

I N D E X

PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY OF THE PORTS OF HARRIS COUNTY, TEXAS

April 16, 2018

<u>Minute No.</u>	<u>Event/Action</u>
	General
	Chairman Longoria convened the meeting of the Port Commission and provided opening remarks
	Minutes
2018-0416-01	Approve the Minutes of the March 27, 2018 Port Commission Meeting
2018-0416-02	Chairman Longoria reported on the Audit Committee Meeting – April 10, 2018
2018-0416-03	Approve the (i) Foreign Corrupt Practices Act Compliance Policy and (ii) Office of Foreign Assets Control Compliance Policy
2018-0416-04	Approve the CyberSecurity Policy of the Port Authority
	Appearances
2018-0416-05	Chairman Longoria introduced University of Houston Graduate Design/Build Studio, Gerald D. Hines College of Architecture, Jason Logan and Patrick Peters, who presented an update on the planned shade canopy at the Turning Basin Terminal's Sam Houston Landing
	Staff Reports
2018-0416-06	Roger Guenther, Executive Director, presented a summary of selected financial and operations matters
	G. Executive
	Approve the (i) Foreign Corrupt Practices Act Compliance Policy and (ii) Office of Foreign Assets Control Compliance Policy (<i>see above – approved by Minute No. 2018-0416-03</i>)

Minute No.

Event/Action

Approve the CyberSecurity Policy of the Port Authority (*see above – approved by Minute No. 2018-0416-04*)

H. Commercial

- 2018-0416-07 Approve a four-year lease agreement with Watco Transloading, LLC for approximately 12.58 acres out of Block 20 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$452,880 subject to an annual increase of 3%
- 2018-0416-08 Approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 1.72 acres out of Block 12 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$69,203 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index
- 2018-0416-09 Approve a one-year lease agreement with Watco Transloading, LLC for approximately 5.31 acres out of Block 28 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$109,107 subject to an annual increase of the greater of 3% or increase in the Consumer Price Index
- 2018-0416-10 Approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 5.6 acres out of Block 2 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$237,990 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index
- 2018-0416-11 Approve an amendment to extend the lease agreement with Cooper/Ports America LLC, effective no earlier than June 1, 2018 for approximately 3.20 acres at the Turning Basin Terminal, for a one-year term at an annual base rent of \$82,214

I. Finance

- 2018-0416-12 Authorize advertisement and receipt of responses for four formal procurements
- 2018-0416-12(a) Request for competitive sealed bids for the rehabilitation of transit shed floors at Wharf 46 at Turning Basin Terminal
- 2018-0416-12(b) Request for competitive sealed bids for replacement of the roof on Transit Shed 30-31 at Turning Basin Terminal
- 2018-0416-12(c) Request for proposals for 2019 Port Authority employee, retiree, and dependent medical and other supplemental benefits

<u>Minute No.</u>	<u>Event/Action</u>
2018-0416-12(d)	Request for qualifications for professional engineering services to design the construction of East End at Bayport Container Terminal
2018-0416-13	Approve the Port Authority's fiscal year 2017 Comprehensive Annual Financial Report
2018-0416-14	Approve and adopt the "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court" regarding: (i) the issuance of refunding bonds to purchase or refund and defease all or a portion of the following outstanding bonds of the Port Authority: (a) \$19,640,000 par value of the Unlimited Tax Refunding Bonds, Series 2006B (AMT); and (b) \$182,045,000 par value of the Unlimited Tax Refunding Bonds, Series 2008A (AMT); (ii) affirmatively find and declare that the best interests of the taxpayers of the Port Authority will be served by such a refunding, and that the Commissioners Court of Harris County, Texas, be petitioned to authorize the issuance thereof for and on behalf of the Port Authority; and (iii) appoint Bracewell LLP as bond counsel and disclosure counsel, FirstSouthwest, a division of Hilltop Securities Inc. as financial advisor, and J.P. Morgan Securities LLC (senior manager), Drexel Hamilton, LLC, FTN Financial Capital Markets, Piper Jaffray & Co., and Siebert Cisneros Shank & Co., LLC, as underwriters, to assist in the bond issuances
2018-0416-15	Authorize staff to (a) negotiate the renewal of the Flexible Rate Revolving Note Program or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, (b) engage FirstSouthwest, a division of Hilltop Securities Inc., as financial advisor with advisory fees not to exceed \$100,000, (c) appoint Bracewell LLP as legal counsel to assist with such financing, and (d) engage up to two credit rating agencies at a cost not to exceed \$200,000 to obtain ratings for the new financing as may be necessary, with all proposed debt financing subject to final approval by the Port Commission

J. Health, Safety, Security & Emergency Management (none)

K. Infrastructure

2018-0416-16	Approve staff's ranking of vendors and award a professional services contract for the design to construct Container 1 North and Container 2 North at Barbours Cut Terminal to the top-ranked proposers: staff ranking – first, BGE, Inc.; second, RPS, Inc.; and third, Lockwood, Andrews & Newnam, Inc. Port Commission adopted the staff-recommended ranking and authorized award
--------------	--

<u>Minute No.</u>	<u>Event/Action</u>
2018-0416-17	<p>Approve staff's ranking of vendors and award a professional services contract to perform construction material testing services for all Port Authority facilities and locations to the top-ranked proposers: staff ranking – first, HVJ Associates, Inc.; second, Aviles Engineering Corporation; and third, Ninyo and Moore</p> <p>Port Commission adopted the staff-recommended ranking and authorized award</p>
2018-0416-18	Enter into a Memorandum of Agreement with the U.S. Army Corps of Engineers for maintenance dredging of berths at the Bayport Container Terminal and Auto Terminal, and Barbours Cut Terminal
2018-0416-19	Authorize Port Authority staff to enter into agreements with the U.S. Army Corps of Engineers in support of the Federal Section 217(b) process and Port Authority Dredged Material Placement Agreements with channel companies
2018-0416-20	Approve fees effective on May 1, 2018 for barge fleeting leasing
2018-0416-21	Approve the renewal of an expiring Port Authority license for a new ten-year term: Air Products LLC
2018-0416-22	Issue a pipeline license to Targa NGL Pipeline Company LLC for two 6-inch natural gas liquids pipelines under and across Hunting Bayou in Galena Park
2018-0416-23	Amend a license to add a 0.0296 acre (1,288 square foot) area for the construction of the Sam Houston Tollway Bridge and issue a license for a temporary construction workspace in connection with that project to the Harris County Toll Road Authority across the Southside Mainline railroad right-of-way

L. Operations

2018-0416-24	Issue a purchase order to Caldwell Country Chevrolet for the purchase of forty-one vehicles needed by Barbours Cut Terminal, Bayport Container Terminal, Central Maintenance, Fire Department, Project & Construction Management, and Port Police departments, using the Houston-Galveston Area Council Cooperative Purchasing Program
2018-0416-25	Issue a purchase order to Heil of Texas for the purchase of one Schwarze regenerative air street sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council Cooperative Purchasing program

<u>Minute No.</u>	<u>Event/Action</u>
2018-0416-26	Amend a purchase order to Briggs Equipment for the rental of a 55,000 lb. capacity forklift
2018-0416-27	Amend the Section 559 Reimbursable Services Agreement and Memorandum of Understanding with U.S. Customs and Border Protection for reimbursement of overtime services
2018-0416-28	Amend the freight handling assignment agreement with Richardson Stevedoring and Logistics Services, Inc. to provide for a term coterminous with the proposed lease by its affiliated entity of the Woodhouse general cargo terminal
2018-0416-29	Enter into a Marine Terminal Services Agreement with Evergreen Line Joint Service Agreement
2018-0416-30	Enter into a Marine Terminal Service Agreement with Mediterranean Shipping Co. S.A.
2018-0416-31	Enter into a Marine Terminal Service Agreement with ZIM American Integrated Shipping Services Co. Inc.
2018-0416-32	Extend the current Marine Terminal Service Agreement with OOCL (USA) Inc. for an additional six months
2018-0416-33	Approve the assignment by Nippon Yusen Kaisha (NYK) of its Marine Terminal Services Agreement to the Ocean Network Express (ONE)

M. People (none)

N. Technology

2018-0416-34	Award a contract to Sogeti USA, LLC for project management and hands-on implementation services in support of the migration to Microsoft Office 365, using a Texas Department of Information Resources cooperative purchasing program
--------------	---

O. Recess Open Meeting and Convene Executive Session

P. Reconvene Open Meeting

Q. Adjourn Meeting

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

**Houston, Texas
April 16, 2018**

A public meeting of the Port Commission of the Port of Houston Authority of Harris County, Texas was convened on April 16, 2018 at 10:00 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
Dean E. Corgey, Commissioner
Stephen H. DonCarlos, Commissioner
Clyde E. Fitzgerald, Commissioner
Roy D. Mease, Commissioner
Roger Guenther, Executive Director
Erik Eriksson, Chief Legal Officer
J. Kent Friedman, Orrick, Herrington & Sutcliffe LLP

Chairman Longoria convened the meeting of the Port Commission, welcomed everyone, and provided the following remarks:

- Cargo moving thru the Port of Houston continues to grow, and this growth has a great impact on our region. Mr. Guenther will further report on this in his remarks.
- Last month Port Authority personnel and I participated in a luncheon sponsored by the Transportation Advisory Group and the Bay Area Houston Transportation Partnership (BAYTRAN), during which I joined in a panel discussion with Carrin Patman, Chair of the Metropolitan Transit Authority of Harris County (METRO) and Brenda Mainwaring, Assistant Vice President Public Affairs for Union Pacific Railroad Company. The discussion highlighted the challenges of increased dependence on the transportation network and increasing the fluidity of freight transportation, and emphasized the importance of working together to ensure that all transportation dollars are utilized for the highest priority projects at the right time.
- The Port Authority was also invited to speak at a meeting of the Executive Association of Houston, at which approximately 50 to 60 business leaders from around the region participated. Their interests included Port Authority viewpoints on future trends and possible business impacts of proposed tariffs. Also discussed was the impact of Hurricane Harvey and Port Houston's work to mitigate damages with emergency supplemental funding from the federal government and others.

- Mr. Guenther and I were invited by the Consular Corps of Houston to join a group of approximately 50 attendees aboard the *M/V SAM HOUSTON* to advise the group about current activities and future plans for the Port of Houston.
- Port Houston is proud to be the host sponsor for the Journal of Commerce's 3rd Annual Gulf Shipping Conference which will be held on April 17. This event offers a great opportunity for beneficial cargo owners, shippers across multiple industries, ocean carriers, ports and terminal operators, trucking and rail operators, distribution centers, and warehouses, among others, to share and discuss the efficiency of commerce through the Port of Houston. It is also an opportunity to develop new relationships and new avenues of business. I thank the commercial development team for its success and for continuing to ensure that Port Houston hosts these events in the future which will continue to drive business here.

Chairman Longoria also announced that approval of the 2017 Comprehensive Annual Financial Report ("CAFR") was on the agenda. Grant Thornton's annual audit included no material findings and the firm emphasized open and effective communication, as the Port Authority's CAFR once again received a "clean" opinion. Chairman Longoria thanked Curtis Duncan, Controller, and his staff for the excellent job they are doing to ensure that the Port Authority's financial activities and reporting are exemplary.

(2018-0416-01) Minutes

Chairman Longoria called for a motion to approve the minutes of the March 27, 2018 Port Commission meeting. Commissioner Corgey moved for approval, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. The minutes were approved as written.

(2018-0416-02) Chairman Longoria reported on the Audit Committee Meeting – April 10, 2018.

Chairman Longoria reported that the Audit Committee discussed the results of the CAFR. The committee also discussed proposed revisions to the Foreign Corrupt Practices Act ("FCPA") and the Office of Foreign Assets Control ("OFAC") policies. Chairman Longoria advised that the approval of the changes were Item G-1 on the agenda and called for a motion for approval.

(2018-0416-03) RCA G1 was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA G1 PASSED.

Chairman Longoria also advised that an update on cybersecurity activities and the proposed Cybersecurity Policy was presented to the committee. The committee was informed that efforts are underway to implement National Institute of Standards and Technology (“NIST”) cybersecurity standards supported by the U.S. Department of Defense and many other technology-dependent organizations. The proposed policy uses this standard as a cornerstone.

Chairman Longoria asked Mr. Eriksson to comment on the proposed policy. Mr. Eriksson stated a series of standards that implement specifics of the Cybersecurity Policy will be prepared by staff and approved by senior management. Senior management in turn will continue to communicate with the Audit Committee so that committee members can manage those standards and make sure that they are being implemented correctly. Chairman Longoria noted that the standards need to be consistent with those of the United States Coast Guard (“USCG”) and Department of Homeland Security; Mr. Eriksson concurred.

(2018-0416-04) RCA G2 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgrey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA G2 PASSED.

In conclusion, Chairman Longoria noted that staff provided the Audit Committee with an overview of the Summary of Audit, the Travel and Business Entertainment Audit Review, and the Network and Infrastructure-Navis Users Access Review. There was one issue reported via the Port Authority’s “whistleblower” hotline during the first two months of 2018. This issue was determined to be a Human Resources policy matter and was referred accordingly.

She asked if there were any questions, there were none.

Chairman Longoria informed all present that the next Port Commission meeting had been moved to Thursday, May 17 at 10:00 a.m.

(2018-0416-05) Chairman Longoria introduced Jason Logan and Patrick Peters of the University of Houston Graduate Design/Build Studio, Gerald D. Hines College of Architecture, who presented an update on the planned shade canopy at the Turning Basin Terminal’s M/V Sam Houston Landing.

Mr. Logan thanked Chairman Longoria for the introduction and provided a slide of the proposed shade canopy, noting that there would be additional shaded seating in the finished product for passengers on the *M/V SAM HOUSTON*, and as mandated by the City

of Houston, there would be an area dedicated to collecting rainwater. He estimated that the project will be constructed over the summer. Chairman Longoria thanked Mr. Logan for his presentation.

(2018-0416-06) Staff Reports

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

- As of the conclusion of the first quarter there was positive activity for all sectors of business through Port Houston. Total tonnage saw a 2% increase over the same period for 2017, steel imports were up 11%, container volume has increased 2%, and bulk cargo, primarily driven by export coal, is 14% higher than in 2017. The outlook for the remainder of the year for cargo activity through Port Houston's terminals is strong.
- March recorded the highest monthly revenue in Port Houston history, at over \$31 million dollars. For the first quarter of the year, revenues are up 6% to over \$86 million, which is just a little short of the budget of \$89 million for the quarter. Expenses are growing more slowly than revenues and finished the first quarter 10% below budget expectations. As a result of managing expenses while growing the business, there was \$40 million dollar cash flow through the first quarter. This is critical to continued capital investment to provide the infrastructure needed to sustain the efficient movement of freight through Port Houston.

Mr. Guenther concluded that these solid operating and financial results for the first quarter of the year speak to the strengths of strategic guidance provided by the Port Commission, dedicated Port Authority staff, and a productive work force.

Chairman Longoria thanked Mr. Guenther for the report and asked if there were any questions. There were none.

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

RCA G1 was approved (*see above – approved by Minute No. 2018-0416-03*).

RCA G2 was approved (*see above – approved by Minute No. 2018-0416-04*).

(2018-0416-07) RCA H1 was presented, moved by Commissioner Corgey, seconded by Commissioner DonCarlos.

Commissioner Fitzgerald inquired about the proposed lease. Mr. Heidt advised him that it would be a renewal, that the lessee Watco Transloading would be storing and moving cargo, and that it was subject to the same minimum annual cargo guarantee as all leases.

Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA H1 PASSED.

(2018-0416-08) RCA H2 was presented, moved by Commissioner Corgey, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA H2 PASSED.

(2018-0416-09) RCA H3 was presented, moved by Commissioner Corgey, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA H3 PASSED.

(2018-0416-10) RCA H4 was presented, moved by Commissioner Corgey, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA H4 PASSED.

(2018-0416-11) RCA H5 was presented, moved by Commissioner Corgey, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA H5 PASSED.

(2018-0416-12) RCA I1(a-d) was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA I1(a-d) PASSED.

(2018-0416-13) RCA I2 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA I2 PASSED.

(2018-0416-14) RCA I3 was presented, moved by Commissioner Corgey, seconded by Commissioner Branch.

Commissioner Mease ask for an explanation of this item. Mr. Heidt advised Commissioner Mease that the Port Authority was refunding the current unlimited tax general obligation bonds at a lower interest rate, with an estimated taxpayer savings of approximately \$40-\$50 million dollars.

Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA I3 PASSED.

(2018-0416-15) RCA I4 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA I4 PASSED.

(2018-0416-16) RCA K1 was presented. Commissioner Fitzgerald moved for staff ranking – first, BGE, Inc.; second, RPS, Inc.; and third, Lockwood, Andrews & Newnam, Inc., seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K1 PASSED.

(2018-0416-17) RCA K2 was presented. Commissioner Branch moved for staff ranking – first, HVJ Associates, Inc.; second, Aviles Engineering Corporation; and third, Ninyo and Moore, seconded by Commissioner Corgey. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K2 PASSED.

(2018-0416-18) RCA K3 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K3 PASSED.

Mr. Guenther noted that the U.S. Army Corps of Engineers had not yet picked a contractor for this project but that Port Authority's cost would not exceed \$4,000,000 dollars.

(2018-0416-19) RCA K4 was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K4 PASSED.

(2018-0416-20) RCA K5 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K5 PASSED.

Chairman Longoria asked Commissioner DonCarlos if his concerns regarding this item had been addressed. He replied in the affirmative.

(2018-0416-21) RCA K6 was presented, moved by Commissioner Mease, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K6 PASSED.

(2018-0416-22) RCA K7 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Branch. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K7 PASSED.

(2018-0416-23) RCA K8 was presented, moved by Commissioner Corgey, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA K8 PASSED.

(2018-0416-24) RCA L1 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L1 PASSED.

(2018-0416-25) RCA L2 was presented, moved by Commissioner Corgey, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L2 PASSED.

(2018-0416-26) RCA L3 was presented, moved by Commissioner Branch, seconded by Commissioner DonCarlos.

Commissioner Mease inquired how much a new 55,000 lb. capacity forklift would cost. Mr. Guenther advised him that the Port Authority was in the process of purchasing a new forklift after a fire destroyed the previous one, and Mr. Paulo Soares, Senior Director, Maintenance, explained that the purchase price was \$350,000, and the current rental fee was approximately \$12,000 per month.

Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L3 PASSED.

(2018-0416-27) RCA L4 was presented, moved by Commissioner Corgey, seconded by Commissioner Mease. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L4 PASSED.

(2018-0416-28) RCA L5 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L5 PASSED.

(2018-0416-29) RCA L6 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L6 PASSED.

(2018-0416-30) RCA L7 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L7 PASSED.

(2018-0416-31) RCA L8 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L8 PASSED.

(2018-0416-32) RCA L9 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L9 PASSED.

(2018-0416-33) RCA L10 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA L10 PASSED.

(2018-0416-34) RCA N1 was presented, moved by Commissioner Branch, seconded by Commissioner Fitzgerald. Chairman Longoria, and Commissioners Branch, Corgey, DonCarlos, Fitzgerald, and Mease voted Aye. Nays none. RCA N1 PASSED.

Commissioner Kennedy asked for an update on the disabled crane at Bayport Container Terminal, and Mr. Soares advised that the crane should be fully functional within two weeks.

At 10:31 a.m., Chairman Longoria advised that the Executive Session would follow and asked Mr. Eriksson to make the following announcement:

It is now 10:31 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 consultation regarding the Memorandum of Settlement Agreement with the City of Seabrook, Texas; deliberate regarding (2) Real Estate (*Section 551.072, Texas Open Meetings Act*); (3) Economic Development Negotiations or Incentives (*Section 551.087, Texas Open Meetings Act*); (4) Employment and Evaluation of Public Employees (*Section 551.074, Texas Open Meetings Act*), including deliberations regarding public employees; and (5) Security-Related Matters (*Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act*). The Port Commission will reconvene in public session after the closed meeting is adjourned.

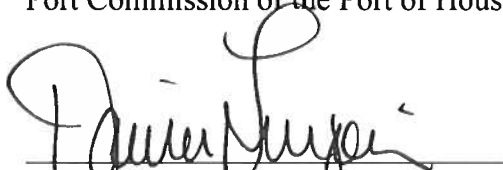
Immediately thereafter the Port Commission retired into closed session.

At 10:42 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
Dean E. Corgey, Commissioner
Stephen H. DonCarlos, Commissioner
Clyde E. Fitzgerald, Commissioner
Roy D. Mease, Commissioner
Roger Guenther, Executive Director
Erik Eriksson, Chief Legal Officer
J. Kent Friedman, Orrick, Herrington & Sutcliffe LLP

At 10:42 a.m., Chairman Longoria adjourned the Port Commission meeting.

The above is a correct copy of the Minutes of the April 16, 2018 meeting of the Port Commission of the Port of Houston Authority.



Janiece Longoria, Chairman



Erik A. Eriksson, Secretary

G. EXECUTIVE

Subject	1. Approve the (i) Foreign Corrupt Practices Act Compliance Policy and (ii) Office of Foreign Assets Control Compliance Policy.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, approve the (i) Foreign Corrupt Practices Act Compliance Policy of the Port Authority, and (ii) Office of Foreign Assets Control Compliance Policy of 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:
General

Department:
Legal

Staff Contact:
Erik Eriksson

Background:

The federal Foreign Corrupt Practices Act (FCPA) is enforced by the U.S. Department of Justice. Most significantly, the FCPA prohibits offering to pay, paying, promising to pay, or authorizing the payment of money or anything of value to a foreign official in order to influence any act or decision of the foreign official in his or her official capacity or to secure any other improper advantage in order to obtain or retain business.

Separately, the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury enforces trade sanctions against targeted foreign countries, terrorists, narcotics traffickers, those engaged in the proliferation of weapons of mass destruction, and other threats to the United States.

At its meeting on February 25, 2014, the Port Commission adopted the Port Authority's Foreign Corrupt Practices Act Compliance Policy and Office of Foreign Assets Control Compliance Policy. Port Authority legal staff, in conjunction with other Port Authority staff members, has now prepared amended and restated versions of each policy.

To summarized aspects of the policy proposals:

- The existing policies were extensively reworked to streamline them and avoid unnecessary duplication.
- At the direction of the Audit Committee, the proposed FCPA policy has placed responsibility to administer policy requirements with the Chief Legal Officer, in lieu of the Chief Audit Officer. The Chief Audit Officer has the appropriately separate responsibility to evaluate risk and audit compliance with the policy.
- Similarly, the proposed OFAC policy formally places the responsibility to review sanction lists in the Legal Department, which is already conducting this activity. Staff considered placing the responsibility to monitor sanctions lists in individual divisions, but such an approach would require training additional people and at the same time invite inconsistency and potential decision making by persons without adequate expertise.
- Both policies contemplate procedures to be developed by the Legal Division. This gives the Port Authority the ability to refine its protocols without requiring policy revisions and should help with efficiency and consistency.
- Those who are subject to the policies must review and acknowledge them annually.
- Finally both policies require review on the second anniversary of the implementation date.

Staff Evaluation/Justification:

Following its review of drafts on April 10, 2018, the Audit Committee acted to recommend that the Port Commission approve these policies as attached.

G. EXECUTIVE

Subject 2. Approve the CyberSecurity Policy of the Port Authority.

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve the CyberSecurity Policy, of 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:

General

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is developing a CyberSecurity program. Staff has proposed a CyberSecurity Policy to support the development and issuance of standards and procedures by the Executive Director, and staff, to help ensure the program meets the federal and industry cybersecurity guidance and recommendations.

Staff Evaluation/Justification:

Staff recommends approval of the proposed CyberSecurity Policy in the form attached, and following its review of the draft policy, at its April 10, 2018 meeting, the Audit Committee acted to recommend that the Port Commission approve the proposed policy.

H. COMMERCIAL

Subject **1. Approve a four-year lease agreement with Watco Transloading, LLC for approximately 12.58 acres out of Block 20 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$452,880 subject to an annual increase of 3%.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve a four-year lease agreement with Watco Transloading, LLC for approximately 12.58 acres out of Block 20 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$452,880 subject to an annual increase of 3%, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

Watco Transloading, LLC (Watco) has requested that the Port Authority lease it 12.58 acres at Industrial Park East for a steel marshalling yard; its current leased footprint would be reduced from 22.58 acres. Watco is currently in a hold-over status on its current 22.58 acre lease; the proposed lease would have a four-year term.

Staff Evaluation/Justification:

Staff recommends approval of a lease with Watco, on the terms described above.

H. COMMERCIAL

Subject **2. Approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 1.72 acres out of Block 12 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$69,203 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 1.72 acres out of Block 12 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$69,203 subject to an annual increase of 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.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:

Cooper/Ports America LLC (C/PA) has requested that the Port Authority renew its approximately, 1.72 acre lease at Barbours Cut Terminal for the storage of chassis and containers. C/PA and its predecessors have leased the 1.72 acre property since October 1, 2012; the proposed lease would have a three-year term.

Staff Evaluation/Justification:

Staff recommends approval of a lease agreement with C/PA on the terms described above.

H. COMMERCIAL

Subject **3. Approve a one-year lease agreement with Watco Transloading, LLC for approximately 5.31 acres out of Block 28 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$109,107 subject to an annual increase of the greater of 3% or increase in the Consumer Price Index.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve a one-year lease agreement with Watco Transloading, LLC for approximately 5.31 acres out of Block 28 at Industrial Park East effective no earlier than May 1, 2018, at an annual rental of \$109,107 subject to an annual increase of the greater of 3% or increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

Watco Transloading, LLC (Watco) has requested the Port Authority renew its lease agreement for 5.31 acres at Industrial Park East for the storage and handling of steel and non-hazardous break bulk cargo. Watco has leased the property since May 1, 2015; the proposed lease would have a one-year term.

Staff Evaluation/Justification:

Staff recommends approval of a lease with Watco on the terms described above.

H. COMMERCIAL

Subject **4. Approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 5.6 acres out of Block 2 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$237,990 subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve a three-year lease agreement with Cooper/Ports America LLC, for approximately 5.6 acres out of Block 2 at Barbours Cut Terminal effective May 1, 2018, at an annual rental of \$237,990 subject to an annual increase of 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.

Goals

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
Cooper/Ports America LLC (C/PA) has requested that the Port Authority renew its approximate 5.6 acre lease for maintenance of operational trucks, chassis, and containers. C/PA and its predecessors have been on the property since 2008; the proposed lease would have a three-year term.

Staff Evaluation/Justification:
Staff recommends approval of a lease agreement with C/PA, on the terms described above.

H. COMMERCIAL

Subject **5. Approve an amendment to extend the lease agreement with Cooper/Ports America LLC, effective no earlier than June 1, 2018 for approximately 3.20 acres at the Turning Basin Terminal, for a one-year term at an annual base rent of \$82,214.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve an amendment to extend the lease agreement with Cooper/Ports America LLC, effective no earlier than June 1, 2018 for approximately 3.20 acres at the Turning Basin Terminal, for a one-year term at an annual base rent of \$82,214, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

Cooper/Ports America LLC has requested that the Port Authority extend the term of its lease of approximately 3.20 acres, which includes Warehouse 21-A (approximately 50,000 sq. ft.), the apron area adjacent to the Warehouse 21-A (approximately 12,500 sq. ft.), an additional open area (approximately 57,210 sq. ft.), and a rail spur (approximately 500 linear ft.) at the Turning Basin Terminal for one year. The property is used for handling of project and break-bulk cargo. Its predecessor company, CT Stevedoring Inc. dba Cooper/T. Smith Stevedoring Company, previously leased the property beginning in 2011.

Staff Evaluation/Justification:

Staff recommends approval for this proposed amendment to the lease agreement.

I. FINANCE

Subject	1. Authorize advertisement and receipt of responses for four formal procurements.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	<p>The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to advertise and receive responses for four formal procurements, determine that the proposed procurement methods provide the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing for these procurements.</p> <p>(a) Request for competitive sealed bids for the rehabilitation of transit shed floors at Wharf 46 at Turning Basin Terminal</p> <p>(b) Request for competitive sealed bids for replacement of the roof on Transit Shed 30-31 at Turning Basin Terminal</p> <p>(c) Request for proposals for 2019 Port Authority employee, retiree, and dependent medical and other supplemental benefits</p> <p>(d) Request for qualifications for professional engineering services to design the construction of East End at Bayport Container Terminal</p>

Category:

Authority to Obtain Bids, Proposals, or Qualifications

Department:

Procurement Services

Staff Contact:

Yvette Camel-Smith

Background:

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

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

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

Staff Evaluation/Justification:

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

I. FINANCE

Subject	2. Approve the Port Authority's fiscal year 2017 Comprehensive Annual Financial Report.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, approve the fiscal year 2017 Comprehensive Annual Financial Report (CAFR), including the Report of Independent Public Accountants prepared by Grant Thornton, LLP dated April 10, 2018, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)

Category:
General

Department:
Accounting

Staff Contact:
Curtis Duncan

Background:

Texas Water Code Sections 60.002 and 49.191 require the Port Authority to secure an annual audit by a certified public accountant or a public accountant holding a license from the Texas State Board of Public Accountancy. In addition, Texas Water Code Section 49.194 requires the Port Commission to annually approve the audit report and ensure that a copy of the report is submitted with an accompanying filing affidavit to the Executive Director of the Texas Commission on Environmental Quality (TCEQ) within 135 days after the close of the Port Authority's fiscal year.

By Minute No. 2015-0728-14, the Port Commission approved staff's ranking of vendors and awarded a professional services contract for professional auditing services for the fiscal year ending December 31, 2015, with options to renew for two additional one-year terms to Grant Thornton, LLP. Staff exercised renewal options for the years ending December 31, 2016 and 2017.

Staff Evaluation/Justification:

Grant Thornton, LLP has completed its audit of the Port Authority's financial statements for the fiscal year ended December 31, 2017 and made a presentation to the Audit Committee on April 10, 2018.

Staff has provided the Port Commission with the latest draft of the Port Authority's fiscal year 2017 Comprehensive Annual Financial Report (CAFR), which includes the Report of Independent Public Accountants prepared by Grant Thornton, LLP dated April 10, 2018.

The Audit Committee and staff recommend that the Port Commission formally approve the 2017 CAFR, whereupon the Executive Director of the Port Authority will submit the CAFR, along with the required filing affidavit, to the Executive Director of the TCEQ.

I. FINANCE

Subject	3. Approve and adopt the "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court" regarding: (i) the issuance of refunding bonds to purchase or refund and defease all or a portion of the following outstanding bonds of the Port Authority: (a) \$19,640,000 par value of the Unlimited Tax Refunding Bonds, Series 2006B (AMT); and (b) \$182,045,000 par value of the Unlimited Tax Refunding Bonds, Series 2008A (AMT); (ii) affirmatively find and declare that the best interests of the taxpayers of the Port Authority will be served by such a refunding, and that the Commissioners Court of Harris County, Texas, be petitioned to authorize the issuance thereof for and on behalf of the Port Authority; and (iii) appoint Bracewell LLP as bond counsel and disclosure counsel, FirstSouthwest, a division of Hilltop Securities Inc. as financial advisor, and J.P. Morgan Securities LLC (senior manager), Drexel Hamilton, LLC, FTN Financial Capital Markets, Piper Jaffray & Co., and Siebert Cisneros Shank & Co., LLC, as underwriters, to assist in the bond issuances.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, approve and adopt the "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court" regarding: (i) the issuance of refunding bonds to purchase or refund and defease all or a portion of the following outstanding bonds of the Port Authority: (a) \$19,640,000 par value of the Unlimited Tax Refunding Bonds, Series 2006B (AMT); and (b) \$182,045,000 par value of the Unlimited Tax Refunding Bonds, Series 2008A (AMT); (ii) affirmatively find and declare that the best interests of the taxpayers of the Port Authority will be served by such a refunding, and that the Commissioners Court of Harris County, Texas, be petitioned to authorize the issuance thereof for and on behalf of the Port Authority; and (iii) appoint Bracewell LLP as bond counsel and disclosure counsel, FirstSouthwest, a division of Hilltop Securities Inc. as financial advisor, and J.P. Morgan Securities LLC (senior manager), Drexel Hamilton, LLC, FTN Financial Capital Markets, Piper Jaffray & Co., and Siebert Cisneros Shank & Co., LLC, as underwriters, to assist in the bond issuances; and further authorize the Chairman of the Port Commission and the Executive Director to do any and all things reasonable or necessary, in the opinion of either person, to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)
Category:	General
Department:	Treasury
Staff Contact:	Ray Yi/Tim Finley
Background:	The Port Authority has previously issued unlimited tax general obligation bonds, some of which are currently callable and others which may be callable on or after October 1, 2018, with a refunding opportunity available

within 90 days prior to the call date. The Port Authority has received unsolicited proposals and inquiries from various financial institutions regarding the opportunity to refund such bonds.

In accordance with Section 5007.007(j) of the Texas Special District Local Laws Code, the Harris County Commissioners Court has the power to refund outstanding bonds of the Port Authority without the need for a bond election.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve and adopt the attached "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court," which includes the appointment of the finance working group specified in said Resolution, to assist the Port Authority in completing this bond refunding.

This refunding opportunity is expected to realize a significant debt service cost savings. The transaction is estimated to achieve net present value savings of \$45-50 million, or about 22-25% of the current debt service. However, these numbers could vary as market conditions change.

I. FINANCE

Subject	4. Authorize staff to (a) negotiate the renewal of the Flexible Rate Revolving Note Program or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, (b) engage FirstSouthwest, a division of Hilltop Securities Inc., as financial advisor with advisory fees not to exceed \$100,000, (c) appoint Bracewell LLP as legal counsel to assist with such financing, and (d) engage up to two credit rating agencies at a cost not to exceed \$200,000 to obtain ratings for the new financing as may be necessary, with all proposed debt financing subject to final approval by the Port Commission.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize staff to (a) negotiate the renewal of the Flexible Rate Revolving Note Program or such other debt financing agreements with financial institutions for such amounts and terms as deemed necessary or advantageous, (b) engage FirstSouthwest, a division of Hilltop Securities Inc., as financial advisor with advisory fees not to exceed \$100,000, (c) appoint Bracewell LLP as legal counsel to assist with such financing, and (d) engage up to two credit rating agencies at a cost not to exceed \$200,000 to obtain ratings for the new financing as may be necessary, with all proposed debt financing subject to final approval by the Port Commission, and further authorize the Chairman of the Port Commission and the Executive Director to do any and all things reasonable or necessary, in the opinion of either person, to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)
Category:	
General	
Department:	
Treasury	
Staff Contact:	
Ray Yi/Tim Finley	
Background:	
	By Minute No. 2012-0828-22, the Port Commission directed staff to explore interim debt financing alternatives with various financial institutions, including discussions relating to terms and conditions for revolving credit facilities, bank loans, and equipment financing.
	By Minute No. 2012-0925-24, the Port Commission approved engagement of two credit rating agencies to obtain ratings for the new debt financing.
	By Minute No. 2013-0820-30, the Port Commission authorized staff to negotiate best terms and conditions for loan facilities in the form of direct purchase revolving note programs up to an aggregate amount of \$300,000,000.
	By Minute No. 2015-0519-18, the Port Commission approved execution and adoption of resolutions, agreements and documents necessary to give effect to a \$300,000,000 Flexible Rate Revolving Note Program. The Note Program closed on September 3, 2015, with Bank of America Merrill Lynch, as agent, and Branch Banking and Trust Company, Capital One, Regions Bank, Frost Bank, and Trustmark National Bank as lenders. The Note Program expires on September 2, 2018.

Staff Evaluation/Justification:

The Port Authority has generated excellent cash flows in the last few years, and a number of capital projects have been delayed, and therefore, there has not been a need to borrow under the Note Program since inception. Based on the latest liquidity forecast, the Port Authority would likely need to seek external financing in the 2020 time frame in order to complete the capital improvement plan shown under its Five Year Plan.

Maintaining sufficient liquidity is an important goal, especially since there may be additional opportunities or requirements for capital infrastructure investments, or emergencies that may arise.

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

K. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$1,047,288 for the design to construct Container 1 North and Container 2 North at Barbours Cut Terminal to the top-ranked proposers: staff ranking – first, BGE, Inc.; second, RPS, Inc.; and third, Lockwood, Andrews & Newnam, Inc.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting: <ol style="list-style-type: none"> (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first BGE, Inc., second, RPS, Inc.; and third, Lockwood, Andrews & Newnam, Inc.; (b) award a professional services contract to BGE, Inc. for the design of Container 1 North and Container 2 North at Barbours Cut Terminal, in an amount not to exceed \$1,047,228; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The Port Authority is seeking to obtain professional services from a qualified firm for the design of Container 1 North and Container 2 North at Barbours Cut Terminal. The Port Authority expects to later request additional professional services for the construction phase services.

By Minute No. 2017-0926-17(j), the Port Commission authorized the advertisement of a request for qualifications (RFQ) for professional services. The Port Authority notified vendors regarding its RFQ using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Twenty-six vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On February 14, 2018, seven RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- BGE, Inc.
- RPS, Inc.
- Lockwood, Andrews & Newnam, Inc.

Staff recommends that the Port Commission award a contract to BGE, Inc. and act as otherwise described above.

K. INFRASTRUCTURE

Subject **2. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$100,000 to perform construction material testing services for all Port Authority facilities and locations to the top-ranked proposers: staff ranking – first, HVJ Associates, Inc.; second, Aviles Engineering Corporation; and third, Ninyo and Moore.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at it's April 16, 2018 meeting:
 (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, HVJ Associates, Inc.; second, Aviles Engineering Corporation; and third, Ninyo and Moore;
 (b) award a professional services contract to HVJ Associates, Inc. to perform construction material testing services for all Port Authority facilities and locations in an amount not to exceed \$100,000; 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:
This procurement includes construction material testing services to support multiple small construction projects port-wide. Per Section 60.463 (c) of the Texas Water Code, in certain circumstances the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction material installed by the contractor. This procurement would provide the third party inspection services.

By Minute No. 2016-0726-07(i), the Port Commission authorized the advertisement of a request for qualifications (RFQ) for professional services. The Port Authority notified vendors regarding its RFQ using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Twenty-two vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On January 4, 2017, eleven RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- HVJ Associates, Inc.
- Aviles Engineering Corporation
- Ninyo and Moore

Staff recommends that the Port Commission award a contract to HVJ Associates, Inc. and act as otherwise described above.

K. INFRASTRUCTURE

Subject **3. Enter into a Memorandum of Agreement with the U.S. Army Corps of Engineers for maintenance dredging of berths at the Bayport Container Terminal and Auto Terminal, and Barbours Cut Terminal for an amount not to exceed \$4,000,000.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to enter into a Memorandum of Agreement with the U.S. Army Corps of Engineers for maintenance dredging of berths at the Bayport Container Terminal and Auto Terminal, and Barbours Cut Terminal for an amount not to exceed \$4,000,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:
General

Department:
Channel Development

Staff Contact:
Mark Vincent, P.E.

Background:

In late 2018, the U.S. Army Corps of Engineers (Corps) is expected to perform maintenance dredging of the Houston Ship Channel and Bayport Ship Channel adjacent to Bayport Container Terminal, and Barbours Cut Ship Channel adjacent to Barbours Cut Terminal. Berths at these terminals also require maintenance dredging, to remove siltation that has occurred since deepening and widening dredging was completed in 2015 and 2016. The Corps is authorized to perform berth dredging for the Port Authority on a reimbursable basis.

Staff Evaluation/Justification:

Use of the Corps dredging contract for berth maintenance is expected to lower the Port Authority's cost for maintenance, improve navigation and commerce, and reduce impacts to placement areas.

Staff recommends that the Port Commission authorize this agreement.

K. INFRASTRUCTURE

Subject **4. Authorize Port Authority staff to enter into agreements with the U.S. Army Corps of Engineers in support of the Federal Section 217(b) process and Port Authority Dredged Material Placement Agreements with channel companies.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize Port Authority staff to enter into agreements with the U.S. Army Corps of Engineers in support of the Federal Section 217(b) process and Port Authority Dredged Material Placement Agreements with channel companies, 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:

Section 217(b) of the Water Resources Development Act of 1996 (33 U.S.C. 2326a(b)) authorizes the Secretary of the Army to permit the use of dredged material placement facilities under the Secretary's jurisdiction by Non-Federal Interests and to impose fees to recover capital, operation, and maintenance costs associated with such use. In accordance with the U.S. Army Corps of Engineers (Corps) recent implementing guidance and the Project Cooperation Agreement that governs the Houston-Galveston Navigation Channels (45-foot) project, the Port Authority may contract with the Corps to carry out these purposes. This procedure would significantly reduce placement area federal fees, and also allow federal fees collected to be returned to the Corps for use on the Houston Ship Channel placement areas.

By Minute No. 30 at its February 24, 1993 meeting, the Port Commission authorized Port Authority staff to enter into dredged material placement agreements (DMPA) with terminals. Standard form agreements with the Corps if permitted hereunder, would be companions to DMPAs for this Section 217(b) process. Due to the significant cost savings to channel companies, use of the 217(b) process is expected to expand, and would additionally accommodate requests for placement area use for emergency dredging when approvals must be expedited.

Staff Evaluation/Justification:

Staff requests that the Port Commission authorize Port Authority staff to enter into agreements as necessary with the Corps for section 217(b) projects.

K. INFRASTRUCTURE

Subject 5. Approve fees effective on May 1, 2018 for barge fleeting leasing.

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, approve fees effective on May 1, 2018 for barge fleeting leasing as set forth on the attached rate schedule, 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:

By Minute No. 2017-0627-36, the Port Commission adopted a Barge Fleeting Policy. Staff has been working with industry stakeholders on Standards and Procedures (Standards) to implement the new policy. Those Standards would include a proposed fee schedule. The attached schedule is recommended by staff and is based on current General Land Office fees for state-owned submerged lands, as well as a recent appraisal of Port Authority-owned submerged lands.

Staff Evaluation/Justification:

Staff recommends adoption of the attached barge fleeting schedule, to become effective on May 1, 2018.

K. INFRASTRUCTURE

Subject **6. Approve the renewal of an expiring Port Authority license for a new ten-year term: Air Products LLC.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to approve the renewal of an expiring license for a new ten-year term: Air Products LLC, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Development

Staff Contact:

Mark Vincent, P.E.

Background:

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

<u>Company</u>	<u>File number</u>	<u>License fee</u>
Air Products LLC	1999-0133	\$96,236
	Total	\$96,236

Staff Evaluation/Justification:

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

Staff recommends approval.

K. INFRASTRUCTURE

Subject 7. Issue a pipeline license to Targa NGL Pipeline Company LLC for two 6-inch natural gas liquids pipelines under and across Hunting Bayou in Galena Park.

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to issue a pipeline license to Targa NGL Pipeline Company LLC for two 6-inch natural gas liquids pipelines under and across Hunting Bayou in Galena Park, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Channel Development

Staff Contact:

Mark Vincent, P.E.

Background:

Targa NGL Pipeline Company LLC (Targa), Port Authority File No. 2018-0015, has applied for a pipeline license for two 6-inch natural gas liquids pipelines under and across Hunting Bayou in Galena Park in the William P. Harris & Robert Wilson Survey, A-31, in Harris County, Texas.

The pipelines would transfer products between Targa's Galena Park facility and a valve site located near Federal Road.

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 \$3,216. The \$675 application fee and \$2,500 as-built deposit have been paid.

Staff recommends approval.

K. INFRASTRUCTURE

Subject	8. Amend a license to add a 0.0296 acre (1,288 square foot) area for the construction of the Sam Houston Tollway Bridge and issue a license for a temporary construction workspace in connection with that project to the Harris County Toll Road Authority across the Southside Mainline railroad right-of-way.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to amend a license to add a 0.0296 acre (1,288 square foot) area for the construction of the Sam Houston Tollway Bridge and issue a license for a temporary construction workspace in connection with that project to the Harris County Toll Road Authority across the Southside Mainline railroad right-of-way, 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) recently obtained a marine construction permit (Port Authority File No. 2017-0026) to replace the Sam Houston Tollway (Ship Channel) Bridge. The project requires the replacement of an existing 4-lane overpass right-of-way with 8-lane overpasses across Southside Mainline railroad right-of-way, at the southern approach to the Ship Channel Bridge.

HCTRA holds a license (Port Authority File No. 1994-0059, formerly 79-129) originally obtained by the Texas Turnpike Authority for the existing overpass across the Port Terminal Railway Association's Southside Mainline railroad right-of-way. The existing license is for the 0.06048 acre (26,346 square foot) area which the overpass spans. The new overpasses would extend westward of the existing license area; therefore HCTRA is seeking to amend the existing license to add a 0.0296 acre (1,288 square foot) area, for a total of 0.6344 acre (27,634 square feet) to accommodate the new overpasses.

In addition, HCTRA is seeking to obtain a license (Port Authority file No. 2018-0084) for a 0.0530 acre (2,308 square foot) area for a temporary construction workspace adjacent to the proposed expanded license area. The workspace would be required for a period of approximately 4 years, or until the construction of the overpass is complete. The construction would be coordinated with the Port Terminal Railroad Association (PTRA).

Staff Evaluation/Justification:

Licenses are generally issued for a period of 10 years; however, due to the permanent nature of the overpass, Port Authority staff seeks authorization from the Port Commission to issue a 50-year license to HCTRA to add a 0.0296 acres (1,288 square foot) area for the construction of an overpass.

Temporary 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 construction workspace, Port Authority staff also seeks authorization from the Port Commission to issue a 10-year license to HCTRA for a temporary construction workspace. The license would be cancelled prior to its expiration should the area no longer be required.

The application was reviewed and approved by the Port Authority's Channel Development and Real Estate departments and the PTRA. The 10-year 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 of both requests.

L. OPERATIONS

Subject	1. Issue a purchase order to Caldwell Country Chevrolet for the purchase of forty-one vehicles needed by Barbours Cut Terminal, Bayport Container Terminal, Central Maintenance, Fire Department, Project & Construction Management, and Port Police departments, using the Houston-Galveston Area Council Cooperative Purchasing Program, in a total amount not to exceed \$1,133,900.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to issue a purchase order to Caldwell Country Chevrolet for the purchase of forty-one vehicles needed by Barbours Cut Terminal, Bayport Container Terminal, Central Maintenance, Fire Department, Project & Construction Management, and Port Police departments, using the Houston-Galveston Area Council Cooperative Purchasing Program, in a total amount not to exceed \$1,133,900, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
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 Central Maintenance Department, with recommendations from Barbours Cut Terminal, Bayport Container Terminal, Fire Department, Project & Construction Management, and Port Police departments, prepared specifications for new and replacement vehicles to promote a safe work environment and cost-effective operations. Staff believes that a total of forty-one vehicles will be needed for 2018, including twenty-two units for Bayport Container Terminal, eleven for Barbours Cut Terminal, five for Port Police, and one for the Fire Department, one for Central Maintenance, and one for Project & Construction Management.

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

Staff Evaluation/Justification:

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

The H-GAC website lists several pre-approved dealerships. Staff has reviewed the vehicle specifications from H-GAC providers and determined that Caldwell Country Chevrolet is the vendor with the best price for selected vehicles and meets the Port Authority's requirements. Caldwell Country Chevrolet pricing for the selected models was reviewed and approved by H-GAC. Accordingly, staff requests that the Port commission approve this item.

L. OPERATIONS

Subject **2. Issue a purchase order to Heil of Texas for the purchase of one Schwarze regenerative air street sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council Cooperative Purchasing program, in an amount not to exceed \$229,950.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to issue a purchase order to Heil of Texas for the purchase of one Schwarze regenerative air street sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$229,950, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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 two sweepers operating at Barbours Cut Terminal. Sweepers are utilized daily to keep facility clean and clear of debris that could potentially damage other equipment. The Port Authority's machines were commissioned in 1999 and 2008 and are at the end of their useful life, needing extraordinary maintenance efforts to maintain their functionality. Staff recommends that both be replaced by a Schwarze Model A7 regenerative air street sweeper, which will function in sweeping and vacuuming modes.

The Houston-Galveston Cooperative Purchasing Program (HGACBuy) was established in 1973 pursuant to the Texas Interlocal Cooperative Act to enable governmental entities to obtain purchasing services that offer expedited procurement, volume purchasing discounts, and contract administration and research services. All products and services offered by HGACBuy have been subjected to competitive procurement processes in accordance with statutory requirements. By Minute No. 99-1129-29, the Port Commission authorized the Port Authority to enter into an Interlocal Agreement with HGACBuy to participate in its Cooperative Purchasing Program; effective January 1, 2002, the Port Authority and HGACBuy entered into the Interlocal Contract for Cooperative Purchasing to enable the Port Authority to participate in HGACBuy's Cooperative Purchasing Program.

Staff Evaluation/Justification:

Procuring equipment such as a street sweeper through the Houston-Galveston Area Council Cooperative Purchasing Program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The HGACBuy website listed Heil of Texas as a pre-approved provider of sweepers. Staff reviewed and tested several models of sweepers and determined that the Schwarze Model A7 Tornado Regenerative Air

Street Sweeper best meets the Port Authority's requirements, and that Heil of Texas is the vendor with the best price for that model. Heil of Texas pricing for the selected model was reviewed and approved by HGAC.

Staff recommends the Port Commission approve the purchase of one Schwarze regenerative air street sweeper using HGACBuy.

L. OPERATIONS

Subject	3. Amend a purchase order to Briggs Equipment for the rental of a 55,000 lb. capacity forklift in an amount not to exceed \$96,000.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to amend a purchase order to Briggs Equipment for the rental of a 55,000 lb. capacity forklift in an amount not to exceed \$96,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - INFRASTRUCTURE (Provide and facilitate infrastructure to meet demand)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns two large capacity forklifts in operation at Bayport Container Terminal. These units are needed daily for moving spreader bars to and from cranes and shop for repairs, transferring over-sized container loads, moving equipment when incidents occur, stacking chassis needing repair or to free space in the yard, and moving perimeter fencing and barricades as needed by expansion projects. One machine, a 2006 Kalmar 50,000 lb. capacity forklift, was lost due to fire on January 26, 2018.

By Minute No. 2018-0327-11(d), the Port Commission authorized the advertisement of a competitive sealed bid for purchase of one 50,000 lb. capacity forklift for Bayport Container Terminal. Prior to that, given the daily demands mentioned above, on February 1, 2018 staff began to rent a 55,000 lb capacity forklift.

Staff Evaluation/Justification:

In order to continue providing customers with acceptable service levels, staff recommends that existing purchase order with Briggs Equipment be increased in an amount not to exceed \$96,000 to insure that operation of the rented unit will not be disrupted, while a replacement unit is being procured and delivered.

Staff recommends the Port Commission approve the amendment of the purchase order to Briggs Equipment.

L. OPERATIONS

Subject **4. Amend the Section 559 Reimbursable Services Agreement and Memorandum of Understanding with U.S. Customs and Border Protection for reimbursement of overtime services in an amount not to exceed \$150,000.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize amendment of the Section 559 Reimbursable Services Agreement and Memorandum of Understanding with U.S. Customs and Border Protection for reimbursement of overtime services in an amount not to exceed \$150,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)

Category:
Awards, Amendments & Change Orders

Department:
Operations

Staff Contact:
Jeff Davis

Background:

U.S. Customs and Border Protection (CBP) mandates that all containers exiting U.S. terminals have Radiation Portal Monitor (RPM) inspections performed by CBP. These inspections are carried out as containers exit Port Authority facilities during normal gate operating hours. Port Authority customers routinely request container deliveries outside of CBP's normal operating hours, and the Port Authority also occasionally makes requests of CBP to provide services outside of its normal operating hours to improve operational efficiencies. CBP funds a limited number of hours for these operations and allows the industry to fund additional hours through the 559 program.

In 2015, the Port Authority entered into a Section 559 Reimbursable Services Agreement (Agreement) and Memorandum of Understanding (MOU) that set forth the terms and conditions relating to the provision of services and reimbursement of CBP for the performance of these services. The Agreement has been standardized by CBP for national use, while the MOU includes operating parameters agreed upon by Port Authority staff and CBP's local port director and his staff.

CBP's services under the Program may not only include additional RPM services but also other container inspection services, such as agriculture inspections and Vehicle and Cargo Inspection System inspections.

The original agreement provided \$150,000 for reimbursable services by CBP. Over the previous 24 months the Port Authority has coordinated CBP's working of extended hours on behalf of the industry and exhausted the amount provided.

Staff Evaluation/Justification:

The Port Authority frequently receives requests from customers to extend the hours of RPM gate operations at the Port Authority's container handling facilities. Amending the Agreement and the MOU would enable the Port Authority to provide additional CBP services needed by its customers and to obtain additional CBP services when needed for its own operations. If amendment of the agreement is approved by the Port Commission, the Port Authority will continue to pass through CBP's charges to customers requesting the additional services, and pay the costs itself when the services are for the Port Authority's direct benefit.

CBP's estimated maximum man hours available under the Program for services for one year would be in the amount of \$150,000.

Staff recommends the Port Commission approve the amendment of the Agreement and MOU with CBP.

L. OPERATIONS

Subject **5. Amend the freight handling assignment agreement with Richardson Stevedoring and Logistics Services, Inc. to provide for a term coterminous with the proposed lease by its affiliated entity of the Woodhouse general cargo terminal.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to amend the freight handling assignment agreement with Richardson Stevedoring and Logistics Services, Inc. to provide for a term coterminous with the proposed lease by its affiliated entity of the Woodhouse general cargo 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:

General

Department:

Port Operations

Staff Contact:

Jeff Davis

Background:

At its March meeting, the Port Commission approved negotiation and execution of a lease of the Woodhouse general cargo terminal (the Terminal) with the Richardson Group of Companies and/or a related entity. The term of that lease is expected to commence May 1, 2018 and run five years.

In connection therewith, the parties anticipate that the Port Authority's freight handling assignment agreement at the Terminal with the lessee's affiliate, Richardson Stevedoring and Logistics Services, Inc. (Richardson), would be amended to provide for a term coterminous with the proposed Terminal lease.

Staff Evaluation/Justification:

Port Authority staff recommends that the Port Commission approve the amendment of the assignment agreement.

L. OPERATIONS

Subject	6. Enter into a Marine Terminal Services Agreement with Evergreen Line Joint Service Agreement.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to enter into a Marine Terminal Services Agreement with Evergreen Line Joint Service Agreement, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term) Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

The Port Authority anticipates continued development of Bayport Container Terminal and improvement of facilities at Barbours Cut Terminal to better serve carriers at these terminals.

To permit the Port Authority to properly plan its capital investments in these terminals and prudently commit and spend public funds, the Port Authority has entered into Marine Terminal Services Agreements (MTSA) with its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

The Port Authority previously entered into an MTSA with Evergreen Shipping Agency (America) Corporation (Evergreen Shipping), the agent for Evergreen Line Joint Service Agreement (Evergreen Line), which was filed with the Federal Maritime Commission on May 14, 2008. That agreement is currently at the end of its 10-year term. The new MTSA would be signed by Evergreen Shipping as agent for Evergreen Line.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a new MTSA with Evergreen Line.

L. OPERATIONS

Subject **7. Enter into a Marine Terminal Service Agreement with Mediterranean Shipping Co. S.A.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to enter into a Marine Terminal Services Agreement with Mediterranean Shipping Co. S.A., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)
Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

The Port Authority anticipates continued development of Bayport Container Terminal and improvement of facilities at Barbours Cut Terminal to better serve carriers at these terminals.

To permit the Port Authority to properly plan its capital investments in these terminals and prudently commit and spend public funds, the Port Authority has entered into Marine Terminal Services Agreements (MTSA) with its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

The Port Authority previously entered into an MTSA with Mediterranean Shipping Co. S.A. (MSC), which was filed with the Federal Maritime Commission on May 14, 2008, and that agreement is currently at the end of its 10-year term.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a new MTSA with MSC.

L. OPERATIONS

Subject	8. Enter into a Marine Terminal Service Agreement with ZIM American Integrated Shipping Services Co. Inc.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to enter into a Marine Terminal Service Agreement with ZIM American Integrated Shipping Services Co. 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.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term) Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:
General

Department:
Operations

Staff Contact:
Jeff Davis

Background:

The Port Authority anticipates continued development of Bayport Container Terminal and improvement of facilities at Barbours Cut Terminal to better serve carriers at these terminals. To permit the Port Authority to properly plan its capital investments in these terminals and prudently commit and spend public funds, the Port Authority has entered into Marine Terminal Services Agreements (MTSA) with its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

The Port Authority previously entered into an MTSA with Zim American Integrated Shipping Services Co. Inc. (Zim American), the agent for Zim Integrated Shipping Services Ltd. (Zim Integrated), which was filed with the Federal Maritime Commission on May 14, 2008. That agreement is currently at the end of its 10-year term, and the new MTSA would be signed by Zim American as agent for Zim Integrated.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a new MTSA with Zim American.

L. OPERATIONS

Subject **9. Extend the current Marine Terminal Service Agreement with OOCL (USA) Inc. for an additional six months.**

Meeting Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its April 16, 2018 meeting, authorize the Port Authority to extend the current Marine Terminal Service Agreement with OOCL (USA) Inc. for an additional six months, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Sustain the business for the long-term)
Strategic Objective 4b. - Cultivate productive relationships with all stakeholders

Category:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

The Port Authority anticipates continued development of Bayport Container Terminal and improvement of facilities at Barbours Cut Terminal to better serve carriers at these terminals.

To permit the Port Authority to properly plan its capital investments in these terminals and prudently commit and spend public funds, the Port Authority has entered into Marine Terminal Services Agreements (MTSA) with its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

The Port Authority previously entered into an MTSA with OOCL (USA), Inc. (OOCL), the agent for Orient Overseas Container Line Limited (OOCL Limited), which was filed with the Federal Maritime Commission on May 14, 2008. OOCL is in the process of being acquired by COSCO SHIPPING Lines Co., Ltd., but the acquisition is not expected to be completed before the MTSA reaches the end of its 10-year term. The MTSA includes an option for renewal for five years, and OOCL Limited has requested that it renew the 2008 MTSA on its original terms for a period of six months rather than enter into a new MTSA.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a six-month renewal of the OOCL MTSA on the terms set forth in the 2008 MTSA.

L. OPERATIONS

Subject	10. Approve the assignment by Nippon Yusen Kaisha (NYK) of its Marine Terminal Services Agreement to the Ocean Network Express (ONE).
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, approve the assignment by Nippon Yusen Kaisha (NYK) of its Marine Terminal Services Agreement to the Ocean Network Express (ONE), and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - GROWTH (Grow and diversify the business base)

Category:
General

Department:
Operations

Staff Contact:
Jeff Davis

Background:

The Port Authority anticipates continued development of Bayport Container Terminal and improvement of facilities at Barbours Cut Terminal to better serve carriers at these terminals.

To permit the Port Authority to properly plan its capital investments in these terminals and prudently commit and spend public funds, the Port Authority has entered into Marine Terminal Services Agreements (MTSA) with its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

The Port of Houston previously entered into a Marine Terminal Services Agreement (MTSA) with Nippon Yusen Kaisha (NYK) for a term of ten years to provide NYK with certain discounts to the Port Authority's regular throughput and empty handling charges for loaded and empty containers moving through Barbours Cut Terminal and Bayport Container Terminal (Terminals) based upon the number of NYK's loaded containers handled at the Terminals each year. The Agreement was filed with the Federal Maritime Commission on or about August 2, 2010.

Last year NYK announced they would jointly operate with other Japanese shipping lines as the Ocean Network Express (ONE), and is now taking bookings under that joint venture. In connection with that, NYK has requested that the Port Authority approve assignment of its MTSA to ONE.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve the assignment of the MTSA to ONE.

N. TECHNOLOGY

Subject	1. Award a contract to Sogeti USA, LLC for project management and hands-on implementation services in support of the migration to Microsoft Office 365, using a Texas Department of Information Resources cooperative purchasing program, in an amount not to exceed \$125,000.
Meeting	Apr 16, 2018 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its April 16, 2018 meeting, award a contract to Sogeti USA, LLC for project management and hands-on implementation services in support of the migration to Microsoft Office 365, using a Texas Department of Information Resources cooperative purchasing program, in an amount not to exceed \$125,000, determine that the proposed procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 2b. - Deliver cost and service advantages through innovation and efficiency Strategic Objective 1c. - Implement streamlined processes supported by technology

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority plans to upgrade its email and Microsoft Office services to Exchange Online and Microsoft Office 365, and staff seeks to retain Sogeti USA, LLC to provide assistance with project management and implementation services in support of this migration. These services would augment hands-on work done by the Port Authority technical team as part of this upgrade.

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

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

Staff Evaluation/Justification:

Staff has determined that the services provided by Sogeti USA, LLC are critical for a successful migration. The price and availability of services from Sogeti USA, LLC, using Texas Department of Information Resources cooperative purchasing program, would provide the best value to the Port Authority.

Staff recommends the Port Commission approve the contract with Sogeti USA, LLC.