funds (i.e., funds required for principal and interest payments due within one year), bond reserve funds, and capitalized interest funds, shall be invested only in investments whose maturities do not exceed five years at the time of purchase. Debt service funds may be invested for a period not to exceed one year. Bond reserve funds may be invested for a period not to exceed the maturity of the bonds. Capitalized interest funds may be invested for a period of time co-extensive with the period of time for which interest is capitalized.

In addition, the weighted average maturity of the overall portfolio, excluding those investments held for future major capital expenditures (e.g., construction funds), debt service funds, bond reserve funds, and capitalized interest funds, shall not exceed two years.

#### Section 4.7. Diversification

This Policy must address investment diversification, yield, and maturity, as provided in Section 2256.005(b)(3) of the Act. Accordingly, it is the policy of the Authority to diversify its investment portfolio. All funds shall be diversified to eliminate the risk of loss resulting from concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. Portfolio maturities shall be staggered in a way that avoids undue concentration of assets in a specific maturity sector. Maturities shall be selected which provide for stability of income and reasonable liquidity.
- B. Liquidity shall be maintained through practices that ensure that the next disbursement date and payroll date are covered through cash on hand, overnight deposits, maturing investments, and marketable securities.
- C. Risks of market price volatility shall be monitored and mitigated through maturity diversification, to avoid, if possible, having aggregate price losses on instruments with maturities exceeding one year being greater than coupon interest and investment income received from the balance of the portfolio.
- D. The following diversification limitations shall be imposed on the portfolio:
  - (i) Maturity. No more than 40% of the portfolio may be invested beyond two years at the time of purchase, and the weighted average maturity of the overall portfolio shall not exceed two years.

- (ii) Risk Default. The severe restrictions on Authorized Investments and the legal requirements for full collateralization of demand deposits and time deposits significantly reduce the potential for default risk. Nonetheless, no more than 25% of the overall portfolio may be invested in the time deposits, including certificates of deposit, of a single financial institution. In addition, no more than 20% of the overall portfolio may be invested in a single municipal security or commercial paper issuer, and no more than 30% in a single Federal agency issuer.
- (iii) Marketability. At least 10% of the portfolio, excluding those investments held for future major capital expenditures, debt service payments, bond fund reserve accounts, and capitalized interest funds, shall be invested in overnight instruments or in marketable securities which can be sold to raise cash within one day's notice.

#### Section 4.8. Risk Tolerance

The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk. The Investment Officer is expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. The Investment Officer shall prepare and present to the Commission for approval such additional guidelines and strategies to monitor risks of default, market price changes, and illiquidity as deemed necessary or advisable, or to the extent that such areas of risk are not adequately addressed in this Policy, including the Internal Controls for Investments document referred to in Section 4.5 hereof. All investment reports shall specifically address whether current investment results have been affected by any of the foregoing risks and shall explain what actions the Investment Officer(s) have taken to manage such risks.

In addition to these general policy considerations, the following specific policies shall be strictly observed:

- A. All investment funds shall be placed directly with qualified financial institutions.
- B. All transactions, except those noted in Section 3.8 hereof, shall be settled on a delivery-versus-payment basis.
- C. The Authority shall not enter into reverse repurchase agreements or trade in options or futures contracts.

#### Section 4.9. Safekeeping and Custody

To protect against potential fraud and embezzlement, the financial assets of the Authority shall be secured through safekeeping procedures with its Primary Bank or another independent

third-party custodian as selected by the Investment Officer from the current list of financial institutions at which the Authority's accounts may be maintained, attached hereto as Exhibit "C", which list may be amended from time to time by action of the Port Commission or the Executive Director of the Authority. All securities of the Authority and Collateral with respect thereto shall be held in the Authority's name and shall be fully documented via written agreements, safekeeping receipts, and/or electronic records. Authority Designees as listed on Exhibit "A" shall be bonded or covered under insurance policies to protect the public against possible embezzlement and malfeasance.

Section 4.10. Policy of Securing Deposits of Authority Funds Applicable to All Deposited Authority Funds

In accordance with the Public Funds Collateral Act, the Port Commission approves the following policy regarding collateralization of uninsured cash balances and deposits of the Authority, plus accrued interest, if any. All provisions related to acceptance, substitution, release, and valuation of Collateral shall comply with the Public Funds Collateral Act.

- A. The Authority recognizes that FDIC (or its successor) insurance is in usual circumstances available for Authority funds deposited at any one Texas financial institution (including branch banks) only up to a maximum of \$250,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders. It is the policy of the Authority that all deposited funds in each of the Authority's accounts shall be insured by the FDIC, or its successor, or secured by Collateral pledged to the extent of the fair market value of the amount not insured in compliance with the Public Funds Collateral Act.
- B. If it is necessary for the Authority's depositories to pledge Collateral to secure the Authority's deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must approve the Collateral pledge agreement and provide to the Investment Officer a copy of the minutes of the meeting of the depository's board or loan committee at which the Collateral pledge agreement is approved prior to the deposit of any Authority funds requiring the pledge of Collateral in such financial institution. The Collateral pledge agreement should include provisions related to acceptance, substitution, release, and valuation of Collateral.
- C. Collateral pledged by a depository shall be held in safekeeping at (i) a Federal Reserve Bank, (ii) a branch of a Federal Reserve Bank, or (iii) another custodian meeting the requirements of Section 2257.041 of the Public Funds Collateral Act,

which custodian is acceptable to the Authority and is selected by the Investment Officer from Exhibit "C", the list of approved financial institutions adopted by the Port Commission. The Investment Officer, pursuant to this Policy, shall obtain safekeeping receipts from the Federal Reserve Bank or said custodian. Principal and accrued interest on deposits in accordance with this Policy, if authorized, shall not exceed the FDIC, or its successor's, insurance limits or the Collateral pledged as security for the Authority's investments. It shall be acceptable for the Authority to periodically receive interest on deposits to be deposited to the credit of the Authority if needed to keep the amount of the funds under the insurance or Collateral limits. The Investment Officer(s), with the help of the Authority Designees as requested by the Investment Officer, shall ensure that the Collateral pledged to the Authority is pledged only to the Authority and shall review the fair market value of the Collateral pledged to secure the Authority's funds to ensure that the Authority's funds are fully secured.

- D. Certificates of deposit, demand deposits (e.g., checking accounts), and savings accounts, to the extent that they are not insured, may be secured by any eligible securities allowed under Section 2257.002(4) and Section 2257.021 of the Public Funds Collateral Act.

#### ARTICLE V INVESTMENT STRATEGIES FOR PARTICULAR FUNDS

##### Section 5.1. Investment Strategy for the Operating Fund

The investment strategy for the operating fund is to assure that adequate funds are on hand to meet current spending needs, while taking into consideration the other provisions of this Policy. To such end, all operating and general fund monies shall initially be invested in approved money market mutual funds, investment pools or bank deposits. Investments of funds in excess of current needs may then be made with final maturities of one to five years. The maturities shall be structured so that the total amount of maturing investments in any three-month period plus amounts held in money market mutual funds, investment pools and bank deposits shall total at least \$15,000,000. The benchmark rate of return is the money market mutual fund rate of return.

##### Section 5.2. Investment Strategy for the Debt Service Fund

Subject to compliance with the other provisions of this Policy, all debt service funds shall initially be invested in an approved money market mutual fund, investment pool or bank deposit as set forth in the order creating such fund. Further investments may then be made in certificates of deposit or other investments authorized hereunder and maturities structured so that there shall be adequate cash on hand to meet debt service payments as they come due. The benchmark rate of return is the money market mutual fund rate of return.

Section 5.3. Investment Strategy for the Construction Fund

Subject to compliance with the other provisions of this Policy, construction funds shall be invested to meet the capital improvement and construction needs of the Authority. The benchmark rate of return is the one-year Treasury rate of return.

Section 5.4. Investment Strategy for the Bond Reserve Fund

All bond reserve funds shall initially be invested in an approved money market mutual fund as set forth in the order creating such fund. Further investments may then be made in investments authorized hereunder. The benchmark rate of return is the two-year Treasury rate of return.

ARTICLE VI  
MISCELLANEOUS

Section 6.1. Superseding Clause

This Policy supersedes any prior policies adopted by the Commission regarding investment or securitization of Authority Funds.

Section 6.2. Annual Review

The Authority shall review this Investment Policy and investment strategies at least annually and confirm the continuance of the Investment Policy and investment strategies without amendment or adopt an amended Investment Policy. Any changes in the Investment Policy or investment strategies shall be noted in the written instrument or resolution adopted by the Port Commission in accordance with Section 2256.005(e) of the Public Funds Investment Act.

This annual review shall also include a review of broker-dealers authorized to engage in investment transactions with the Authority pursuant to Section 2256.025 of the Act. Broker-dealers may be added to or deleted from the approved list of financial institutions (attached hereto as Exhibit "C"), as approved by the Port Commission. Because such approved list serves multiple purposes, it includes banks and other entities approved by the Commission for provision of custody, depository, credit, and other services that may not be subject to the Public Funds Investment Act.

Section 6.3. Conflicts

In the event of any conflict between this Policy and the provisions of the Public Funds Investment Act or Public Funds Collateral Act, the provisions of the Public Funds Investment Act or Public Funds Collateral Act shall govern.

Section 6.4. Review and Adoption at Open Meeting

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

Adopted on the 23rd day of October, 2017.

---

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

ATTEST:

---

Chief Legal Officer and  
Assistant Secretary  
Port of Houston Authority of  
Harris County, Texas

**EXHIBIT "A"**

**Port of Houston Authority  
Authority Designees**

Authority Designees employed by the Authority

Chief Financial Officer  
Senior Director, Treasury  
Controller  
Treasury Manager

\* \* \*

**EXHIBIT "B"****CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS  
AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT**

To: Port of Houston Authority of Harris County, Texas (the "Authority")  
 Attn: Senior Director, Treasury  
 111 East Loop North  
 Houston, TX 77029-4326

From: \_\_\_\_\_, \_\_\_\_\_  
 (Name of the person offering or the "qualified representative of the business organization" offering to engage in an investment transaction with the Authority) (Title of such person)

of \_\_\_\_\_ (the "Business Organization")  
 (Name of financial institution, business organization or investment pool)

Date: \_\_\_\_\_, 20\_\_\_\_

In accordance with the provisions of Chapter 2256 of the Texas Government Code, as amended (the "Public Funds Investment Act"), I hereby certify that:

1. I am an individual offering to enter into an investment transaction with the Authority or a "qualified representative" of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments (collectively referred to herein as the "Investments") that comply with the Public Funds Investment Act and the Authority's Investment Policy dated October 23, 2017 (the "Investment Policy").
3. I or a registered investment professional that services the Authority's account, as applicable, have/has received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. I or the Business Organization, as applicable, shall comply with such Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy, in which case I or the Business Organization, as applicable, shall comply with the amended or newly adopted Investment Policy.



4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Authority and me or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of the makeup of the Authority's entire portfolio, requires an interpretation of subjective investment standards, or relates to investment transactions of the Authority that are not made through accounts or other contractual arrangements over which I or the Business Organization, as applicable, have/has accepted discretionary investment authority.
5. I or the Business Organization, as applicable, have/has reviewed or shall review prior to sale, the terms, conditions and characteristics of the investments to be sold to the Authority and determine (i) that each of the Investments is an Authorized Investment for local governments under the Public Funds Investment Act and (ii) each of the Investments is an Authorized Investment under the Investment Policy.
6. The Business Organization shall provide a prospectus or disclosure document of each of the Investments other than certificates of deposit and direct obligations of the United States, as may be requested by the Authority.

In addition to the above certifications, I or the Business Organization, as applicable, hereby confirm receipt and review of the Authority's "Code of Ethics" and the "Standards for Employee Interaction with Interested Parties," both of which are available on the Authority's website (<http://porthouston.com>).

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT "C"**

**List of Approved Banks, Broker-Dealers, Custodians, Money Market Funds, Commercial Paper Direct Issuers and Investment Pools for Investment of the Authority's Funds**

**Banks, Broker-Dealers and Custodians, including affiliates thereof:**

Amegy Bank of Texas  
Backstrom McCarley Berry & Co.  
Bank of America Merrill Lynch  
Bank of New York Mellon  
Bank of Texas  
Bank of Tokyo Mitsubishi UFJ  
Barclays Bank  
BB&T Corporation  
BBVA Compass Bank  
Blaylock Beal Van, LLC  
BNP Paribas  
BOSC, Inc. (an affiliate of Bank of Texas)  
Cabrera Capital Markets  
Cadence Bank  
Cantella & Co., Inc.  
Cantor Fitzgerald  
Capital One  
Citibank, N.A.  
Citigroup Global Markets  
Comerica Bank  
Drexel Hamilton  
Federal Reserve Bank  
First Southwest Asset Management, LLC  
FirstSouthwest, A Division of Hilltop Securities Inc.  
Frost Bank  
FTN Financial (an affiliate of First Tennessee Bank)  
Goldman Sachs  
HSBC Bank  
IberiaBank  
JPMorgan Chase Bank  
Ladenburg Thalmann  
Morgan Stanley  
Mutual of Omaha Bank  
Oppenheimer

Piper Jaffray  
Raymond James  
Regions Bank  
Robert W. Baird & Co.  
Royal Bank of Canada (and affiliates of RBC Capital)  
Siebert Cisneros Shank & Co., L.L.C.  
Stern Brothers  
Stifel, Nicolaus & Company, Inc.  
SunTrust Bank (and affiliates of SunTrust Robinson Humphries)  
Trustmark Bank  
UBS Financial Services  
Union Bank  
US Bank  
Wells Fargo Bank  
Whitney Bank

**Money Market Mutual Funds:**

Federated Investors  
Fidelity Investments  
Invesco  
J.P. Morgan  
Vanguard Group  
Western Asset (and affiliates of Legg Mason)

**Investment Pools:**

TexPool  
TexPool Prime  
TexSTAR  
Local Government Investment Cooperative (“LOGIC”)  
Lone Star Investment Pool  
Texas CLASS

**Commercial Paper – Direct Issuers:**

BNP Paribas  
Toyota Motor Credit Corp.  
General Electric Company  
General Electric Capital Corp (GECC)  
Exxon Mobil

\* \* \*



## Financial Policies & Procedures Internal Controls for Investments Effective October 23, 2017

---

### 1.0 Purpose

To establish a system of internal controls relating to investment of funds in accordance with the Investment Policy adopted by the Port Commission as governing body of the Port of Houston Authority of Harris County, Texas (the "Authority").

All investment activities and internal controls of the Authority shall comply with provisions of Texas law, including Chapter 2256 of the Texas Government Code, as amended (the "Public Funds Investment Act").

### 2.0 Scope

The Investment Policy and the internal controls outlined herein shall apply to all departments within the Authority.

### 3.0 Guidelines

#### 3.1.0 Investment Objectives and Categories

- 3.1.1 As specified in Section 4.2 of the Investment Policy, the main objectives of investing the Authority's funds, in order of importance, are (1) safety of principal, (2) suitability of investment, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.
- 3.1.2 The Investment Officer(s) and Authority Designee(s), as defined in the Investment Policy, may designate different investment strategies for various categories of investments, which categories may include but are not limited to the following:
- (a) **Current or General Funds** are unrestricted funds received from operating revenues.
  - (b) **Debt Service Funds** are (1) with respect to tax-supported obligations, property tax revenues received from Harris County taxpayers designated for debt service and related payments on general obligation ad valorem tax bonds (also referred to as Interest and Redemption Funds or "I&R"), or (2) with respect to obligations or financings supported by operating revenues, funds designated for payment of principal, interest, and related payments on such obligations and financings.
  - (c) **Construction Funds or Capital Improvement Funds** are funds specifically designated for capital infrastructure projects and construction costs.

- (d) **Bond Funds** are proceeds received from the sale of bonds, commercial paper, or other financings, which may be designated for capital infrastructure projects, construction costs, or other purposes as approved under the applicable bond indenture or financing documents.
- (e) **Reserve Funds** are funds set aside to meet any reserve requirements, and payments of principal and interest as may be specified in a bond indenture or other financing documents.

### 3.2.0 Mitigating Risk

- 3.2.1 Internal controls shall be designed to ensure secure and prudent management of Authority funds. This includes mitigating risk of losses arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, and imprudent actions by employees and officials of the Authority.
- 3.2.2 Controls deemed most important include control of collusion, segregation of duties, segregation of transaction authority from accounting and record keeping, custodial safekeeping, avoidance of bearer-form securities, clear delegation of authority, specific limitations regarding securities losses and remedial action, approved written confirmation of telephone transactions, minimizing the number of authorized investment personnel, documentation of transactions and strategies, and compliance with codes of ethics.

### 3.3.0 Responsibilities

- 3.3.1 It is the responsibility of the Port Commission to review on an annual basis, and adopt, the Investment Policy for the Authority. The Investment Policy specifies that a system of internal accounting controls for investments shall periodically and at least annually be prepared and submitted to the Port Commission for approval.
- 3.3.2 The Chief Financial Officer is charged with oversight of all financial matters of the Authority, including implementation of funds management, accounting and internal controls for investments. It is also his responsibility to report and address any violations of company policy or code of ethics (e.g., fraud, embezzlement, conflicts of interest, etc.) relating to investment activities.
- 3.3.3 Under the direction of the Chief Financial Officer, the Senior Director, Treasury or other designee shall serve as **Investment Officer** with primary responsibility to handle the investment of Authority funds as specified in the Investment Policy. The Authority's Treasury Manager, Controller, and the Chief Financial Officer are each authorized to act as Investment Officer for the Authority in the absence of the Investment Officer or when the Investment Officer is unavailable.

- 3.3.4 **Authority Designees** may be appointed to handle various aspects of the investment management process (a) as may be recommended by the Chief Financial Officer or the Investment Officer, (b) as approved by the Port Commission or the Executive Director of the Authority, and (c) as listed on Exhibit “A” to the Investment Policy. The Chief Financial Officer and the Investment Officer are considered Authority Designees with regard to the internal controls outlined herein as well as in the Investment Policy.
- 3.3.5 The Port Commission has adopted standard banking resolutions designating various individuals as **Authorized Agents**. In order to minimize the risk of fraudulent accounts and embezzlement of funds or assets, two Authorized Agents, acting together, are required (a) to sign agreements relating to cash, investments, and safekeeping of securities, (b) to open and close accounts, including investment brokerage and custody accounts, and (c) to designate and change **Authorized Signatories** for such accounts.
- 3.3.6 As an added measure, the Authority shall provide certificates of resolutions and certificates of signatories to financial institutions, signed by the Secretary or an Assistant Secretary of the Authority, certifying the signatures of those Authorized Agents and/or Authorized Signatories authorized for specific accounts.
- 3.3.7 Pursuant to a Financial Advisor Agreement effective December 16, 2002, as may be amended from time to time, the Authority has engaged FirstSouthwest, A Division of Hilltop Securities Inc. and its affiliate First Southwest Asset Management, LLC (collectively, “***Financial Advisor***”) for the performance of various investment advisory services, including but not limited to assistance with development of the Authority’s investment policy, consultation on proposed investment strategies, and preparation of quarterly investment reports. The Financial Advisor may be substituted or replaced by action of the Port Commission, in which case the new firm would be responsible for the duties of the Financial Advisor outlined herein.

#### **3.4.0 Executing Investment Transactions**

- 3.4.1 Authority Designees are authorized to pursue relationships with broker-dealers and financial institutions (a) as may be recommended by the Chief Financial Officer or the Investment Officer, (b) as approved by the Port Commission or the Executive Director of the Authority, and (c) as listed on Exhibit “C” to the Investment Policy.
- 3.4.2 The Investment Officer shall ensure that a business organization, as required by Section 2256.005(k) of the Public Funds Investment Act, completes a certificate in substantially the form of Exhibit “B” to the Investment Policy, to document such seller’s receipt, review, and understanding of the Investment Policy, prior to entering into any investment transaction with such institution. In order to help provide assurance regarding counterparty risk, the Investment Officer shall ensure that broker-dealers are properly registered with the Texas State Securities Board, the Securities Exchange Commission (“SEC”), or the Financial Industry Regulatory Authority (“FINRA”), and shall conduct such due diligence as necessary, which may include a review by the Investment Officer or the Authority’s financial advisors of a broker-dealer’s financial position and reputation in the marketplace. Such due diligence shall be documented

and those records shall be maintained in the Authority's files. The Investment Officer may recommend termination of a relationship with a broker-dealer in case of serious violations or sanctions imposed by a regulatory agency or governmental entity.

- 3.4.3 Authority Designees may explore various investment opportunities and alternatives with approved banks and broker-dealers, including soliciting and obtaining proposals for purchase and/or sale of securities.
- 3.4.4 The Investment Officer shall consider all such proposals vis-à-vis the Authority's Investment Policy, strategies and objectives. Upon deciding to proceed with a proposed transaction, the Investment Officer shall ensure that clear instructions are provided to execute or document such investment transaction on behalf of the Authority (e.g., amount to invest, desired maturity, pricing, etc.). Oral instructions shall be followed up with a confirmation via email or fax.
- 3.4.5 An Authority Designee shall prepare a "Purchase of Security Form" or "Sale of Security Form" for any investment transactions that are executed, and shall obtain all necessary approvals in accordance with the Authority's policies and procedures.
- 3.4.6 The Investment Officer shall maintain files and backup documentation for all investment transactions. Such records may include information on the yield curve, bids from other broker-dealers, indicative pricing of similar securities, etc.

### **3.5.0 Safekeeping of Securities**

- 3.5.1 With the exception of investments in certificates of deposit, bank deposits, investment pools, and money market funds, all securities transactions shall be settled on a "delivery versus payment" or "DVP" basis through the Authority's custody account at JPMorgan Chase Bank, or another custodian selected by the Investment Officer from the list of institutions approved by the Port Commission or the Executive Director. Under DVP processing, the custodian makes payment on behalf of the Authority to the broker-dealer or seller, only upon receipt of the securities into the Authority's custody account, thereby helping to mitigate counterparty risk.
- 3.5.2 The Investment Officer or an Authority Designee shall be responsible for providing instructions to the custodian for settlement of investment transactions, and for ensuring that there are sufficient funds on deposit at the custodian to cover such settlement. Instructions sent to the custodian in writing or via fax shall be executed by two Authority Designees. Instructions submitted to the custodian via the custodian's electronic banking system shall require action by two Authority Designees, one to input and another to approve the instruction.
- 3.5.3 Securities purchased for different funds (e.g., General Fund, Debt Service Fund, Construction Bond Fund, etc.) may be held in the same custody account, provided that the Authority's Financial Accounting department shall track and record the investments belonging to each fund.

- 3.5.4 Securities shall normally be maintained in electronic book-entry form. All transactions with respect to securities to be held in physical form and any unregistered bearer bonds shall require the written approval of two Authority Designees, and such documentation shall be maintained in the Authority's investment files.

### **3.6.0 Competitive Bidding Process**

- 3.6.1 On occasion, it may be prudent to sell a security prior to its maturity (e.g., selling a security at a premium prior to the call date vs. receiving par value at the call date). It may also be advantageous to consider an exchange transaction, in which a security is sold and another is purchased to replace it. The Investment Officer shall approve such sale or exchange of securities. Any analyses performed showing the economics or expected gain from such transactions shall be maintained in the investment files.
- 3.6.2 For purchase or sale transactions, the Treasury Manager, the Investment Officer, or another Authority Designee, shall attempt to obtain at least three competitive bids, in order to achieve the best value for the Authority. Competitive bids are not required (a) in cases where an agreement is reached with a particular issuer to sell back a security and purchase a similar instrument from the same issuer (e.g., exchanging a commercial paper investment with the issuer to extend the maturity), (b) for investments in money market mutual funds, investment pools, and regular cash deposits at the Authority's depository banks, and (c) for U.S. Treasury and agency securities purchased as new issues.
- 3.6.3 Bids may be solicited and received orally, in writing, electronically, or in any combination of those methods. In situations where the exact security is not offered by other broker-dealers, offers on the closest comparable investment may be used to establish a fair market price for the security. In the case of a certificate of deposit purchase, at least two other offers should be solicited to provide a comparison. If fewer institutions participate in such competitive bids, then the Authority Designees may use another authorized investment of similar maturity for evaluation purposes. The Investment Officer may approve exceptions to this process on a case by case basis, and shall document such exceptions in writing.

### **3.7.0 Accounting**

- 3.7.1 The Authority's Financial Accounting department is responsible for booking all investment transactions to the general ledger, including all customary journal entries (e.g., accruals of investment income, valuation of investments, gain or loss on sale of securities, etc.), in accordance with generally accepted accounting principles and established departmental approval procedures.
- 3.7.2 The Treasury department shall review all investment transactions, and calculate the appropriate cash amounts to be transferred to and from the Authority's bank, custody and/or other accounts on the settlement date. Such transfers of funds shall be documented and executed pursuant to established approval procedures.



- 3.7.3 The Financial Accounting department shall maintain a spreadsheet, that may be referred to as the “Securities Schedule,” showing details of all security holdings (e.g., CUSIP, interest rate, yield, par amount, maturity date, etc.), and shall reconcile such information on a monthly basis against safekeeping statements and confirmations received from the custodian.
- 3.7.4 Investments in certificates of deposit, bank deposits, local government investment pools, and money market funds are not required to be held in safekeeping at the custodian. Such investments shall be reconciled against the monthly statements provided by the appropriate financial institution, and recorded in a spreadsheet maintained by the Financial Accounting department that may be referred to as the “Cash Activity Report.”
- 3.7.5 The Securities Schedule and Cash Activity Report are prepared by an accountant in the Financial Accounting department, and reviewed on a monthly basis by the Financial Accounting Manager, the Assistant Controller (if any), or the Controller.

### **3.8.0 Reporting**

- 3.8.1 The Financial Advisor shall prepare monthly and quarterly reports showing details of security holdings, changes in market value, earned income, and investment transactions for the period.
- 3.8.2 The Treasury Manager and the Investment Officer shall review the reports from the Financial Advisor, and resolve any discrepancies or issues with said reports.
- 3.8.3 The Investment Officer shall prepare and cause to be provided to the Port Commission a quarterly report including information on investment holdings, maturity dates, book and market values, and investment transactions during the period. Said report shall be signed by the Investment Officer, the Treasury Manager, and the Chief Financial Officer, and shall indicate whether such investment transactions are in compliance with the Investment Policy and the Public Funds Investment Act. A cover letter with a brief summary of market and economic issues impacting the investment portfolio may also be submitted with the quarterly report.
- 3.8.4 The quarterly investment reports shall also be provided to the Authority’s independent auditor at least annually. The latter should review these reports in connection with its annual examination of the Authority’s financial statements in accordance with generally accepted auditing standards.

### **3.9.0 Collateral**

- 3.9.1 In accordance with the Authority’s Investment Policy and Chapter 2257, Texas Government Code, as amended from time to time (“Public Funds Collateral Act”), any cash held in the Authority’s depository bank accounts must be collateralized, to the extent such funds are not insured by the U.S. or an instrumentality of the U.S. (e.g., Federal Deposit Insurance Corporation or “FDIC”).

- 3.9.2 The Investment Officer shall (a) select the custodian for any collateral pledged to secure Authority funds from the approved list of institutions attached as Exhibit "C" to the Investment Policy, (b) monitor the status of such collateral on a monthly basis to ensure compliance with the Public Funds Collateral Act, and (c) notify the depository bank in the event the market value of the collateral is not sufficient to cover 102% of the Authority's exposure or reduce the cash balances accordingly.
- 3.9.3 The Authority currently maintains significant cash balances in interest-bearing accounts at a depository bank, which funds are not covered by FDIC insurance. In accordance with a Depository Banking Services and Security Pledge Contract, the depository bank has agreed to pledge and deposit sufficient securities in favor of the Authority at the Federal Reserve Bank to cover 102% of such cash balances.
- 3.9.4 The Financial Accounting department should conduct an additional review of the monthly collateral report received from the custodian, to help ensure that the Authority's cash balances at the bank are fully covered by the collateral deposited at the custodian.

#### **4.0 Review and Adoption**

##### **4.1.0 Periodic Review**

- 4.1.1 The Investment Officer, with the assistance of Authority Designees, the Financial Advisor, and such other parties as he may request, shall periodically and at least annually review this system of internal controls relating to investments and shall recommend to senior management and the Port Commission such changes as deemed necessary, in line with best practices for mitigating risks.
- 4.1.2 The Port Commission should consider such recommendations and approve such system of internal accounting controls relating to investments as it deems appropriate and necessary.
- 4.1.3 The Authority's independent auditor, in connection with the annual examination of the Authority's financial statements, should evaluate the system of internal controls relating to investment activities in accordance with generally accepted auditing standards.

##### **4.2.0 Adoption at Open Meeting**

- 4.2.1 The Port Commission officially finds, determines and declares that (a) this system of internal controls relating to investment of funds was reviewed, carefully considered, and adopted at a regular meeting of the Port Commission, (b) a sufficient written notice of the date, hour, place and subject of this meeting was posted as required by the Open Meetings Act, Chapter 551, Texas Government Code, and (c) this meeting had been open to the public as required by law at all times during which this matter was discussed, considered and acted upon and is herewith adopted.

Adopted on the 23rd day of October, 2017.

---

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

ATTEST:

---

Chief Legal Officer and  
Assistant Secretary  
Port of Houston Authority of  
Harris County, Texas

Minute No. 2017-1023-

**G. EXECUTIVE**

---

<b>Subject</b>	<b>1. Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$7,288 in relief assistance from South Carolina Ports employees.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, acknowledge acceptance of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$7,288 in relief assistance from South Carolina Ports employees, and further authorize the Chief Legal Officer to record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Invest in people and organize for success)

**Category:**  
General

**Department:**  
Legal

**Staff Contact:**  
Erik Eriksson

**Background:**

On October 3, 2017, a check was received from Jim Newsome, President and Chief Executive Officer of South Carolina Ports, in the amount of \$7,288. The funds were raised by the South Carolina Ports employees to go towards recovery efforts following Hurricane Harvey.

**Staff Evaluation/Justification:**

Section 5007.228 of the Special District Local Laws Code provides that the Port Authority may accept a gift valued at \$500 or more if the Port Commission acknowledges the acceptance of the gift within 90 days of its receipt.

The statute additionally provides that the Port Authority must record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.

The Legal Department recommends that the Port Commission acknowledge acceptance of this gift as provided above.

**G. EXECUTIVE**

---

**Subject** 2. Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: Four twenty-foot containers of supplies donated by Georgia Ports Authority employees and the greater Savannah community for Hurricane Harvey relief.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, acknowledge acceptance of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: Four twenty-foot containers of supplies donated by Georgia Ports Authority employees and the greater Savannah community for Hurricane Harvey relief, and further authorize the Chief Legal Officer to record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.

**Goals** STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Invest in people and organize for success)

**Category:**

General

**Department:**

Legal

**Staff Contact:**

Erik Eriksson

**Background:**

On September 14, 2017, four twenty-foot containers containing relief supplies were received by the Port Authority. A portion of these supplies were made available to Port Authority employees and their families and the balance donated to local relief agencies.

**Staff Evaluation/Justification:**

Section 5007.228 of the Special District Local Laws Code provides that the Port Authority may accept a gift valued at \$500 or more if the Port Commission acknowledges the acceptance of the gift within 90 days of its receipt.

The statute additionally provides that the Port Authority must record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.

The Legal Department recommends that the Port Commission acknowledge acceptance of this gift as provided above.

## G. EXECUTIVE

---

<b>Subject</b>	<b>3. Acknowledgment of a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$22,500 in relief assistance from the American Association of Port Authorities Port Employee Emergency Relief Fund.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, acknowledge a gift to the Port Authority under Section 5007.228 of the Special District Local Laws Code: \$22,500 in relief assistance from the American Association of Port Authorities Port Employee Emergency Relief Fund, and further authorize the Chief Legal Officer to record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Invest in people and organize for success)

**Category:**  
General

**Department:**  
Legal

**Staff Contact:**  
Erik Eriksson

**Background:**

On October 9, 2017, the Executive Director nominated twenty-six Port Authority employees for financial assistance from the American Association of Port Authorities (AAPA) Port Employee Emergency Relief Fund. All twenty-six employees were impacted by the recent Hurricane Harvey flooding in Houston and in need of assistance for completing repairs to their homes and other purposes.

On October 11, 2017, the AAPA provided to Port Authority with a total of \$22,500 in relief assistance for these employees. Nineteen employees were categorized as in "dire" need and received \$1,000 each, and seven otherwise designated as "in need" received \$500 each. The Port Authority distributed these funds to each of the affected employees on October 11, 2017.

**Staff Evaluation/Justification:**

Section 5007.228 of the Special District Local Laws Code provides that the Port Authority may accept a gift valued at \$500 or more if the Port Commission acknowledges the acceptance of the gift within 90 days of its receipt.

The statute additionally provides that the Port Authority must record the name of the donor, a description of the gift, and a statement of the purpose of the gift in the minutes of the Port Commission.

The Legal Department recommends that the Port Commission acknowledge acceptance of this gift as provided above.

## H. COMMERCIAL

---

<b>Subject</b>	<b>1. Approve a one-year extension of the professional services contract agreement with John Manlove Marketing and Communications to provide creative services to the Port Authority for an additional amount not to exceed \$420,000.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action

**Recommended Action** The Port Commission at its October 23, 2017 meeting, approve a one-year extension of the professional services contract agreement with John Manlove Marketing and Communications to provide creative services to the Port Authority for an additional amount not to exceed \$420,000, 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:**

Marketing & External Communications

**Staff Contact:**

Ricky Kunz / Stan Swigart

**Background:**

By Minute No. 2016-0202-12, the Port Commission approved a two-year professional marketing and communications contract with Manlove Marketing & Communications.

A top-level goal of the Port Authority's Strategic Plan is to grow and diversify the Port Authority's business base. To assist in achieving that goal, one of the Commercial Division's initiatives in 2016 was to implement a proactive and innovative marketing strategy and develop a strong business "brand identity."

**Staff Evaluation/Justification:**

The new brand identity has been developed, and Port Authority staff seeks to continue to engage in regular and special communication activities and events to promote the Port Houston brand, and obtain the graphic design and creative services necessary to continue to support these activities.

Staff recommends that the Port Commission approve a one-year extension to the current professional services contract agreement with John Manlove Marketing and Communications.

## H. COMMERCIAL

---

**Subject** 2. Award to CenterPoint Energy Houston Electric, LLC the purchase of fee property, totaling approximately 2.9123 acres, and a perpetual easement totaling approximately 5.1054 acres, out of the William P. Harris League Abstract 30 in Harris County, TX in close proximity to the Bayport Container Terminal for an electrical supply substation in the purchase amount of \$1,126,556.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, award to CenterPoint Energy Houston Electric, LLC the purchase of fee property, totaling approximately 2.9123 acres, and a perpetual easement totaling approximately 5.1054 acres, out of the William P. Harris League Abstract 30 in Harris County, TX in close proximity to the Bayport Container Terminal for an electrical supply substation, in the purchase amount of \$1,126,556 as the highest and best bid, 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:**

Real Estate

**Staff Contact:**

R.D. Tanner

**Background:**

By Minute No. 2017-0524-05, the Port Commission (i) declared that unimproved real property, totaling approximately 2.9123 acres in fee and approximately 5.1054 acres in perpetual easement out of the William P. Harris League Abstract 30 in Harris County Texas in close proximity to the Bayport Container Terminal was no longer needed for use by the Port Authority in connection with the development of a navigation project and (ii) and authorized the Port Authority to advertise and receive bids for the sale of such real property for the construction and operation of an electrical supply substation.

On October 1, 2017 and October 8, 2017, the Port Authority advertised a solicitation for bids pursuant to Chapter 60 of the Water Code as required before making a sale of real property. One bid was received.

**Staff Evaluation/Justification:**

Staff reviewed the bid by CenterPoint Energy Houston Electric, LLC in the amount of \$1,126,556 and recommends approval as the highest and best bid.



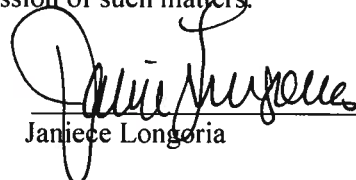
**AFFIDAVIT OF SUBSTANTIAL INTEREST**

STATE OF TEXAS           §  
  §  
COUNTY OF HARRIS       §

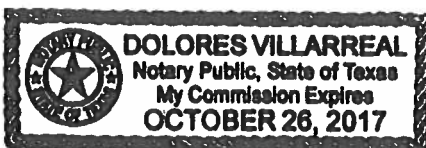
**Filed with the Port of Houston Authority  
In Compliance with Section 171.004 of the Texas Local Government Code**

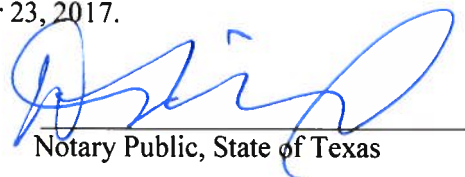
On this day appeared Janiece Longoria, who after being duly sworn, stated as follows:

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 a person related to me has, or may have, a substantial interest in the matter of Item H2 on the agenda of the public meeting of October 23, 2017, regarding consideration of an order confirming the sale of land and easements for the construction of an electrical supply substation in close proximity to Bayport Container Terminal.
5. The nature and extent of the substantial interest described above is as follows: an 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 possible ownership of \$15,000 or more of the fair market value of the party that may be the purchaser in the above-referenced matter.
6. This substantial interest also derives from my service as a director of CenterPoint Energy, a company affiliated with the potential purchaser; 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 October 23, 2017.



  
 \_\_\_\_\_  
 Notary Public, State of Texas

## H. COMMERCIAL

---

**Subject** 3. Approve an amendment to the existing Frontier Logistics L.P.'s 2.73 acre lease by adding approximately 0.125 acres to the leased premises for rail bridge use on the western section of North L Street, effective no earlier than November 1, 2017 at an annual rental of \$2,340, subject to annual rent escalation equal to the greater of 3% or the increase in the Consumer Price Index, not to exceed 6%.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017, meeting, approve an amendment to the existing Frontier Logistics L.P.'s 2.73 acre lease by adding approximately 0.125 acres to the leased premises for rail bridge use on the western section of North L Street, effective no earlier than November 1, 2017 at an annual rental of \$2,340, subject to annual rent escalation equal to the greater of 3% or the increase in the Consumer Price Index, not to exceed 6%, 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:**

Frontier Logistics, L.P. (Frontier) has requested that the Port Authority amend its current 2.73 acre lease agreement (PHA 2015-0289) to include property required for two rail bridges totaling approximately 0.125 of an acre. Each rail bridge will be approximately 75 ft. in length by 25 ft. in width traversing over and across an existing unrecorded pipe line corridor. Approximately 0.087 acres would be permitted for the bridge elevated a minimum of 5 inches from the surface of the site and approximately 0.038 surface acres would permit construction of the bridge pilings located inside the pipeline corridor. The Port Authority has granted certain easement and licenses for pipelines in this corridor property in the past.

Frontier currently leases both sides of the proposed rail bridge and has obtained consents from the City of La Porte. The original term of the lease entered into in 2014 was a maximum fifty years.

**Staff Evaluation/Justification:**

Staff recommends the Port Commission approve the amendment to this lease for the construction of two rail bridges expanding over the North L Street unrecorded pipe-line corridor.

**H. COMMERCIAL**

---

**Subject** 4. Approve an assignment from Alltrans Port Services Inc. to Rains Land & Properties L.P. of the lease of approximately 4 acres adjacent to Industrial Park East, effective November 1, 2017.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, approve an assignment from Alltrans Port Services Inc. to Rains Land & Properties L.P. of the lease of approximately 4 acres adjacent to Industrial Park East, effective November 1, 2017, 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. 2016-1213-41, the Port Commission authorized the Port Authority to enter into a lease with Alltrans Port Services (Alltrans) of 4 acres outside of Industrial Park East, upon the Port Authority's purchase of the property from MJ Partners, Ltd. and Milo and Janyth Strickland. The Port Authority purchased that property, the lease has commenced, and Alltrans has now requested that the Port Authority permit it to assign its lease to Rains Land & Properties L.P. Both entities are owned by Benny and Donna Rains.

**Staff Evaluation/Justification:**  
Staff reviewed the lease assignment request by Alltrans and recommends approval of the assignment.

**H. COMMERCIAL**

---

<b>Subject</b>	<b>5. Approve the change of control of Huntsman International LLC to HuntsmanClariant, Ltd., in connection with the lease of property at Manchester Terminal.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, approve the change of control of Huntsman International LLC to HuntsmanClariant, Ltd., in connection with the lease of property at Manchester Terminal, 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 a lease agreement with Huntsman International, LLC (Huntsman) covering premises at the Manchester Terminal, permitting polyols, polyurethane systems, and other liquid products to cross the Port Authority's Manchester docks.

Staff is informed that Huntsman and Clariant, a Swiss-based public corporation, intend to combine to create a global specialty company named "HuntsmanClariant," with a combined enterprise value of approximately \$20 billion. Huntsman has requested that the Port Authority approve this change of control, as required by the lease. HuntsmanClariant will become the owner of the stock of Huntsman, which will continue to conduct its businesses in substantially the same manner after the transaction, and Huntsman's obligations under the Lease will remain unchanged.

**Staff Evaluation/Justification:**  
Staff has reviewed the terms of the change of control transaction, including the public filings, and recommends approval.

**H. COMMERCIAL**

---

**Subject**                    **6. Approve a five-year lease agreement with CMA CGM (America) LLC, for approximately 1,500 square feet of office space in the Bayport Administration Building, commencing no earlier than November 1, 2017 at an annual base rent of \$26,640 subject to an annual 3% increase.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action    The Port Commission, at its October 23, 2017 meeting, approve a five-year lease agreement with CMA CGM (America) LLC, for approximately 1,500 square feet of office space in the Bayport Administration Building, commencing no earlier than November 1, 2017 at an annual base rent of \$26,640 subject to 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:**

CMA CGM (America) LLC has requested that the Port Authority lease it 1,500 square feet of office space in the Bayport Administration Building for five years for general office purposes. The Port Authority would make Tenant improvements to the premises estimated to total \$30,000.

**Staff Evaluation/Justification:**

Staff recommends approval of the five-year lease to CMA CGM (America) LLC on the terms described above.

**H. COMMERCIAL**

---

**Subject** 7. Approve a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing & Port Services, Inc. for approximately 2 acres out of Block 1C at the Northside Turning Basin effective November 1, 2017 at an annual rental of \$87,792, subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, approve a two-year lease agreement with 2 two-year mutual options with R. Warehousing & Port Services, Inc. for approximately 2 acres out of Block 1C at the Northside Turning Basin effective November 1, 2017 at an annual rental of \$87,792, subject to an annual increase of the greater of 3% or the increase the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**

Leases

**Department:**

Real Estate

**Staff Contact:**

R.D. Tanner

**Background:**

R. Warehousing & Port Services (R. Warehousing) has requested the Port Authority lease it two acres at Northside Turning Basin. R. Warehousing would be occupying the property recently vacated by Dynamic Warehousing and Trucking, Inc. The lease property would be used as a laydown yard for steel bars, steel products, and general cargo.

**Staff Evaluation/Justification:**

Staff recommends approval of a two-year lease with 2 two-year mutual extension options with R. Warehousing, on the terms described above.

## H. COMMERCIAL

---

**Subject**                    **8. Approve a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing & Port Services Inc. for an approximate 86,000 sq. ft. building and 0.50 of an acre out of Block 26C at Industrial Park East effective no earlier than October 24, 2017, at an annual rental rate of \$300,000 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index commencing with year one of the first option period, and an abatement of rent not to exceed the first year annual base rental.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action The Port Commission, at its October 23, 2017 meeting, approve a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing & Port Services Inc. for an approximate 86,000 sq. ft. building and 0.50 of an acre out of Block 26C at Industrial Park East effective no earlier than October 24, 2017, at an annual rental rate of \$300,000 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index commencing with year one of the first option period, and an abatement of rent not to exceed the first year annual base rental, 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:**

R. Warehousing & Port Services Inc. (Tenant) has requested the Port Authority lease it a 86,000 sq. ft. building and 0.50 of an acre at Industrial Park East, with an agreement by Tenant to make needed improvements to the building, in an amount expected not to exceed \$300,000. The mid-1930's constructed building is in need of repairs and Tenant would make improvements including stabilizing the floor in the building along with repairs to the roof, siding, and drainage of the site. Tenant proposes to receive an abatement of monthly rent equal to its construction costs, credited over the first year of the term. Such credited costs would not exceed an amount pre-approved by budget and actually expended by Tenant. The life-span of the proposed improvements is estimated in excess of 15 years.

The building would be used for new business related to import of lumber and steel products, and import and export of other general cargo.

**Staff Evaluation/Justification:**

Staff recommends approval of a two-year lease agreement with 2 two-year mutual extension options with R. Warehousing, on the terms described above.

## H. COMMERCIAL

---

**Subject** 9. Approve a sixteen-month lease agreement with Enterprise Terminaling Services, L.P. for approximately 30 acres out of the Port Authority's Beltway 8 property, effective no earlier than November 1, 2017 at an annual rental of \$786,763 subject to an annual increase equal to the greater of 3% or the increase in the Consumer Price Index.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, approve a sixteen-month lease agreement with Enterprise Terminaling Services, L.P. for approximately 30 acres out of the Port Authority's Beltway 8 property, effective no earlier than November 1, 2017 at an annual rental of \$786,763 subject to an annual increase equal to the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**

Leases

**Department:**

Real Estate

**Staff Contact:**

R.D. Tanner

**Background:**

Enterprise Terminaling Services, L.P. (Enterprise) has requested the Port Authority lease it approximately 30 acres at the Beltway 8 Property for a sixteen-month term for a construction staging area to build additional tanks on the existing adjacent 58 acre lease site. The Port Authority entered into a month-to-month lease with Enterprise on September 7, 2017 in order to permit mobilization and staging of construction of the project, while working on a term lease agreement.

Oiltanking originally leased the property from the Port Authority and cleared, stabilized, and fenced it. Enterprise succeeded to the lease and its term expired on April 30, 2017.

**Staff Evaluation/Justification:**

Staff recommends approval of a sixteen-month lease agreement with Enterprise on the terms described above.



**H. COMMERCIAL**

---

**Subject**                    **10. Consent to a one year sub-lease agreement between Contanda Wah Chang Terminals, LLC, as sub-lessor and R. Warehousing & Port Services, Inc. as sub-lessee, effective November 1, 2017, for approximately 10 acres out of Block 4 at the Bulk Materials Handling Plant.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action    The Port Commission, at its October 23, 2017 meeting, consent to a one year sub-lease agreement between Contanda Wah Chang Terminals, LLC, as sub-lessor and R. Warehousing & Port Services, Inc. as sub-lessee, effective November 1, 2017, for approximately 10 acres out of Block 4 at the Bulk Materials Handling Plant for, 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's tenant Contanda Wah Chang Terminals, LLC (Contanda) has requested that the Port Authority consent to a sub-lease agreement with R. Warehousing & Port Services Inc. (R. Warehousing) covering 10 acres out of Block 4 at the Bulk Materials Handling Plant for a one-year term, which would commence on November 1, 2017. The lease property would be used as a lay down yard for steel cargo. Contanda leased the Bulk Plant and Wah Chang properties effective October 1, 2017.

**Staff Evaluation/Justification:**

Staff recommends the Port Commission consent for the proposed sub-lease between Contanda and R. Warehousing.

**H. COMMERCIAL**

---

**Subject** 11. Ratify a month-to-month lease with Auto Warehousing Company for approximately 33.8 acres at the Bayport Auto Terminal at the current monthly rental amount of \$85,590.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, ratify a month-to-month lease with Auto Warehousing Company for approximately 33.8 acres at the Bayport Auto Terminal at the current monthly rental amount of \$85,590, 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 a month-to-month lease with Auto Warehousing Company (AWC) which would be in effect for more than a year after November 20, 2017. AWC's current rental amount is \$85,590 per month.

The property is being used for vehicle processing services, including loading, unloading, delivering, and installing accessories, repairs, inspection, processing, storage, and uses incidental thereto.

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 that the Port Commission ratify this month-to-month lease with AWC.

## H. COMMERCIAL

---

**Subject** 12. Ratify a month-to-month lease with Jacob Stern & Sons, Inc. for approximately 1.36 acres at the Turning Basin at the current monthly rental amount of \$2,259.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, ratify a month-to-month lease with Jacob Stern & Sons, Inc. for approximately 1.36 acres at the Turning Basin at the current monthly rental amount of \$2,259, 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 a month-to-month lease with Jacob Stern & Sons, Inc. (Jacob Stern) that will have been in effect for more than a year after November 30, 2016. Jacob Stern's current monthly rental amount is \$2,259. This amount reflects the Port Commission authorized 3% increase for all month-to-month leases effective May 1, 2017.

The property is currently being used for operation of rail in connection with Jacob Stern's term lease on the adjacent 7.49 acre property.

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 that the Port Commission ratify this month-to-month lease with Jacob Stern.

## H. COMMERCIAL

---

**Subject** 13. Adopt a resolution authorizing an application to the Foreign-Trade Zones Board for a Magnet site on behalf of Blimp Base Interests, Inc.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its September 23, 2017 meeting, adopt a resolution authorizing an application to the Foreign-Trade Zones Board for a Magnet site on behalf of Blimp Base Interests, Inc., 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:**  
Foreign Trade Zone and Economic Development

**Staff Contact:**  
Shane Williams

**Background:**  
The Foreign-Trade Zones Board has requested that the Port Authority submit an application to it establish a Magnet site in Hitchcock, Texas, on behalf of Blimp Base Interests, Inc. (BBI)

BBI is seeking the Magnet site at 7526 Blimp Base Rd. in Hitchcock to store imported containerized goods, thereby postponing payment of federal tariffs until those goods were sold domestically, or potentially avoiding tariffs on goods exported at a later date. This site would also have additional space to be leased later, bringing to those lessees the economic and other benefits of a Foreign Trade Zone.

**Staff Evaluation/Justification:**  
Staff recommends that the Port Authority sponsor BBI as a Magnet site by submitting its application to the Foreign Trade Zones Board. In order to submit this application in proper form, it must include a resolution adopted by the Port Commission authorizing the Executive Director to sign the application. The resolution is attached.

RESOLUTION AUTHORIZING APPLICATION FOR A MAGNET SITE

THE STATE OF TEXAS                   §  
COUNTY OF HARRIS                   §  
PORT OF HOUSTON AUTHORITY       §

WHEREAS, THE PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, has received authority from the Legislature of the State of Texas and the Foreign Trade Zones Board to establish and operate U.S. Foreign Trade Zone No. 84 at the Port of Entry of Houston, Texas; and

WHEREAS, the Grantee of the Foreign Trade Zone No. 84 is THE PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, a governmental agency and body politic of the State of Texas; and

WHEREAS, THE PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS intends to file a formal application for a magnet site to be established and operated by Blimp Base Interests, Inc., located at Blimp Base Magnet Site, 7526 Blimp Base Rd., Hitchcock, Texas 77563, which is within sixty miles of or ninety road minutes from the Port of Entry of Houston, Texas;

NOW THEREFORE be it resolved by the Port Commission of the Port of Houston Authority of Harris County, Texas:

The Executive Director of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, is hereby authorized to make and file said application for a Magnet Site before the U.S. Foreign Trade Zones Board in Washington, D.C. in full compliance with the requirements of the Foreign Trade Zone Regulations, 15 CFR Part 400, under the U.S. Foreign Trade Zones Act of 1934, as amended.

PASSED AND APPROVED this October 23, 2017.

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

ATTEST:

\_\_\_\_\_  
Assistant Secretary, Port Commission  
Port of Houston Authority of  
Harris County, Texas

## I. FINANCE

---

<b>Subject</b>	<b>1. Authorize advertisement and receipt of responses for three formal procurements.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to advertise and receive responses for three 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. (a) Request for competitive sealed proposals for a bi-annual contract for warehouse door repair services at the Port Authority Turning Basin Terminal (b) Request for competitive sealed proposals for the annual fender maintenance for Barbours Cut and Bayport Container Terminals 2018 (c) Request for qualifications for the analysis and design for the rehabilitation and repair of Wharf 9 at Turning Basin Terminal

**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 three new Formal Procurements. Staff has evaluated and recommends the customary best value methods for each procurement.

## **J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT**

<b>Subject</b>	<b>1. Approve staff's ranking of vendors and award a two-year professional services contract, with an option for a two-year extension, in an amount not to exceed \$100,000 for Hazardous Materials Incident Response services to the top-ranked proposer: staff ranking – first, Oil Mop LLC dba OMI Environmental Solutions; and second, Garner Environmental Services, Inc.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 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, Oil Mop LLC dba OMI Environmental Solutions; and second, Garner Environmental Services, Inc.; (b) authorize award of a two-year professional services contract, with an option for a two-year extension, in an amount not to exceed \$100,000 for Hazardous Materials Incident Response services; (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 Objective 4c. - Operate safely and securely Strategic Objective 4a. - Be an environmental leader

**Category:**

Awards, Amendments & Change Orders

**Department:**

Emergency Management

**Staff Contact:**

Colin Rizzo

**Background:**

The Port of Houston Fire Department responds to hazardous materials incidents that occur on Port Authority property. When that occurs, the incident commander will initially contain the spill, and attempt to identify a responsible party that will be required to mitigate the hazardous materials. In the event a responsible party cannot be determined in a timely fashion, or it is determined that Port Houston is the responsible party, the Port Authority would then seek assistance from an outside vendor to manage the hazardous materials clean-up, seeking eventual reimbursement from the responsible party.

The purpose of this contract is to pre-select a vendor that can provide these services in the event of a hazardous materials incident, providing the Port Authority with 1) a vendor on call; 2) a set price schedule; 3) a pre-vetted response company; and 4) the potential for Federal Emergency Management Agency (FEMA) reimbursement based on the competitively bid contract. There is no fee associated with this contract until an incident response is requested from the Port Authority. Also, there would be no retainer fee for the duration of the contract, which contains an option for a two-year extension.

By Minute No. 2017-0524-09(f), the Port Commission authorized the advertisement of a request for proposals (RFP) to obtain two standby Hazardous Material Spill response contracts, one for land-based spills and one for water based-spills. 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-one vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**

The Port Authority received two proposals before the September 20, 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:

- Oil Mop LLC dba OMI Environmental Solutions
- Garner Environmental Services, Inc.

Staff recommends that the Port Commission authorize negotiation and award of a contract to Oil Mop LLC dba OMI Environmental Solutions, and as otherwise described above.



## **J. HEALTH, SAFETY, SECURITY & EMERGENCY MANAGEMENT**

---

**Subject**                    **2. Authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2017-2018) contribution in an amount not to exceed \$42,900.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action    The Port Commission, at its October 23, 2017 meeting, authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2017-2018) contribution in an amount not to exceed \$42,900, and 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 4b. - Cultivate productive relationships with all stakeholders  
Strategic Objective 4c. - Operate safely and securely

**Category:**

Awards, Amendments, and Change Orders

**Department:**

Security

**Staff Contact:**

Jessica Thomas

**Background:**

In 2008, the Port Commission first authorized payments to the Houston Ship Channel Security District (HSCSD). These annual payments, along with the funds collected each year in assessments from the Security District's private industry members, allow the HSCSD to partner with many law enforcement entities in providing security enhancements in and around the Houston Ship Channel and the Port Authority's facilities. These water, land, and air enhancements include: (i) a security camera network monitored by Harris County Sheriffs Office, and linked to the U.S. Coast Guard and the Port Authority, (ii) additional boat patrols on the ship channel, (iii) additional landside law enforcement, and (iv) air patrols over the Houston Ship Channel.

By Sections 68.151-68.155 of the Water Code, the HSCSD is governed by eleven directors, eight from private industry and three from government agencies, including the Port Authority.

At this time, the HSCSD has preliminarily approved its budget for fiscal year 2018, and has determined that the assessment of its members can be reduced by approximately 20% compared to the 2017 assessment. Accordingly, in line with its budget requirements and consistent with the assessment of its private industry members, the HSCSD requests a contribution from the Port Authority of \$42,900 for fiscal year 2018 (payable starting in 2017). The 2018 assessments from the district's private industry members and the Port Authority would enable continued operation and maintenance of the mutually beneficial security assets for the Houston Ship Channel.

Pursuant to Section 68.315 of the Texas Water Code, the Houston Ship Channel Security District and the Port of Houston Authority may enter into a contract for payment of assessments under terms mutually agreeable.

**Staff Evaluation/Justification:**

Staff recommends execution of such an agreement and payment to the Houston Ship Channel Security District.

## K. INFRASTRUCTURE

---

**Subject** 1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$138,700 for Enterprise Asset Software Capability Assessment Project, Phase I to the top-ranked proposer: staff ranking – first, Technology Evaluation Centers, Inc.; and second, Computerized Facility Integration, LLC.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting:

- (a) approve staff's ranking of the highest-ranked proposers offering the best value to the Port Authority, based on the selection criteria, in the following order – first, Technology Evaluation Centers, Inc.; and second, Computerized Facility Integration, LLC;
- (b) award a professional services contract to Technology Evaluation Centers, Inc. for Professional Services in an amount not to exceed \$138,700;
- (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:**

Infrastructure

**Staff Contact:**

Eric Barron

**Background:**

The proposed project consists of a review of the current Port Authority systems, understand the business needs from key port personnel who use this data, perform a gap analysis, and a capabilities assessment of the existing Information Technology infrastructure and current systems in use at the Port Authority from which data is being utilized (financial, maintenance, etc.) for critical decision making to manage assets. It will deliver recommendations for three concepts for a new informational architecture to increase efficiency and streamline the business.

By Minute No. 2017-0321-16(e), the Port Commission authorized the advertisement of a request for proposals (RFPs) for professional 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-nine vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**

The Port Authority received seven proposals before the August 16, 2017 deadline. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as having proposals offering the best value to the Port Authority in providing the required services:

- Technology Evaluation Centers, Inc.
- Computerized Facility Integration, LLC

Staff recommends that the Port Commission award a contract to Technology Evaluation Centers, Inc.

## **K. INFRASTRUCTURE**

<b>Subject</b>	<b>2. Approve staff's ranking of vendors and award a contract in an amount not to exceed \$425,200 for a container capacity assessment and operation options study to the top-ranked proposer: staff ranking - first, Moffatt &amp; Nichol; second, Mott MacDonald; and third, TBA B.V.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Moffatt & Nichol; second, Mott MacDonald; and third, TBA B.V.; (b) award the contract to Moffatt & Nichol for a 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 a container capacity assessment and operation options study. This project will (1) model the throughput capacities achievable with the reconfiguration of Barbour's Cut Terminal and ongoing development of Bayport Container Terminal; (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 Eprocurement 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:

- Moffatt & Nichol
- Mott MacDonald
- TBA B.V.

By direction of the Port Commission, staff convened oral presentations with each of the five proponents on September 28 and October 2, 2017. Based on these presentations and subsequent evaluation and scoring, staff reconfirms its recommendation that the Port Commission authorize negotiations and award a contract to Moffatt & Nichol, and as otherwise described above.

## **K. INFRASTRUCTURE**

---

**Subject**                    **3. Approve staff's ranking of vendors and award three professional services contracts, in an amount not to exceed \$65,000 each, to perform inspection and professional engineering consultant services through January 2018 for the initial stage of Phase 2 of the facility inspection and condition assessment program for marine assets to each of the top-ranked proposers: alphabetical staff ranking – CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc.**

**Meeting**                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**                     Public

**Type**                        Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting:  
 (a) approve staff's ranking of the three most qualified vendors based on the selection criteria: alphabetical staff ranking – CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc. ;  
 (b) award a professional services contract to each of CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc. for the initial stage of Phase 2 of the inspection and professional engineering consulting services through January 2018 as part of the facility inspection and condition assessment program for marine assets in an amount not to exceed \$65,000 each; 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.

**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 consulting services for the facility inspection and conditional assessment program (FICAP) for marine asset evaluation support, inspection, and engineering analysis. FICAP for marine assets is divided into two phases: Phase 1 – baseline drawings; Phase 2 – inspection and condition analysis of Phase 1 projects.

By Minute No. 2017-0926-24, the Port Commission authorized Brown and Gay Engineers, Inc. to prepare the site specific baseline plans for approximately 130 marine assets in Phase 1 of FICAP. This work has been completed.

Phase 2 has been split into three one-year programs. Phase 2, Year 1 has been further split into two stages. Staff's recommendation is for three firms to perform the initial stage of Year 1, requiring 3.5 days of training and funding the preliminary review of the assigned marine asset baseline drawings assets included in Phase 2, Year 1. The initial stage of the project supports the FICAP by allowing the three selected proposers to better understand the particulars required for the new FICAP process by completing the required training and by providing startup money (not to exceed \$65,000 each) through January 2018. This

procurement strategy has been designed to help the three selected firms more accurately determine their estimated costs for completing the required work associated with Year 1 of Phase 2 projects, effectively minimizing risk and maximizing value for all parties.

To timely complete the second stage of year 1, Phase 2 projects, staff expects to return to the January Port Commission meeting, to further identify any scope, schedule, or cost adjustments, and request Port Commission action on these adjustments. Phase 2, Years 2 and 3 for the remaining marine structures will be brought to the Port Commission for possible action in the future.

The Port Authority notified vendors regarding the 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. Fifty-eight vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**

On August 23, 2017, twelve 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 three vendors in alphabetical order as the most qualified to provide the required services:

- CH2M Engineering
- Moffatt & Nichol
- Wiss, Janney, Elstner Associates, Inc.

Staff recommends that the Port Commission award contracts to CH2M Engineering, Moffatt & Nichol, and Wiss, Janney, Elstner Associates, Inc., and as otherwise described above.

## K. INFRASTRUCTURE

---

<b>Subject</b>	<b>4. Enter into a Spur Track Crossing Right Of Way and Permit Agreement with the Texas Department of Transportation for the construction and operation of a rail spur across SH 146/Red Bluff Road.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to enter into a Spur Crossing Track Right of Way and Permit Agreement with the Texas Department of Transportation, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the following.
Goals	STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand) STRATEGIC GOAL #2 - GROWTH (Grow and diversify the business base)

**Category:**  
General

**Department:**  
Freight Mobility

**Staff Contact:**  
Bruce Mann

**Background:**

The Port Authority has been working with the State of Texas since 2001 to facilitate freight and commuter mobility in the Bayport Container Terminal area, with particular focus on State Highway 146 from State Highway 225 through the Red Bluff interchange, including the Port Authority's assistance with securing the federal funds that permit construction of the Red Bluff overpass.

The Port Authority has coordinated with the State of Texas to construct the Red Bluff overpass to be both higher and longer, and to accommodate the alignment of the proposed spur track crossing identified in this proposed agreement. Thus, on April 28, 2015, an Advanced Funding Agreement was executed between the State of Texas and the Port Authority, for the construction and maintenance of a railroad spur track across State Highway 146/Red Bluff Rd. at the frontage roads. The parties agree that this Agreement satisfies the Port Authority's responsibility for obtaining a right of way for the railroad spur track as required by the Advanced Funding Agreement or otherwise.

Union Pacific Railroad Company (Union Pacific) and the Port Authority entered into a Joint Track Operating Agreement dated June 26, 2000, a Houston, Texas Trackage Rights Agreement dated June 26, 2000, and a letter agreement dated September 27, 1995, each as amended (collectively, the Union Pacific/SP-PHA Merger Settlement Agreements) to allow the Port Authority to construct, own, and operate trackage (the Bayport Lead Project), within the Union Pacific Seabrook Industrial Lead right-of-way, to serve the Port Authority's Bayport Container Terminal.

At this time, in order to provide for the growth in industrial development in the area, the Port Authority desires to install the spur track across SH 146/Red Bluff Rd. The spur track is Phase One of the Master Plan for intermodal rail service into Bayport, and it is anticipated to be a critical link in the transport of cargo throughout the State of Texas and beyond; stoppage or termination of the right to use the rail spur could cause the rail commerce of the Bayport Industrial Complex (including Bayport Container Terminal) and adjoining facilities to be impacted, affecting the Port Authority, carriers, shippers, commercial purchasers, and consumers, and potentially causing increased congestion to the roadway system for transport of cargo.

**Staff Evaluation/Justification:**

Port Authority staff believes that the Spur Track Crossing Right of Way and Permit Agreement is required to facilitate the phased approach to providing future intermodal service to the Bayport Container Terminal. The spur track will also provide rail access to the 56-acre property development that is occurring at Bayport South.

Accordingly, to accomplish the foregoing, staff recommends that the Port Commission authorize the execution of a Spur Track Crossing Right of Way and Permit Agreement with Texas Department of Transportation as mentioned above.

## **K. INFRASTRUCTURE**

---

**Subject**                    **5. Enter into an Industry Track Agreement with Union Pacific Railroad Company (Union Pacific) for Bayport South access and authorize a payment to Union Pacific for force account work on connecting Union Pacific tracks in an amount not to exceed \$1,193,559.**

**Meeting**                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**                     Public

**Type**                      Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, enter into an Industry Track Agreement with Union Pacific Railroad Company (Union Pacific) for Bayport South access and authorize a payment to Union Pacific for force account work on connecting Union Pacific tracks in an amount not to exceed \$1,193,559, 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)  
 STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

**Category:**  
 General

**Department:**  
 Freight Mobility

**Staff Contact:**  
 Bruce Mann

**Background:**

The Port Authority expects to be constructing a rail spur and crossing of SH-146 at/near Red Bluff Road. To facilitate the rail spur Union Pacific Railroad Company (Union Pacific) requires that the Port Authority enter into a Industry Trackage Agreement (Agreement) with it as well as provide funding of \$1,193,559 for force account work on connecting Union Pacific tracks. Construction of the spur and crossing would support the development of Phase One of the Bayport Master Rail Plan as well as rail service to the 56-acres being developed in Bayport South.

**Staff Evaluation/Justification:**

Port Authority staff has concluded that this trackage agreement and funding are required to facilitate access to this 56-acre development in Bayport South and Phase One of the Bayport Master Rail Plan.

Accordingly, staff recommends that the Port Commission authorize the Agreement with Union Pacific and force account work funding.



## K. INFRASTRUCTURE

---

**Subject**                    **6. Issue a marine construction permit to LyondellBasell Acetyls, LLC for a barge dock, mooring dolphins, a trestle, two platforms, and riprap adjacent to Upper San Jacinto Bay in La Porte.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a marine construction permit to LyondellBasell Acetyls, LLC for a barge dock, mooring dolphins, a trestle, two platforms, and riprap adjacent to Upper San Jacinto Bay in La Porte, 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:**

LyondellBasell Acetyls, LLC (LyondellBasell), Port Authority File No. 2017-0262, has applied for a marine construction permit for a barge dock, mooring dolphins, a trestle, two platforms, and riprap at LyondellBasell's facility at the Port Authority's Liquid Cargo Barge Dock adjacent to Upper San Jacinto Bay in La Porte, in the W. P. Harris Survey, A-29, in Harris County, Texas.

The barge dock is equipped with a gangway which provides access to barges during loading and unloading operations.

However, its current configuration poses a risk of damage to the gangway and unsafe access to vessels. LyondellBasell proposes to construct a new platform along the north side of the barge dock and gangway that would provide safe access to barges. The permit will include all marine structures to do so at the barge facility.

**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. The \$675 application fee and \$2,500 as-built deposit have been paid.

Staff recommends approval.

## **K. INFRASTRUCTURE**

---

**Subject** 7. Issue a license across Beltway 8 Property to the Harris County Toll Road Authority for construction access associated with the replacement of the Sam Houston Tollway Bridge.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a license across Beltway 8 Property to the Harris County Toll Road Authority for construction access associated with the replacement of the Sam Houston Tollway Bridge, 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 Harris County Toll Road Authority (HCTRA), Port Authority File No. 2017-0227, has applied for a license for construction access associated with the replacement of the Sam Houston Tollway Bridge across the Beltway 8 Property, in the Richard & Robert Vince Survey, A-78, in Harris County, Texas.

HCTRA has previously obtained a marine construction permit (Port Authority File No. 2017-0026) to replace the existing Sam Houston Tollway (Beltway 8) Bridge across the Houston Ship Channel. HCTRA proposes to use a 1.84-acre area along the western property line of the Port Authority's Beltway 8 Property to transport equipment and material to and from the construction site for the full period of construction.

**Staff Evaluation/Justification:**

Access licenses are generally issued for short periods of time and therefore do not require authorization by the Port Commission; however, due to the extended period of time that is required for access to the construction site, Port Authority staff seeks authorization from the Port Commission to issue a 10-year license to HCTRA for construction access. The license would be cancelled prior to its expiration should access no longer be required.

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. The \$675 application fee has been paid.

Staff recommends approval.

## K. INFRASTRUCTURE

---

**Subject** 8. Approve the renewal of expiring Port Authority licenses for new ten-year terms: Contanda Terminals LLC, Enterprise Products Pipeline Company LLC, Houston Pipe Line Company LP, KM Liquids Terminals LLC, Praxair, Inc., and Targa Downstream LLC.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to approve the renewal of expiring licenses for new ten-year terms: Contanda Terminals LLC, Enterprise Products Pipeline Company LLC, Houston Pipe Line Company LP, KM Liquids Terminals LLC, Praxair, Inc., and Targa Downstream LLC, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**

Permits/Licenses/Pipeline Easements

**Department:**

Channel Development

**Staff Contact:**

Mark Vincent, P.E.

**Background:**

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

<u>Company</u>	<u>File number</u>	<u>License fee</u>
Contanda Terminals LLC	1987-0093	\$1,531
Enterprise Products Pipeline Company LLC	1999-0051	\$4,646
Houston Pipe Line Company LP	1998-0263	\$5,388
KM Liquids Terminals LLC	1997-0251	\$13,482
Praxair, Inc.	1998-0264	\$1,531
Praxair, Inc.	1998-0267	\$1,531
Targa Downstream LLC	1998-0261	\$9,446
	<b>Total</b>	<b>\$37,555</b>

**Staff Evaluation/Justification:**

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

Staff recommends approval.

## **K. INFRASTRUCTURE**

---

**Subject**                    **9. Issue a pipeline license to Equistar Chemicals LP for one 12-inch ethylene pipeline (Line 165) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties.**

Meeting                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access                    Public

Type                    Action

Recommended Action    The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 12-inch ethylene pipeline (Line 165) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties, 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0100, has applied for a pipeline license for one 12-inch ethylene pipeline (Line 165) under and across Cedar Bayou and San Jacinto River, in the Amy White Survey, A-81, and in the George White Survey, A-82, in Harris and Chambers counties, Texas.

This is an existing pipeline, known as CVO Products-Sys 46-Line 165, originally licensed under Port Authority File No. 2005-0106. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File No. 2005-0106, known as Line 165, Line 180C, and Line 195A, would be issued a new file number. The CVO Products-Sys 46-Line 165 is now under Port Authority File No. 2017-0100.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$3,062. The \$675 application fee has been paid.

Staff recommends approval.

## K. INFRASTRUCTURE

---

**Subject** 10. Issue a pipeline license to Equistar Chemicals LP for one 6-inch butadiene pipeline (Line 84) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 6-inch butadiene pipeline (Line 84) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0101, has applied for a pipeline license for one 6-inch butadiene pipeline (Line 84) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston, in the Ezekiel Thomas Survey, A-73, the William P. Harris & Robert Wilson Survey, A-31, and in the Richard & Robert Vince Survey, A-76, in Harris County, Texas.

This is an existing pipeline, known as CVO-HRO-Sys 32-Line 84, originally licensed under Port Authority File Nos. 1986-0116 and 2003-0070. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File Nos. 1986-0116 and 2003-0070, known as Line 84, Line 72, and Line 85, would be issued a new file number. The CVO-HRO-Sys 32-Line 84 is now under Port Authority File No. 2017-0101.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$13,015. The \$675 application fee has been paid.

Staff recommends approval.

## **K. INFRASTRUCTURE**

---

**Subject**                    **11. Issue a pipeline license to Equistar Chemicals LP for one 8-inch ethane pipeline (Line 180C) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties.**

**Meeting**                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**                     Public

**Type**                        Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 8-inch ethane pipeline (Line 180C) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties, 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0102, has applied for a pipeline license for one 8-inch ethane pipeline (Line 180C) under and across Cedar Bayou and San Jacinto River, in the Amy White Survey, A-81, and in the George White Survey, A-82, in Harris and Chambers counties, Texas.

This is an existing pipeline, known as CVO Products-Sys 46-Line 180C, originally licensed under Port Authority File No. 2005-0106. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File No. 2005-0106, known as Line 165, Line 180C, and Line 195A, would be issued a new file number. The CVO Products-Sys 46-Line 180C is now under Port Authority File No. 2017-0102.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$3,062. The \$675 application fee has been paid.

Staff recommends approval.

## **K. INFRASTRUCTURE**

---

**Subject**                    **12. Issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 195A) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties.**

**Meeting**                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**                     Public

**Type**                        Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 195A) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties, 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0103, has applied for a pipeline license for one 6-inch propylene pipeline (Line 195A) under and across Cedar Bayou and San Jacinto River, in the Amy White Survey, A-81, and in the George White Survey, A-82, in Harris and Chambers counties, Texas.

This is an existing pipeline, known as CVO Products-Sys 46-Line 195A, originally licensed under Port Authority File Nos. 2005-0106 and 1998-0156. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File No. 2005-0106, known as Line 165, Line 180C, and Line 195A, and Port Authority File No. 1998-0156, known as Line 195A and Line 190B, would be issued a new file number. The CVO Products-Sys 46-Line 195A is now under Port Authority File No. 2017-0103.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$3,062. The \$675 application fee has been paid.

Staff recommends approval.

## K. INFRASTRUCTURE

---

<b>Subject</b>	<b>13. Issue a pipeline license to Equistar Chemicals LP for one 4-inch idle pipeline (Line 72) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 4-inch idle pipeline (Line 72) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0104, has applied for a pipeline license for one 4-inch idle pipeline (Line 72) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston, in the Ezekiel Thomas Survey, A-73, the William P. Harris & Robert Wilson Survey, A-31, and in the Richard & Robert Vince Survey, A-76, in Harris County, Texas.

This is an existing pipeline, known as CVO-HRO-Sys 32-Line 72, originally licensed under Port Authority File Nos. 1986-0116 and 2003-0070. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File Nos. 1986-0116 and 2003-0070, known as Line 84, Line 72, and Line 85, would be issued a new file number. The CVO-HRO-Sys 32-Line 72 is now under Port Authority File No. 2017-0104.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$13,015. The \$675 application fee has been paid.

Staff recommends approval.



## K. INFRASTRUCTURE

---

**Subject** 14. Issue a pipeline license to Equistar Chemicals LP for one 6-inch crude oil pipeline (Line 85) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 6-inch crude oil pipeline (Line 85) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0105, has applied for a pipeline license for one 6-inch crude oil pipeline (Line 85) under and across Carpenters Bayou, Northside Mainline railroad right-of-way, Greens Bayou, America Yard railroad right-of-way, the Port Authority's undeveloped railroad right-of-way, the Port Authority's triangular parcel of undeveloped railroad right-of-way, and Hunting Bayou in Houston, in the Ezekiel Thomas Survey, A-73, the William P. Harris & Robert Wilson Survey, A-31, and in the Richard & Robert Vince Survey, A-76, in Harris County, Texas.

This is an existing pipeline, known as CVO-HRO-Sys 32-Line 85, originally licensed under Port Authority File Nos. 1986-0116 and 2003-0070. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File Nos. 1986-0116 and 2003-0070, known as Line 84, Line 72, and Line 85, would be issued a new file number. The CVO-HRO-Sys 32-Line 85 is now under Port Authority File No. 2017-0105.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$13,015. The \$675 application fee has been paid.

Staff recommends approval.

## K. INFRASTRUCTURE

---

**Subject** 15. Issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 190B) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a pipeline license to Equistar Chemicals LP for one 6-inch propylene pipeline (Line 190B) under and across Cedar Bayou and San Jacinto River in Harris and Chambers counties, 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:**

Equistar Chemicals LP, Port Authority File No. 2017-0106, has applied for a pipeline license for one 6-inch propylene pipeline (Line 190B) under and across Cedar Bayou and San Jacinto River, in the Amy White Survey, A-81, and in the George White Survey, A-82, in Harris and Chambers counties, Texas.

This is an existing pipeline, known as CVO Products-Sys 46-Line 190B, originally licensed under Port Authority File No. 1998-0156. In an effort to reconcile pipeline data, each of the pipelines under Port Authority File No. 1998-0156, known as Line 195A and Line 190B, would be issued a new file number. The CVO Products-Sys 46-Line 190B is now under Port Authority File No. 2017-0106.

**Staff Evaluation/Justification:**

The application was reviewed and approved by the Port Authority's Channel Development department. The license is to be issued subject to the Port Authority's usual terms and conditions and at a fee of \$3,062. The \$675 application fee has been paid.

Staff recommends approval.

## L. OPERATIONS

---

**Subject** 1. **Reject all bids and authorize the re-advertisement for competitive sealed bids for miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.**

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, reject all bids and authorize the re-advertisement for competitive sealed bids for miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, 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:**

Maintenance

**Staff Contact:**

Paulo Soares

**Background:**

By Minute No. 2015-0519-19, the Port Commission awarded a two-year contract to Houston-Pasadena Apache Oil Company dba Apache Oil Company, LLC for the purchase of miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$300,000. This contract will expire October 31, 2017.

The Port Authority owns 452 engines, etc. that require regular filter changes as part of their scheduled maintenance. Each unleaded or diesel powered engine uses as many as seven filters for normal operation. Therefore, it is critical that a contract to purchase filters be in place to minimize equipment downtime and disruption to operations.

By Minute No. 2017-0627-11(b), the Port Commission authorized the advertisement of competitive sealed bids (CSBs) for the purchase of miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. On September 27, 2017, two bids were received and deemed non-responsive, as bidders did not meet the Small Business requirement.

**Staff Evaluation/Justification:**

After reviewing the circumstances, staff determined that the Small Business requirement should not be applied to a CSB procurement of goods such as the subject filters. Accordingly, staff recommends that the Port Commission reject all bids and authorize the re-advertisement for competitive sealed bids for miscellaneous filters for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

## **L. OPERATIONS**

---

<b>Subject</b>	<b>2. Approve staff's ranking of vendors and award a two-year contract for mowing services and landscaping maintenance at various Port Authority locations in an amount not to exceed \$750,000 to the top-ranked proposer: staff ranking - first, Yellowstone Landscape; second, Maldonado Nursery &amp; Landscaping Services; and third, Personal Touch Management Inc. dba Special Touch Landscaping.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting: <ul style="list-style-type: none"> <li>(a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Yellowstone Landscape; and second, Maldonado Nursery &amp; Landscaping Services; and third, Personal Touch Management Inc. dba Special Touch Landscaping;</li> <li>(b) award a two-year contract to Yellowstone Landscape for mowing and landscape maintenance at various Port Authority locations in an amount not to exceed \$750,000;</li> <li>(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</li> <li>(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</li> </ul>
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. 2017-0321-16(a), the Port Commission authorized the advertisement of competitive sealed proposals (CSPs) for mowing services and landscape maintenance at Turning Basin Terminal.

By Minute No. 2017-0524-31, the Port Commission awarded a two-year contract to Yellowstone Landscape for mowing services and landscape maintenance at various Port Authority locations in the amount not to exceed \$750,000. However, in order to clarify some of the requirements on the procurement package including scope of work and areas to be mowed, staff determined that it was appropriate to rescind the award and re-advertise this project. In order to ensure continued mowing services and landscape maintenance at Turning Basin Terminal until a new two-year contract had been awarded, staff recommended that a change order in the amount not to exceed \$100,000 be issued to Yellowstone Landscape. These extra funds are nearly depleted.

The Port Authority notified vendors regarding its CSP 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 August 16, 2017, four CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP. Staff identified the following three vendors, listed in ranking order, as most qualified to provide the required service:

- Yellowstone Landscaping
- Maldonado Nursery & Landscaping Services
- Personal Touch Management Inc. dba Special Touch Landscaping

Accordingly, staff recommends that the Port Commission award a two-year contract to Yellowstone Landscape, and as otherwise described above.

## L. OPERATIONS

---

<b>Subject</b>	<b>3. Award a contract to Industrial &amp; Crane Service, Inc. for replacement of short trolley rails and Gantrex pads on two wharf cranes at Bayport Container Terminal in an amount not to exceed \$656,600.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, award a contract to Industrial & Crane Service, Inc. for the replacement of short trolley rails and Gantrex pads on two wharf cranes at Bayport Container Terminal in an amount not to exceed \$656,600, 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 nine ZPMC wharf cranes operating at its Bayport Container Terminal. These cranes are of machinery on trolley (MOT) design, which places a significant load on trolley rails. The short trolley rails (four pieces per crane of approx. 4-ft long each) located on transition between boom and girder are severely deteriorated on two cranes (209 and 214 commissioned in 2010 and 2006 respectively). This results in a significant jolt as the trolley crosses from boom to girder (and vice-versa) causing discomfort to the operator, and electrical/mechanical problems that result in operational downtime.

By Minute No. 2017-0725-10(f), the Port Commission authorized the advertisement and receipt of competitive sealed proposals (CSPs) for the replacement of short rails and Gantrax pads on two wharf cranes at Bayport Container Terminal. The Port Authority notified vendors regarding its CSP using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper.

**Staff Evaluation/Justification:**

On August 16, 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 Authority award a contract to Industrial & Crane Services, Inc. for the replacement of short rails and Gantrax pads on two wharf cranes at Bayport Container Terminal in an amount not to exceed \$656,600.

## L. OPERATIONS

---

<b>Subject</b>	<b>4. Award a three-year contract to SimplexGrinnell, LP, using the Texas Comptroller's Office Texas Multiple Award Schedule contract, for the purchase of monitoring, inspection, repair services, and spare parts for fire alarm and suppression systems at Barbours Cut Terminal, Bayport Container Terminal and Turning Basin Terminal in an amount not to exceed \$400,000.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission at its October 23, 2017 meeting, award a three-year contract to SimplexGrinnell, LP for monitoring, inspection, repair services, and spare parts for fire alarm and suppression systems at Barbours Cut Terminal, Bayport Container Terminal and Turning Basin, using the Texas Comptroller's Office Texas Multiple Award Schedule contract, in an amount not to exceed \$400,000, determine that this procurement method provides 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 & Changes Orders

**Department:**

Maintenance

**Staff Contact:**

Paulo Soares

**Background:**

By Minute No. 2016-1025-27, the Port Commission awarded an annual contract to SimplexGrinnell, LP for the purchase of monitoring, inspection, repair services, and spare parts for fire alarm and suppression systems at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin, using the Texas Comptroller's Office Texas Multiple Award Schedule (TXMAS) contract in an amount not to exceed \$150,000.

This contract will expire on October 31, 2017. Monitoring, inspection, and repairs to fire alarm and suppression systems at these facilities are required to comply with fire and safety standards, as well as ensure the protection of personnel and Port Authority property.

The Texas Comptroller's Office TXMAS contracts are derived from certain federal government General Services Administration (GSA) awards. GSA enters into long-term government-wide contracts with commercial firms to provide access to commercial products and services at volume discount pricing.

TXMAS contracts permit local governments that are members of the Texas Comptroller's Cooperative Purchasing Program (CO-OP) to use the competitively procured GSA pricing, or to negotiate a lower price, for the purchase of certain goods and services, including those related to fire alarm and suppression services and products. By Minute No. 2001-0827-38, the Port Commission granted authority for the Port Authority to become a CO-OP member, thereby permitting purchases from vendors using TXMAS contracts.

The Texas Comptroller's Office is an agency of the State, and the Port Authority has entered into an agreement with the state; therefore the use of the Comptroller Office's TXMAS program is an acceptable purchasing method for the Port Authority in accordance with Texas Water Code Section 60.454. Moreover,

Government Code 2155.504 permits the Port Authority to purchase directly from a vendor under a TXMAS contract, and provides that such purchases satisfy any requirement of state law relating to competitive procurement.

**Staff Evaluation/Justification:**

Staff has determined that the TXMAS vendor SimplexGrinnell, LP offers fire alarm and suppression system services that are of good value to the Port Authority, and recommends that this vendor's TXMAS contract be used to procure these items.

Staff recommends the Port Commission authorize the Port Authority to enter into a three-year contract with SimplexGrinnell LP using the TXMAS contract as providing best value to the Port Authority.



## L. OPERATIONS

---

**Subject** 5. Issue a purchase order to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program, for the purchase of two 10,000-lb. capacity Caterpillar forklifts for Turning Basin Terminal in an amount not to exceed \$121,000.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, issue a purchase order to Darr Equipment Company for the purchase of two 10,000-lb. capacity Caterpillar forklifts for Turning Basin Terminal, using the Local Government Purchasing Cooperative's Buyboard Program, in an amount not to exceed \$121,000, determine that this procurement method provides 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:**

Award, Amendments & Change Orders

**Department:**

Maintenance

**Staff Contact:**

Paulo Soares

**Background:**

The Port Authority currently owns five 10,000-lb capacity forklift machines operating at Central Maintenance that are over twenty years old. Due to age, wear and tear, and years of exposure to harsh work conditions, they are becoming costly to maintain and a potential safety hazard. Forklifts are used to move various objects, load and unload trucks, and transport heavy objects around Port Authority properties.

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 action taken in Minute No. 2006-1023-43 entered into an interlocal agreement with the Cooperative to become a member participant, and since that time uses 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 Evaluation/Justification:**

Procuring heavy equipment such as the 10,000-lb. capacity Caterpillar forklifts through the BuyBoard Cooperative Purchasing Program is a method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The BuyBoard website listed several pre-approved providers of heavy equipment. Central Maintenance staff looked at several such providers and determined that the 10,000-lb. capacity Caterpillar forklift is the model that best meets the Port Authority's requirements, and that Darr Equipment Company is the vendor with the best price for that model. Darr Equipment Company's pricing for the selected model was reviewed and approved by BuyBoard.

Staff recommends that the Port Commission approve a purchase order to Darr Equipment Company using the BuyBoard Cooperative Purchasing Program as providing best value to the Port Authority.

## L. OPERATIONS

---

<b>Subject</b>	<b>6. Issue a purchase order to Equipment Depot, using the Local Government Purchasing Cooperative's BuyBoard program, for the purchase of one Genie S-85 telescopic boom manlift for Barbours Cut Terminal in an amount not to exceed \$135,000.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, issue a purchase order to Equipment Depot for the purchase of one Genie S-85 telescopic boom manlift for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's BuyBoard program, in an amount not to exceed \$135,000, determine that this procurement method provides 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 one 2004 86-ft Genie telescopic boom manlift operating at its Barbours Cut Terminal. This unit is used daily by maintenance personnel to service and maintain forty-four RTG cranes. Years of exposure to harsh work conditions result in much maintenance to maintain its functionality and safe operation. Staff recommends that this unit be replaced with a new 85-ft manlift.

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

**Staff Evaluation/Justification:**

Procuring equipment such as a telescopic boom manlift through the BuyBoard Cooperative Purchasing Program is a method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The BuyBoard website lists Equipment Depot as a pre-approved provider of this type of equipment. Staff reviewed several models of manlifts and determined that the Genie S-85 best meets the Port Authority's requirements, and that Equipment Depot is the vendor with the best price for that model. Equipment Depot pricing for the selected model was reviewed and approved by BuyBoard.

Staff recommends that the Port commission approve a purchase order to Equipment Depot using the BuyBoard Program as providing best value to the Port Authority.

## L. OPERATIONS

---

<b>Subject</b>	<b>7. Issue a purchase order to Facility Interiors, Inc., using the Local Government Purchasing Cooperative's U.S. Communities contract, for the purchase of office furniture and interior remodeling service for C-6 Administration Building at Barbours Cut Terminal in an amount not to exceed \$65,969.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, issue a purchase order to Facility Interiors, Inc., using the Local Government Purchasing Cooperative's U.S. Communities contract, for the purchase of office furniture and interior remodeling service for C-6 Administration Building at Barbours Cut Terminal in an amount not to exceed \$65,969, determine that this procurement method provides 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:**

Foundation conditions at the Pre-Check Building at Barbours Cut Terminal has allowed moisture inside the structure, creating an adverse work environment for staff. As a result, extensive repairs are required to remediate this problem, but with no guarantee of success. Accordingly, staff has considered several additional options that factor in construction costs, disruption to increasing work load, and future opportunities for this building.

**Staff Evaluation/Justification:**

The least expensive and disruptive option hereby recommended by staff is to relocate current gate staff from the Pre-Check Building to the unused C-6 Administration Building, which was previously occupied by APM Terminals and acquired by the Port Authority in July 2015. Besides removing personnel from an adverse work environment and saving or postponing considerable expense by forgoing costly foundation repairs, vacating the existing Pre-check Building allows for future expansion of Barbours Cut pre-check facility. The C-6 Administration Building will require some modifications to accommodate staff and ensure seamless connectivity with Port Authority IT and Security systems.

In order to permit this relocation, staff recommends that the Port Commission issue a purchase order to Facility Interiors, Inc., using the Local Government Purchasing Cooperatives' U.S. Communities contract as providing best value to the Port Authority.

## M. PEOPLE

---

<b>Subject</b>	<b>1. Award a two-year contract with LinkedIn Corporation, the sole source provider, for recruiting and trade marketing access and services, in a total amount not to exceed \$58,350.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, award a two-year contract to LinkedIn Corporation, the sole source provider, for recruiting and trade marketing access and services, in a total amount not to exceed \$58,350, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the forgoing.
Goals	Strategic Objective 1b. - Implement a workforce development program STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Invest in people and organize for success)

**Category:**

Awards, Amendments, & Change Orders

**Department:**

Human Resources

**Staff Contact:**

Jessica Shaver

**Background:**

LinkedIn provides visibility to what it claims to be the world's largest professional network, with over 500 million users worldwide.

The Port Authority has utilized LinkedIn for the past four years as a personnel outreach and recruitment tool. The Port Authority has received thousands of applications through LinkedIn, resulting in dozens of hires.

The Port Authority's existing agreement with LinkedIn also allows the Port Authority to customize the content on the Port Authority's LinkedIn webpage. The Port Authority has over 7,000 LinkedIn followers.

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from LinkedIn confirming that it is the sole source for access to LinkedIn's professional network.

**Staff Evaluation/Justification:**

Staff recommends the Port Commission approve a purchase order to LinkedIn Corporation.

## M. PEOPLE

---

<b>Subject</b>	<b>2. Amend and restate the Port Authority's Restated Retirement Plan.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, conduct a hearing and adopt a resolution to amend and restate the Port of Houston Authority's Restated Retirement Plan, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**

General

**Department:**

Human Resources

**Staff Contact:**

Jessica Shaver

**Background:**

The Port Authority sponsors the Port of Houston Authority Restated Retirement Plan (the Plan), a defined-benefit pension plan for eligible employees hired before August 1, 2012. Participants are paid a monthly annuity at retirement, based on years of service and compensation received while employed at the Port Authority. By Minute No. 2012-0424-26, the Port Commission adopted a resolution to restate the Plan to comply with IRS Notice 2007-3. The Plan was subsequently amended in accordance with Port Commission Minute Nos. 2012-0724-26, 2012-1031-01, and 2014-1216-26.

In the past, the Port Authority has provided employees credit toward Plan benefits for time away on long-term disability leave, with no defined limit on the amount of leave that may be taken before an employee was separated from employment. By Minute No. 2017-0627-34, the Port Commission authorized the Port Authority to amend the Plan to clarify the leave credit provided to eligible employees who were then on long-term disability leave.

By Minute No. 2017-0725-36, the Port Commission authorized the Executive Director to both (1) adopt neutral absence control standards limiting the total period of absences that a Port Authority employee can accumulate before being separated from employment, with exceptions for certain types of leave, and (2) prepare revisions to the Plan to provide that an active or future Port Authority employee who later goes on long-term disability leave, and who is fully vested in the Plan on the date he or she becomes disabled, receives credit toward his or her Plan benefit for the time away on long term disability leave prior to separation from employment.

**Staff Evaluation/Justification:**

Port Authority staff and Haynes & Boone, the Port Authority's benefits counsel, have prepared changes to the Plan in accordance with the Port Commission's instructions. The changes have been reviewed by Milliman, the Port Authority's Plan actuary, and Compass Bank, the Plan trustee.

Texas Water Code Section 60.011 provides that the Port Commission may change the Plan, after notice to employees and a hearing. On October 19, 2017, notice was given to employees regarding the proposed changes to the Plan.

Port Authority staff recommends that the Port Commission adopt the resolution to amend and restate the Plan as attached with a copy of the Plan on file with the Port Authority.

**RESOLUTION TO AMEND AND RESTATE  
THE PORT OF HOUSTON AUTHORITY RESTATED RETIREMENT PLAN**

WHEREAS, Port of Houston Authority of Harris County, Texas (the "Employer") sponsors the Port of Houston Authority Restated Retirement Plan (the "Plan") effective April 3, 1958, as previously amended and restated; and

WHEREAS, the Employer has determined that the Plan should be further amended and restated to provide that: (1) a Plan participant who became Totally and Permanently Disabled (as defined by the Plan) before October 24, 2017, and who was fully vested in his accrued benefit on the date he became Totally and Permanently Disabled, shall be credited with periods of service for the time period from the date he became Totally and Permanently Disabled until the earliest of (a) the date the participant is no longer deemed Totally and Permanently Disabled, (b) the date the participant returns to active duty with the Employer, or (c) the date the participant retires, and (2) a Plan participant who becomes Totally and Permanently Disabled on or after October 24, 2017, and who is fully vested in his accrued benefit on the date he becomes Totally and Permanently Disabled, shall be credited with periods of service for the time period time period from the date he became Totally and Permanently Disabled until the earliest of (a) the date the participant is no longer deemed Totally and Permanently Disabled, (b) the date the participant returns to active duty with the Employer, or (c) the date the terminates employment with the Employer; and

WHEREAS, the Employer has determined that the Plan should be additionally amended and restated to clarify the benefits, powers, authorities, duties, and responsibilities provided under the Plan;

NOW, THEREFORE, IT IS RESOLVED, that the Plan, as hereby amended and restated effective October 24, 2017 (except for those sections of the Plan that have an alternative effective date), in substantially the same form as attached hereto as Exhibit 1, is hereby approved, ratified, confirmed, and adopted by the Employer; and

RESOLVED, that the officers of the Employer, or any of them, are hereby authorized and directed to execute and implement the aforementioned amendment and restatement of the Port of Houston Authority Restated Retirement Plan for and on behalf of the Port of Houston Authority of Harris County, Texas, in substantially the same form as herein adopted and approved, together with any changes that such officers, or any of them, with the advice of legal counsel if deemed appropriate, have determined to be necessary or advisable; and

RESOLVED, that the officers of the Employer are hereby authorized and directed to take whatever other action that they, or any of them, may deem to be necessary or appropriate to effectuate the intent and purposes of this resolution, and any such actions that were previously taken in such respect being hereby approved, ratified and confirmed, in all respects, on behalf of the Employer.

*[signature page follows]*

PASSED, APPROVED, AND ADOPTED this October 23, 2017.

ATTEST/SEAL

PORT OF HOUSTON AUTHORITY OF  
HARRIS COUNTY, TEXAS

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

(SEAL)

Minute No. \_\_\_\_\_

## **N. TECHNOLOGY**

---

**Subject** 1. Award a purchase order to Mythics, Inc. for software support services for JDEdwards Enterprise Resource Planning software, using a State of Texas Department of Information Resources Cooperative Purchase contract, for the period beginning October 11, 2017 and ending October 29, 2020 in an amount not to exceed \$127,807 per year totaling \$383,421 for three years.

**Meeting** Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access** Public

**Type** Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, award a purchase order to Mythics, Inc. for software support services for JDEdwards Enterprise Resource Planning software, using a State of Texas Department of Information Resources Cooperative Purchase contract, for the period beginning October 11, 2017 and ending October 29, 2020 in an amount not to exceed \$127,807 per year, totaling \$383,421 for three years, determine that this method provides 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 GOAL #1 - PEOPLE AND ORGANIZATION (Invest in people and organize for success)

**Category:**

Awards, Amendments & Change Orders

**Department:**

Information Technology

**Staff Contact:**

Charles Thompson

**Background:**

The Port Authority uses JDEdwards as its port-wide Enterprise Resource Planning software to support the Port Authority's Finance, Real Estate, Payroll, and Human Resources business processes. Information Technology Department staff has determined that providing the JD Edwards software via cloud services should provide software licensing savings as well as a disaster recovery solution. Support licensing for our JDEdwards software otherwise remains unchanged.

The Texas Legislature enacted Government Code Chapter 2054, which established the State of Texas Department of Information Resources (DIR). DIR has a cooperative purchasing program 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, procurements 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 recommends that the Port Commission award the referenced purchase order to Mythics, Inc. using a DIR purchase contract, thereby providing best value to the Port Authority for these services.



## **N. TECHNOLOGY**

---

**Subject**                    **2. Award a purchase order to NetSync Network Solutions, Inc. for required hardware and support for the Situational Awareness and SharePoint applications, using a State of Texas Department of Information Resources Cooperative Purchase program contract, in an amount not to exceed \$300,000.**

**Meeting**                    Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**                    Public

**Type**                      Action

**Recommended Action** The Port Commission, at its October 23, 2017 meeting, award a purchase order to NetSync Network Solutions, Inc. for required hardware and support for the Situational Awareness and SharePoint applications, using a State of Texas Department of Information Resources Cooperative Purchase program contract, in an amount not to exceed \$300,000, determine that this method provides best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**

Awards, Amendments & Change Orders

**Department:**

Information Technology

**Staff Contact:**

Charles Thompson

**Background:**

The Situational Awareness (PSIM) and SharePoint (Microsoft SharePoint 2010) applications require hardware to run effectively. The PSIM project kickoff meeting, where staff captured the need for the project, included a planned hardware sizing process. The SharePoint 2010 implementation is also in need of hardware upgrades, as the Port Authority prepares for future software upgrades from 2010 to 2016 and beyond.

The Texas Legislature enacted Government Code Chapter 2054, which established the State of Texas Department of Information Resources (DIR). DIR has a cooperative purchasing program 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, procurements 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:**

Accordingly, staff has determined that the price and availability offered by NetSync Network Solutions, Inc. using a DIR purchase contract provides best value to the Port Authority for these services.

## **Q. INFRASTRUCTURE**

---

<b>Subject</b>	<b>1. Issue a license to Celanese Ltd. for three monitoring wells and twelve recovery wells on Bayport Terminal property, adjacent to the Small Boat Channel in Pasadena.</b>
Meeting	Oct 23, 2017 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 23, 2017 meeting, authorize the Port Authority to issue a license to Celanese Ltd. for three monitoring wells and twelve recovery wells on Bayport Terminal property, adjacent to the Small Boat Channel 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:**

Port Authority staff proposes that Celanese Ltd. (Celanese), Port Authority File No. 2017-0226, be issued a license for three monitoring wells and twelve recovery wells on Bayport Terminal area property, adjacent to the Small Boat Channel in Pasadena, in the William P. Harris Survey, A-30, in Harris County, Texas.

In 2002 a methanol pipeline spill occurred as a result of damage to an underground pipeline that transfers product from the Celanese Clear Lake plant to LBC at Bayport Terminal. The spill occurred within ExxonMobil's pipeline corridor number 550, near the Small Boat Channel. Testing of the affected area indicated that soil and groundwater had been impacted.

As part of remediation efforts, groundwater recovery wells were installed for water treatment and to prevent contamination of surface waters. Monitoring wells were also installed for periodic groundwater sampling.

Since the discovery of the spill, sampling results have shown the methanol plume has decreased in size and methanol levels are stable or decreasing. Celanese continues to operate the wells and monitor the affected spill area.

Staff research determined that no license had been issued for the installation of the recovery and monitoring wells. The Port Authority seeks to issue a license to Celanese retroactive to 2002 when the wells were installed.

**Staff Evaluation/Justification:**

The proposed license has been approved by the Port Authority's Channel Development, Real Estate, and Environmental departments. The license is to be issued subject to the Port Authority's usual terms and conditions and given the time period covered for a license fee of \$237,450. The \$675 application fee and \$2,500 as-built deposit have been paid.

Staff recommend approval and anticipates additional documenting and possible Port Commission action in the future as this matter continues to be administered.