



PORT COMMISSION MEETING

AUGUST 2, 2022 – AGENDA



Tuesday, August 2, 2022
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

9:15 a.m.
111 East Loop North
Houston, TX 77029
Fourth Floor Boardroom
And Via WebEx

A. CALL TO ORDER

B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

1. Governance, legislative, policy, operational, and community matters

C. APPROVAL OF MINUTES

1. Special Port Commission Public Meeting - June 17, 2022
2. Port Commission Public Meeting - June 28, 2022

D. STAFF REPORTS

1. Summary of selected financial and operational matters

E. APPEARANCES

1. Michael Zhang, Co-founder of Enviroeener Engineering Consulting
2. Public Comment

F. EXECUTIVE

Staff Report – Selected agenda items – Tom Heidt, Chief Operating Officer

Awards, Amendments & Change Orders

1. Award a professional services contract to Drewry Shipping Consultants Limited to study federal maintenance funding for the Houston Ship Channel system in an amount not to exceed \$90,000.

Leases

2. Declare as surplus and authorize the donation of approximately 20.5 gross acres, out of the Harris & Wilson Survey, to the City of Houston for the development of a park and other public uses.

G. BUSINESS EQUITY

1. No items.

H. COMMERCIAL

Staff Report – Selected agenda items – John Moseley, Chief Commercial Officer

Leases

1. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$144,780, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.
2. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 8.04 acres out of Block 25 at Industrial Park East, effective no earlier than September 1, 2022, at an annual base rent of approximately \$323,400, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.
3. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 1.90 acres out of Block 9A at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$51,619, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.
4. Ratify the extended term of a month-to-month lease with R. Warehousing & Port Services, Inc., commencing September 10, 2022, for approximately 11.83 acres out of Blocks 33 and 33A at Industrial Park East, at an annual base rent of approximately \$514,879.
5. Approve (i) an amendment to the lease with the City of Galena Park for approximately 203.79 acres out of the east side of the Clinton site in the Ezekiel Thomas Survey, A-73, to extend the term for five years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$3,600, and (ii) consent to extend its sublease to Galena Park Riding Club for five years, to run conterminously with the extended term of the lease.
6. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 5.18 acres out of Block 11 at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$271,432, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
7. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 1.62 acres out of Block 6A at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$69,460, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
8. Approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 4.34 acres out of Block 8A at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$91,869, with an annual abatement resulting in annual net base rent of approximately \$27,560, subject to (i) annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$500,000.

9. Approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 7.94 acres out of Block 7 at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$168,073, with annual abatement resulting in annual net base rent of not less than approximately \$50,422, subject to (i) annual escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$1,000,000.

I. FINANCE

Staff Report – Selected agenda items – Tim Finley, Chief Financial Officer

General

1. Approve the formation of a pool for selection of a transition management firm following termination of an investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and Other Post-Employment Benefit Plan (OPEB Plan) assets comprised of Abel Noser LLC, BTIG, LLC, Capital Institutional Services, Inc., and Loop Capital Markets LLC.
2. Adopt a revised Investment Policy for Port Authority funds, including operating, project, debt service, and debt service reserve funds, and approve the Port Authority's revised Internal Controls for Investments.
3. Approve assignment of the investment management agreement with Smith Graham Investment Advisors, L.P. to Loop Capital Asset Management-TCH, LLC, for the management of a fixed income assets portfolio for the Port of Houston Authority Restated Retirement Plan (Pension Plan).

J. INFRASTRUCTURE

Staff Report – Selected agenda items – Rich Byrnes, Chief Infrastructure Officer

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$3,994,800 for a new fender system at Wharf 1 at Turning Basin Terminal to the top-ranked proposer: staff ranking - first, Forde Construction Company, Inc.; and second, McCarthy Building Companies, Inc.
2. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$4,997,384.90 to construct a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, Rigid Constructors, LLC.; second, McCarthy Building Companies, Inc.; and third, Satterfield & Pontikes Construction, Inc.
3. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$60,000 to perform construction material testing during the construction of a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal to the top-ranked proposers: staff ranking - first, Ninyo & Moore Geotechnical and Environmental Sciences Consultants; second, HVJ Associates, Inc.; and third, Terracon Consultants, Inc.
4. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$3,468,671 for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal to the top-ranked proposer: staff ranking - first, Russell Marine LLC; and second, MB Western Industrial Contracting Co.

5. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$70,000 to perform construction material testing for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal to the top-ranked proposers: staff ranking - first, HVJ Associates, Inc.; second, Terracon Consultants, Inc.; and third, Braun Intertec Corporation.

6. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$30,958,000 for the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, McCarthy Building Companies; second, Archer Western Construction; and third, Satterfield & Pontikes, Inc.

7. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$450,000 to perform construction material testing during the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal to the top-ranked proposers: staff ranking - first, Aviles Engineering; second, Ninyo & Moore; and third, Terracon.

8. Amend the services agreement with Avison Young-Texas LLC, to perform additional work associated with analysis and design support for evaluation and possible construction of a new Executive Office Building in an amount not to exceed \$353,430.

9. Approve a change order with Archer Western Construction, LLC to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in a net amount of \$60,841.

10. Authorize a month-to-month lease with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for an additional one-year period and for an additional amount not to exceed \$35,000.

11. Authorize payment to the U.S. Army Corps of Engineers under the Memorandum of Agreement pursuant to Section 214 of Public Law 106-541 to expedite the evaluation of Port Authority permit applications for approximately one year for \$50,000.

General

12. Authorize restriction of a 100-foot by 7,350-foot tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements, at the request of Shell Oil Company and Deer Park Refinery and as required by the Texas Commission on Environmental Quality, and authorize an agreement related thereto with such entities.

Permits/Licenses/Pipeline Easements

13. Issue a transmission line license to Comcast Cable Communications Management, LLC for a fiber optic cable line crossing Turning Basin property along High Level Road.

K. OPERATIONS

Staff Report – Selected agenda items – Jeff Davis, Chief Port Operations Officer

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$900,000 for mowing services and landscape maintenance for Turning Basin Terminal to the top-ranked proposers: staff ranking - first, Yellowstone Landscape; second, Paige Management, LLC; and third, Ambassador Services, LLC.
2. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$65,270,796 for the purchase of twenty-six electric container yard cranes for Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Konecranes Finland Corporation; and second, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC).
3. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$40,950,000 for the purchase of three dockside electric container cranes for Wharves Nos. 2, 5, and 6 at Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation.
4. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$650,000 for maintenance and repair of elevators at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposer: staff ranking – first, RICO Elevators, Inc.; second, Elevators of Beaumont (Stark Business Ventures); and third, Hoist and Crane Service Group.
5. Award a two-year contract to Apache Oil Company for the purchase of miscellaneous filters for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in the amount not to exceed \$500,000.
6. Enter into a two-year Interlocal Agreement with Gulf Coast Authority for industrial wastewater treatment at Bayport Container Terminal in an amount not to exceed \$200,000.
7. Award a three-year contract to Mi-Jack Products, Inc., the sole source provider, for purchase of parts and services for hybrid crane systems at Barbours Cut Terminal in an amount not to exceed \$150,000.
8. Award a three-year contract to United Rentals, Inc. for the rental of emergency power generation for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using a Sourcewell cooperative purchase program contract, in an amount not to exceed \$300,000.
9. Authorize a two-year agreement for preferential berthing rights at the Port Authority's North Side Turning Basin Terminal with G2 Ocean Holding AS.

General

10. Approve an amendment to the thirty-year lease with Texas Stevedoring Services, LLC, to increase the acreage of the interim leased premises thereunder.

11. Approve (i) a chassis lease with North American Chassis Pool Cooperative LLC (NACPC) as lessor for a five-year term for 200 chassis with total base rent not to exceed \$1,806,750, and (ii) a chassis lease with Interpool, Inc. dba TRAC Intermodal as lessor for a two year term for 213 chassis with a total base rent not to exceed \$699,705.

L. PEOPLE

1. No items.

M. SECURITY AND EMERGENCY OPERATIONS

Staff Report – Selected agenda items – Marcus Woodring, Chief Port Security and Emergency Operations Officer

Awards, Amendments & Change Orders

1. Issue a purchase order to NRT Sales LLC for purchase of a restroom trailer through the United States General Services Administration, in an amount not to exceed \$70,000.
2. Authorize the execution of a reimbursable agreement with the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, for the enhancement, management, operation, maintenance, and repair of the Houston- Galveston Physical Oceanographic Real-Time System, for a five-year period in an amount not to exceed \$598,986, and a net additional expenditure of \$481,584.

N. TECHNOLOGY

Staff Report – Selected agenda items – Charles Thompson, Chief Information Officer

Awards, Amendments & Change Orders

1. Approve the purchase of annual software subscription and support services for Sterling electronic data interchange software from Soal Technologies, using a State of Texas Department of Information Resources cooperative purchase contract, in an amount not to exceed \$54,983.
2. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Soal Technologies Company, using a State of Texas Department of Information Resources cooperative purchase contract, in an amount not to exceed \$105,450.
3. Issue a purchase order to Xennex LLC for renewal of Infoblox maintenance to provide network-related functionality using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$66,000.
4. Issue a purchase order to Mythics, Inc. for purchase of the annual software license verification fee for JDEdwards Enterprise Resource Planning software, using Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$241,429.
5. Issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for firewalls, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$195,000.
6. Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$77,000.

O. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding proposed amendment to the agreement for legal services with Best Best & Krieger LLP
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 Officers and Employees (Section 551.074, Texas Open Meetings Act), including deliberations regarding public employees
5. Security-Related Matters (Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act)
6. Adjourn Executive Session

P. RECONVENE OPEN MEETING

1. Announce any items from Executive Session requiring Port Commission action
2. Regular Code of Ethics training and review

Q. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

1. Governance, legislative, policy, operational, and community matters

R. ADJOURN MEETING

1. Next Meeting Requested - September 27, 2022
2. Adjourn Port Commission Meeting

F. EXECUTIVE

Subject **1. Award a professional services contract to Drewry Shipping Consultants Limited to study federal maintenance funding for the Houston Ship Channel system in an amount not to exceed \$90,000.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, authorize the Port Authority to enter into a professional services contract with Drewry Shipping Consultants Limited to study federal maintenance funding of the Houston Ship Channel system and the impact of insufficient funding on public and private facilities in an amount not to exceed \$90,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Government Relations

Staff Contact:

Kerrick Henny/Cam Spencer/Charlie Jenkins

Background:

Recent draft restrictions at the Bayport Channel (41.5 feet vs. the 45 foot authorized depth) and Barbours Cut Channel (41 feet vs. the 45 foot authorized depth) are significantly impacting the Port Authority's ability to handle container vessels at these terminals.

These draft restrictions are a significant example of the recurring systemic draft restrictions caused by insufficient federal Operations and Maintenance (O&M) funding for dredging the Houston Ship Channel complex.

Accordingly, in order to enhance staff advocacy for increased federal O&M funding for the Houston Ship Channel system, Port Authority staff have obtained a proposal to newly study the impacts of O&M funding shortfalls on the Port of Houston and its facilities and stakeholders.

Staff Evaluation/Justification:

Staff recommends that the Port Commission award a contract with Drewry Shipping Consultants Limited for consulting services as described above.

F. EXECUTIVE

Subject	2. Declare as surplus and authorize the donation of approximately 20.5 gross acres, out of the Harris & Wilson Survey, to the City of Houston for the development of a park and other public uses.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, declare as surplus and authorize the donation of approximately 20.5 gross acres, out of the Harris & Wilson Survey, to the City of Houston for the development of a park and other public uses, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Executive

Staff Contact:

Erik Eriksson

Background:

The City of Houston and the Port Authority have been in discussions regarding transfer of an approximately 20.5-acre tract located in the city for future use as a park and other public purposes, and the city has now agreed to terms for entering into a contract to carry out the transaction.

Under Local Government Code Chapter 272.001(l) a political subdivision may donate or sell for less than fair market a designated parcel of land or an interest in real property to another political subdivision if: (1) the land or interest will be used by a political subdivision to which it is donated or sold in carrying out a purpose that benefits the public interest of the donating or selling political subdivision; (2) the donation or sale of the land or interest is made under terms that effect and maintain the public purpose for which the donation or sale is made; and (3) the title and right to possession of the land or interest revert to the donating or selling political subdivision if the acquiring political subdivision ceases to use the land or interest in carrying out the public purpose. In addition, the notice and bidding requirements provided by Subsection (a) do not apply to a donation or sale made under this subsection.

Staff Evaluation/Justification:

Staff believes that the proposed future use of the site, as provided for in the form of contract expected to be entered into with the city, satisfies the requirements of Local Government Code Chapter 272.001(l), and requests that the Port Commission take action as described above.

H. COMMERCIAL

Subject 1. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$144,780, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$144,780, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Leases

Department:

Real Estate

Staff Contact:

R. D. Tanner

Background:

Cooper/Ports America, LLC (CPA) has requested that the Port Authority lease it approximately 3.80 acres out of Block 6 at Northside Turning Basin for a one-year term with a mutual one-year renewal option. CPA has leased the property since September 16, 2021 under a month-to-month lease for storage and handling of cement sacks and general cargo, and plans to use this property for the same purposes under the proposed term lease.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with CPA under the terms described above.

H. COMMERCIAL

Subject 2. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 8.04 acres out of Block 25 at Industrial Park East, effective no earlier than September 1, 2022, at an annual base rent of approximately \$323,400, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America LLC for approximately 8.04 acres out of Block 25 at Industrial Park East, effective no earlier than September 1, 2022, at an annual base rent of approximately \$323,400, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

Cooper/Ports America LLC (CPA) has requested that the Port Authority lease it approximately 8.04 acres out of Block 25 at Industrial Park East for a one-year term with a one-year mutual renewal option. CPA has leased the property since September 2021 under a month-to-month lease for storage and handling of containers, Freight All Kinds (FAK) cargoes, and/or general cargo, and plans to use this property for the same purposes under the proposed term lease.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with CPA under the terms described above.

H. COMMERCIAL

Subject 3. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 1.90 acres out of Block 9A at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$51,619, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 1.90 acres out of Block 9A at Northside Turning Basin, effective no earlier than September 1, 2022, at an annual base rent of approximately \$51,619, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon the exercise of the one-year mutual renewal option, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
Cooper/Ports America, LLC (CPA) has requested that the Port Authority lease it approximately 1.90 acres out of Block 9A at Northside Turning Basin for a one-year term with a one-year mutual renewal option. CPA has leased the property since June 23, 2022 under a month-to-month lease for storage and handling of steel and general cargo, and plans to use this property for the same purposes under the proposed term lease.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease with CPA under the terms described above.

H. COMMERCIAL

Subject 4. Ratify the extended term of a month-to-month lease with R. Warehousing & Port Services, Inc., commencing September 10, 2022, for approximately 11.83 acres out of Blocks 33 and 33A at Industrial Park East, at an annual base rent of approximately \$514,879.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, ratify the extended term of a month-to-month lease with R. Warehousing & Port Services, Inc., commencing September 10, 2022, for approximately 11.83 acres out of Blocks 33 and 33A at Industrial Park East, at an annual base rent of approximately \$514,879, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

The Port Authority currently has a month-to-month lease with R. Warehousing & Port Services, Inc. (Richardson) for approximately 11.83 acres (consisting of a 7.83-acre tract and a 4.00-acre tract) out of Blocks 33 and 33A at Industrial Park East that will have been in effect for more than one year after September 10, 2022. Richardson's annual base rent is approximately \$514,879 and is based upon the current premium rate for a month-to-month lease agreement. Richardson uses the leased premises for storage and handling of steel products and general cargo.

An amendment to the Texas Water Code adopted in the 2011 State of Texas legislative session requires that the Port Commission authorize month-to-month lease agreements in effect for more than one year.

Staff Evaluation/Justification:

Staff recommends the Port Commission ratify the extended term of a month-to-month lease with Richardson under the terms described above.

H. COMMERCIAL

Subject **5. Approve (i) an amendment to the lease with the City of Galena Park for approximately 203.79 acres out of the east side of the Clinton site in the Ezekiel Thomas Survey, A-73, to extend the term for five years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$3,600, and (ii) consent to extend its sublease to Galena Park Riding Club for five years, to run conterminously with the extended term of the lease.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve (i) an amendment to the lease with the City of Galena Park for approximately 203.79 acres out of the east side of the Clinton site in the Ezekiel Thomas Survey, A-73, to extend the term for five years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$3,600, (ii) consent to extend its sublease to Galena Park Riding Club for five years, to run conterminously with the extended term of the lease, and (iii) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
R. D. Tanner

Background:
By Minute No. 2017-0725-05, the Port Commission approved a five-year lease with the City of Galena Park for approximately 205 acres out of the east side of the Clinton site in the Ezekiel Thomas Survey, A-73. The property is used as a public recreational area, including horseback riding operated by a subtenant, Galena Park Riding Club, a Texas non-profit corporation. The lease is set to expire August 31, 2022.

The City of Galena Park has requested that the Port Authority extend the term of the lease for an additional five years for approximately 203.79 acres, and intends to continue to use the property for the purpose described above. Additionally, the City of Galena Park and Galena Park Riding Club have requested the Port Authority approve extension of the sublease of the property to Galena Park Riding Club, as subtenant, for an additional five years, to run conterminously with the lease.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease and sublease amendment under the terms described above.

H. COMMERCIAL

Subject	6. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 5.18 acres out of Block 11 at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$271,432, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve an amendment to the lease with Cooper/Ports America, LLC for approximately 5.18 acres out of Block 11 at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$271,432, subject to annual base rent escalation 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 #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

By Minute No. 2019-1211-21, the Port Commission approved a one-year lease with a one-year mutual extension option with Cooper/Ports America, LLC (CPA) for approximately 5.18 acres out of Block 11 at Northside Turning Basin. The property is used for storage and handling of steel products and general cargo. Prior to the expiration of the first year of the term, the Port Authority and CPA exercised the mutual extension option to add one year to the term.

By Minute No. 2021-1026-11, the Port Commission approved a three-year lease extension with CPA for the property described above. With this extension, the current term of the lease would expire December 31, 2024.

CPA has requested that the Port Authority (i) extend the term of the lease for an additional three years and (ii) permit it to construct, install, operate, and maintain a communications tower to be used for its internal communications only. CPA otherwise plans to continue to use the property for the same purposes as described above.

This proposed lease amendment would extend the lease from January 1, 2025, through December 31, 2027. The annual base rent starting on January 1, 2025 for the extended term would be approximately \$271,432 and would be subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease amendment under the terms described above.

H. COMMERCIAL

Subject	7. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 1.62 acres out of Block 6A at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$69,460, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve an amendment to the lease with Cooper/Ports America, LLC for approximately 1.62 acres out of Block 6A at Northside Turning Basin to extend the term for three years, effective no earlier than September 1, 2022, at an annual base rent of approximately \$69,460, subject to annual base rent escalation 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 #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

By Minute No. 2020-0128-10, the Port Commission approved a four-year lease with Cooper/Ports America, LLC (CPA) for approximately 1.62 acres out of Block 6A at Northside Turning Basin. The lease commenced January 1, 2020 and expires December 31, 2023. The property is used for a truck office and storage of break-bulk cargo.

CPA has requested that the Port Authority (i) extend the term of the lease for an additional three years and (ii) permit it to construct, install, operate, and maintain a communications tower to be used for its internal communications only. CPA plans to continue to use the property for the same purposes as described above.

This proposed lease amendment would extend the lease from January 1, 2024 through December 31, 2026. The annual base rent starting on January 1, 2024 for the extended term would be approximately \$69,460 and would be subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease amendment under the terms described above.

H. COMMERCIAL

Subject	8. Approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 4.34 acres out of Block 8A at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$91,869, with an annual abatement resulting in annual net base rent of approximately \$27,560, subject to (i) annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$500,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 4.34 acres out of Block 8A at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$91,869, with an annual abatement resulting in annual net base rent of approximately \$27,560, subject to (i) annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$500,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

Cooper/Ports America, LLC (CPA) has requested that the Port Authority lease approximately 4.34 acres out of Block 8A at Northside Turning Basin for a six-year term. CPA plans to improve the site and use it for the handling and storage of steel, freight all kinds (FAK), and general cargo. The property has been a greenfield site and vacant for many years. CPA's improvements and expected to add value to the property and bring new cargo to the Port Authority.

Based on CPAs plans to complete a stabilization of the entire property, and the firm has requested an abatement of 70% to the base rent during the lease term, subject to cumulative abatement not exceeding \$500,000. The abated base rent would remain in place for the entire lease term until the cumulative abatement reaches \$500,000 (with provable expenses). At such point, the abated base rent would end, and the annual base rent will be based upon the then-current stabilized lease rate. When CPA leaves the property, the site is expected to remain in its improved and stabilized state.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with CPA on the terms described above.

H. COMMERCIAL

Subject	9. Approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 7.94 acres out of Block 7 at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$168,073, with annual abatement resulting in annual net base rent of not less than approximately \$50,422, subject to (i) annual escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$1,000,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve a lease for a six-year term with Cooper/Ports America, LLC for approximately 7.94 acres out of Block 7 at Northside Turning Basin, effective no earlier than August 3, 2022, at an annual base rent of approximately \$168,073, with annual abatement resulting in annual net base rent of not less than approximately \$50,422, subject to (i) annual escalation of the greater of 3% or the increase in the Consumer Price Index, and (ii) cumulative abatement not exceeding \$1,000,000, 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 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:

Cooper/Ports America, LLC (CPA) has requested that the Port Authority lease approximately 7.94 acres out of Block 7 at Northside Turning Basin for a six-year term. CPA plans to improve the site and use it for the handling and storage of steel, freight all kinds (FAK), and general cargo. The property has been a greenfield site and vacant for many years. CPA's improvements are expected to add value to the property and will bring new cargo to the Port Authority.

CPA plans to complete a stabilization of the entire property, and has requested an abatement of 70% to the base rent during the lease term, subject to cumulative abatement the firm not exceeding \$1,000,000. The abated base rent would remain in place for the entire lease term until the cumulative abatement reaches \$1,000,000 (with provable expenses). At such point, the abated base rent would end, and the annual base rent will be based upon the then-current stabilized lease rate. When CPA leaves the property, the site is expected to remain in its improved and stabilized state.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with CPA on the terms described above.

I. FINANCE

Subject	1. Approve the formation of a pool for selection of a transition management firm following termination of an investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and Other Post-Employment Benefit Plan (OPEB Plan) assets comprised of Abel Noser LLC, BTIG, LLC, Capital Institutional Services, Inc., and Loop Capital Markets LLC.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve the formation of a pool for selection of a transition management firm following termination of an investment manager for the Port of Houston Authority Restated Retirement Plan (Pension Plan) and Other Post-Employment Benefit Plan (OPEB Plan) assets comprised of Abel Noser LLC, BTIG, LLC, Capital Institutional Services, Inc., and Loop Capital Markets LLC, authorize staff to negotiate agreements for transition investment management services, with one or more of these firms under terms and conditions deemed reasonable, customary, and advisable, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:
General

Department:
Treasury

Staff Contact:
Roland Gonzalez

Background:

Transition Managers are the discretionary agent that oversee restructuring of institutional investment portfolios from one or multiple investment managers to an alternate investment manager over a short period of time. They are accountable for investment performance during the transition period and aim to minimize unnecessary costs and transfer risk.

When a transition is completed, the transition manager would provide an in-depth post-transition report, including detailed costs, and performance attributes.

Staff engaged AndCo Consulting, LLC, the Port Authority's pension consultant, to conduct a transition manager search and review the benefits for selecting a transition manager pool for future transfer of assets, between investment managers, within the Pension Plan and OPEB Plan.

AndCo, LLC, provided a transition manager report that included the following four firms:

- Abel Noser LLC
- BTIG, LLC
- Capital Institutional Services, Inc. (CAPIS)
- Loop Capital Markets LLC

Staff Evaluation/Justification:

The Port Commission may, in the future, authorize the termination of one or more investment managers within the Pension Plan or OPEB Plan. If such a termination occurs, staff believes hiring a professional transition manager is in the best interest of the beneficiaries of the Pension Plan and OPEB Plans.

Staff, AndCo Consulting, LLC, and the Port Authority's Pension & Benefits Committee recommends the Port Commission approve the formation of a pool of the above four transition managers, for the transition management of Pension Plan or OPEB Plan assets from one investment manager to an alternate investment manager.

I. FINANCE

Subject **2. Adopt a revised Investment Policy for Port Authority funds, including operating, project, debt service, and debt service reserve funds, and approve the Port Authority’s revised Internal Controls for Investments.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority’s revised Internal Controls for Investments as set forth in Exhibit “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 (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez/David DeLoach

Background:

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

By Minute No. 2021-0928-16, the Investment Policy, investment strategies, and Internal Controls for Investments were last reviewed and approved by the Port Commission.

Staff Evaluation/Justification:

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

The proposed amendments comply with the requirements of the Public Funds Investment Act, as amended. The amendments are listed below:

- Updated fund names in accordance with the Port Authority’s Second Supplemental Resolution,
- Digital signatures are acceptable on quarterly investment reports, and
- Exhibit “C” - Removed one bank due to bank merger.

There are no other changes proposed to the Investment Policy, investment strategies, or Internal Controls for Investments.

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

Port of Houston Authority

Investment Policy



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS®

Adopted August 2, 2022

Minute No. 2022-0802-

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INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective August 2, 2022, pursuant to Chapter 2256 of the Texas Government Code, as amended (the “Public Funds Investment Act” or the “Act”).

ARTICLE I PURPOSE AND SCOPE

Section 1.1. Purpose

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

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

Section 1.2. Scope

This Policy shall apply to the Authority’s general operating funds, debt service funds (including Series 2021 Payment Account), construction funds, project funds, capital projects funds, debt service reserve funds, and such other funds as determined necessary or desirable by the Commission. Article V of this Policy outlines the investment strategies to be employed for the particular funds currently approved.

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

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

ARTICLE II
DEFINITIONS

Section 2.1. Definitions

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

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

as amended from time to time.

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

ARTICLE III INVESTMENT OFFICER

Section 3.1. Investment Officer

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

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

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

Section 3.2. Training

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

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

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

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

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

Section 3.4. Solicitation of Offers or Bids

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

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

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

Section 3.5. Certifications from Sellers of Investments

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

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

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

The Investment Officer, with the assistance of Authority Designees as requested by the Investment Officer,

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

The term “broker-dealer” refers to a financial firm that is not a business organization, but proposes or may propose to the investment entity one or more investments for the entity’s funds.

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

Section 3.6. Reporting by the Investment Officer

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

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

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

Section 3.7. Assistance with Investment Procedures

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

Section 3.8. Settlement Basis

All purchases of investments, except investments in bank deposits, certificates of deposit, local government investment pools or in mutual funds, shall be made on a delivery versus payment ("DVP") basis, pursuant to Section 2256.005(b)(4)(E) of the Act, through a custodian bank. The safekeeping entities and custodians for all Authority investments and for all Collateral pledged to secure Authority funds shall be selected by the Investment Officer from the list of

approved financial institutions at which the Authority's accounts may be maintained. The current list is attached hereto as Exhibit "C".

ARTICLE IV
INVESTMENT OBJECTIVES

Section 4.1. Provisions Applicable to All Funds

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

Section 4.2. Objectives

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

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

- (i) Preservation and safety of principal;
- (ii) Suitability of the investment for the financial requirements of the Authority;
- (iii) Liquidity;
- (iv) Marketability of the investment, if the need arises to liquidate the investment before maturity;
- (v) Diversification of the investment portfolio; and
- (vi) Yield, without compromising the first five objectives.

B. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek first to ensure that capital losses are avoided, whether from securities defaults or erosion of market value.

C. Investment decisions should also favor stability of principal over income.

D. The Authority's investment portfolio shall be structured so as to be sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated. This need for investment liquidity may be tempered to the extent that the Authority is allowed and able to borrow under a short-term basis to meet its operating requirements if needed, taking into consideration the net cost to the Authority.

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

Section 4.3. Authorized Investment Instruments

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

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

- principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Act; or
- (iii) secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for deposits of the Authority.
- G. Certificates of deposit that meet the requirements of Section 2256.010(b) of the Public Funds Investment Act, namely:
- (i) the funds are invested through: (A) a broker that has its main office or a branch office in this State as selected by the Investment Officer from Exhibit “C”, the list of approved financial institutions adopted by the Authority as required by Section 2256.025; or (B) a depository institution that has its main office or a branch office in this State as selected by the Investment Officer;
 - (ii) the broker or the depository institution selected by the Investment Officer arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority;
 - (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - (iv) the Investment Officer appoints the depository institution, an entity described by Section 2257.041(d) of the Public Funds Collateral Act, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority secured in any other manner and amount provided by law for deposits of the Authority.
- H. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act under a master repurchase agreement which includes appropriate provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations, and governing law.
- I. Commercial paper with a stated maturity of 365 days or fewer from the date of issuance as authorized by Section 2256.013 of the Public Funds Investment Act. All commercial paper purchased must be rated not less than “A-1”, “P-1”, or the equivalent by at least two nationally recognized credit rating agencies or must be rated at least “A-1”, “P-1” or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued

by a bank organized and existing under the laws of the United States or any state thereof. Commercial paper may be purchased directly from issuers or through banks or broker-dealers, as approved and listed on Exhibit “C”.

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

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

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

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

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

Section 4.5. Internal Controls for Investments

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

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

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

Section 4.6. Maturity

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

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

Section 4.7. Diversification

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

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

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

Section 4.8. Risk Tolerance

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

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

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

Section 4.9. Safekeeping and Custody

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

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

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

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

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

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

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

ARTICLE V INVESTMENT STRATEGIES FOR PARTICULAR FUNDS

Section 5.1. Investment Strategy for the Operating Fund

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

Section 5.2. Investment Strategy for the Debt Service Fund

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

Section 5.3. Investment Strategy for the Construction Fund and Project Fund

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

Section 5.4. Investment Strategy for the Debt Service Reserve Fund

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

ARTICLE VI MISCELLANEOUS

Section 6.1. Superseding Clause

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

Section 6.2. Annual Review

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

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

Section 6.3. Conflicts

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

Section 6.4. Review and Adoption at Open Meeting

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

Adopted on the 2nd day of August, 2022.

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

ATTEST:

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

EXHIBIT “A”

**Port of Houston Authority
Authority Designees**

Authority Designees employed by the Authority

Chief Financial Officer
Director, Treasury
Controller
Treasury Manager

* * *

EXHIBIT “B”

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS

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

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

of _____ (the “Business Organization”)
(Name of financial institution, business organization or investment pool)

Date: _____, 20_____

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

1. I am an individual offering to enter into an investment transaction with the Authority or a “qualified representative” of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments (collectively referred to herein as the “Investments”) that comply with the Public Funds Investment Act and the Authority’s Investment Policy dated August 2, 2022 (the “Investment Policy”).
3. I or a registered investment professional that services the Authority’s account, as applicable, have/has received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. I or the Business Organization, as applicable, shall comply with such Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy, in which case I or the Business Organization, as applicable, shall comply with the amended or newly adopted Investment Policy.

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

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

By: _____

Name: _____

Title: _____

EXHIBIT “C”

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

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

Academy Securities, Inc,
Amegy Bank of Texas
Backstrom McCarley Berry & Co.
Bank of America
Bank of New York Mellon
Bank of Texas
Barclays Bank
Blaylock Van, LLC
BNP Paribas
BOK Financial Corp (Parent of Bank of Texas)
Cabrera Capital Markets
Cadence Bank
Cantella & Co., Inc.
Cantor Fitzgerald
Capital One
Citibank, N.A.
Citigroup Global Markets
Drexel Hamilton
Estrada Hinojosa & Company, Inc
Federal Reserve Bank
Frost Bank
FHN Financial
Goldman Sachs & Co., LLC
Hancock Whitney Bank
Hilltop Securities Asset Management, LLC
Hilltop Securities Inc.
HSBC Bank
Huntington Capital Markets
IberiaBank
Jefferies, LLC
JPMorgan Chase Bank
Ladenburg Thalmann
Loop Capital Markets LLC
Mesirow Financial, Inc.
Morgan Stanley
MUFG Bank (formerly: Bank of Tokyo Mitsubishi UFJ)
Mutual of Omaha Bank
Oppenheimer

Piper Sandler & Co.
PNC Bank
Ramirez and Co.
Raymond James & Associates, Inc.
Regions Bank
Rice Financial Products Company
Robert W. Baird & Co.
Royal Bank of Canada (and affiliates of RBC Capital)
Siebert Williams Shank & Co., LLC
Stephens Inc.
Stern Brothers & Co.
Stifel, Nicolaus & Company, Inc.
Truist Bank
Trustmark Bank
UBS Financial Services
UMB Bank
Union Bank
US Bank, N.A.
Wells Fargo Bank

Money Market Mutual Funds:

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

Investment Pools:

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

Commercial Paper – Direct Issuers:

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

* * *



**Financial Policies & Procedures
Internal Controls for Investments
Effective August 2, 2022**

(Exhibit A)

1.0 Purpose

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

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

2.0 Scope

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

3.0 Guidelines

3.1.0 Investment Objectives and Categories

- 3.1.1 As specified in Section 4.2 of the Investment Policy, the main objectives of investing the Authority’s funds, in order of importance, are (1) safety of principal, (2) suitability of investment, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.
- 3.1.2 The Investment Officer(s) and Authority Designee(s), as defined in the Investment Policy, may designate different investment strategies for various categories of investments, which categories may include but are not limited to the following:
- (a) **Current or General Funds** are unrestricted funds received from operating revenues.
 - (b) **Debt Service Funds** are (1) with respect to tax-supported obligations, property tax revenues received from Harris County taxpayers designated for debt service and related payments on general obligation ad valorem tax bonds (also referred to as Interest and Redemption Funds or “I&R”), or (2) with respect to obligations or financings supported by operating revenues, funds designated for payment of principal, interest, and related payments on such obligations and financings (also referred to as Series 2021 Payment Account).
 - (c) **Construction Funds or Capital Improvement Funds** are funds specifically designated for capital infrastructure projects and construction costs.

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

3.2.0 Mitigating Risk

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

3.3.0 Responsibilities

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

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

3.4.0 Executing Investment Transactions

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

- maintained in the Authority's files. The Investment Officer may recommend termination of a relationship with a broker-dealer in case of serious violations or sanctions imposed by a regulatory agency or governmental entity.
- 3.4.3 Authority Designees may explore various investment opportunities and alternatives with approved banks and broker-dealers, including soliciting and obtaining proposals for purchase and/or sale of securities.
- 3.4.4 The Investment Officer shall consider all such proposals vis-à-vis the Authority's Investment Policy, strategies and objectives. Upon deciding to proceed with a proposed transaction, the Investment Officer shall ensure that clear instructions are provided to execute or document such investment transaction on behalf of the Authority (e.g., amount to invest, desired maturity, pricing, etc.). Oral instructions shall be followed up with a confirmation via email or fax.
- 3.4.5 An Authority Designee shall prepare a "Purchase of Security Form" or "Sale of Security Form" for any investment transactions that are executed, and shall obtain all necessary approvals in accordance with the Authority's policies and procedures.
- 3.4.6 The Investment Officer shall maintain files and backup documentation for all investment transactions. Such records may include information on the yield curve, bids from other broker-dealers, indicative pricing of similar securities, etc.
- 3.4.7 The Investment Officer or an Authority Designee shall consider all proposed investments, and review the Authority's investment holdings at least annually, for compliance with Texas Senate Bill No. 253, effective May 23, 2017, and the provisions of Chapters 2256 and 2270, Texas Government Code, with regard to any prohibited investments relating to Sudan, Iran and designated foreign terrorist organizations. The Authority shall post an investment disclosure on its website at least annually showing its compliance with such statutory requirements.

3.5.0 Safekeeping of Securities

- 3.5.1 With the exception of investments in certificates of deposit, bank deposits, investment pools, and money market funds, all securities transactions shall be settled on a "delivery versus payment" or "DVP" basis through the Authority's custody account at JPMorgan Chase Bank, or another custodian selected by the Investment Officer from the list of institutions approved by the Port Commission or the Executive Director. Under DVP processing, the custodian makes payment on behalf of the Authority to the broker-dealer or seller, only upon receipt of the securities into the Authority's custody account, thereby helping to mitigate counterparty risk.
- 3.5.2 The Investment Officer or an Authority Designee shall be responsible for providing instructions to the custodian for settlement of investment transactions, and for ensuring that there are sufficient funds on deposit at the custodian to cover such settlement. Instructions sent to the custodian in writing or via fax shall be executed by two Authority Designees. Instructions submitted to the custodian via the custodian's electronic banking

system shall require action by two Authority Designees, one to input and another to approve the instruction.

- 3.5.3 Securities purchased for different funds (e.g., General Fund, Debt Service Fund, Construction Bond Fund, Project Fund, etc.) may be held in the same custody account, provided that the Authority's Financial Accounting department shall track and record the investments belonging to each fund.
- 3.5.4 Securities shall normally be maintained in electronic book-entry form. All transactions with respect to securities to be held in physical form and any unregistered bearer bonds shall require the written approval of two Authority Designees, and such documentation shall be maintained in the Authority's investment files.

3.6.0 Competitive Bidding Process

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

3.7.0 Accounting

- 3.7.1 The Authority's Financial Accounting department is responsible for booking all investment transactions to the general ledger, including all customary journal entries (e.g., accruals of investment income, valuation of investments, gain or loss on sale of securities, etc.), in accordance with generally accepted accounting principles and established departmental approval procedures.
- 3.7.2 The Treasury department shall review all investment transactions, and calculate the appropriate cash amounts to be transferred to and from the Authority's bank, custody and/or other accounts on the settlement date. Such transfers of funds shall be documented and executed pursuant to established approval procedures.
- 3.7.3 The Financial Accounting department shall maintain a spreadsheet, that may be referred to as the "Securities Schedule," showing details of all security holdings (e.g., CUSIP, interest rate, yield, par amount, maturity date, etc.), and shall reconcile such information on a monthly basis against safekeeping statements and confirmations received from the custodian.
- 3.7.4 Investments in certificates of deposit, bank deposits, local government investment pools, and money market funds are not required to be held in safekeeping at the custodian. Such investments shall be reconciled against the monthly statements provided by the appropriate financial institution, and recorded in a spreadsheet maintained by the Financial Accounting department that may be referred to as the "Cash Activity Report."
- 3.7.5 The Securities Schedule and Cash Activity Report are prepared by an accountant in the Financial Accounting department, and reviewed on a monthly basis by the Financial Accounting Manager, the Assistant Controller (if any), or the Controller.

3.8.0 Reporting

- 3.8.1 The Financial Advisor shall prepare monthly and quarterly reports showing details of security holdings, changes in market value, earned income, and investment transactions for the period.
- 3.8.2 The Treasury Manager and the Investment Officer shall review the reports from the Financial Advisor, and resolve any discrepancies or issues with said reports.
- 3.8.3 The Investment Officer shall prepare and cause to be provided to the Port Commission a quarterly report including information on investment holdings, maturity dates, book and market values, and investment transactions during the period. Said report shall be signed by the Investment Officer, and shall indicate whether such investment transactions are in compliance with the Investment Policy and the Public Funds Investment Act. A cover letter with a brief summary of market and economic issues impacting the investment portfolio may also be submitted with the quarterly report.

- 3.8.4 The quarterly investment reports shall also be provided to the Authority's independent auditor at least annually. The latter should review these reports in connection with its annual examination of the Authority's financial statements in accordance with generally accepted auditing standards.

3.9.0 Collateral

- 3.9.1 In accordance with the Authority's Investment Policy and Chapter 2257, Texas Government Code, as amended from time to time ("Public Funds Collateral Act"), any cash held in the Authority's depository bank accounts must be collateralized, to the extent such funds are not insured by the U.S. or an instrumentality of the U.S. (e.g., Federal Deposit Insurance Corporation or "FDIC").
- 3.9.2 The Investment Officer shall (a) select the custodian for any collateral pledged to secure Authority funds from the approved list of institutions attached as Exhibit "C" to the Investment Policy, (b) monitor the status of such collateral on a monthly basis to ensure compliance with the Public Funds Collateral Act, and (c) notify the depository bank in the event the market value of the collateral is not sufficient to cover 102% of the Authority's exposure or reduce the cash balances accordingly.
- 3.9.3 The Authority currently maintains significant cash balances in interest-bearing accounts at a depository bank, which funds are not covered by FDIC insurance. In accordance with a Depository Banking Services and Security Pledge Contract, the depository bank has agreed to pledge and deposit sufficient securities in favor of the Authority at the Federal Reserve Bank to cover 102% of such cash balances.
- 3.9.4 The Financial Accounting department should conduct an additional review of the monthly collateral report received from the custodian, to help ensure that the Authority's cash balances at the bank are fully covered by the collateral deposited at the custodian.

4.0 Review and Adoption

4.1.0 Periodic Review

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

4.2.0 Adoption at Open Meeting

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

Adopted on the 2nd day of August, 2022.

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

ATTEST:

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

Minute No. 2022-0802-

I. FINANCE

Subject	3. Approve assignment of the investment management agreement with Smith Graham Investment Advisors, L.P. to Loop Capital Asset Management-TCH, LLC, for the management of a fixed income assets portfolio for the Port of Houston Authority Restated Retirement Plan (Pension Plan).
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve assignment of the investment management agreement with Smith Graham Investment Advisors, L.P. to Loop Capital Asset Management-TCH, LLC, a subsidiary of Loop Capital, LLC, for the management of a fixed income asset portfolio for the Port of Houston Authority Restated Retirement Plan (Pension Plan), and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
General

Department:
Treasury

Staff Contact:
Roland Gonzalez

Background:

By Minute No. 1996-1023-16, the Port Commission awarded an investment management agreement to Smith Graham Investment Advisors, L.P. (Manager), f/k/a Smith Graham & Co. Asset Managers, L.P., for the management of a Pension Plan portfolio of fixed income assets.

By notice dated July 14, 2022, Manager notified the Port Authority that it plans to assign the investment management agreement to Loop Capital Asset Management-TCH, LLC (Loop), a subsidiary of Loop Capital, LLC, and has requested that the Port Authority consent to this assignment, effective as of the closing of Loop's transaction with Manager.

Staff Evaluation/Justification:

Staff was informed that upon completion of the assignment, the combined firm will have \$10 billion in fixed income securities under management and the Manager's investment management team will remain in place.

Staff and its external pension consultants at AndCo Consulting, LLC recommends that the Port Commission approve the assignment of the investment management agreement with Manager to Loop.

J. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$3,994,800 for a new fender system at Wharf 1 at Turning Basin Terminal to the top-ranked proposer: staff ranking - first, Forde Construction Company, Inc.; and second, McCarthy Building Companies, Inc.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Forde Construction Company, Inc.; and second, McCarthy Building Companies, Inc.; (b) award a contract to Forde Construction Company, Inc. for a new fender system at Wharf 1 at Turning Basin Terminal, in an amount not to exceed \$3,994,800; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of the demolition of the existing timber and rubber tire fender system, installation of a steel fender system, and minor repair of reinforced concrete beams and columns to accommodate the steel fender system.

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

Staff Evaluation/Justification:

On March 23, 2022, three CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as providing the best value for the required services:

- Forde Construction Company, Inc.
- McCarthy Building Companies, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Forde Construction Company, Inc. and act as otherwise described above.

J. INFRASTRUCTURE

Subject	2. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$4,997,384.90 to construct a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, Rigid Constructors, LLC.; second, McCarthy Building Companies, Inc.; and third, Satterfield & Pontikes Construction, Inc.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Rigid Constructors, LLC; second, McCarthy Building Companies, Inc.; and third, Satterfield & Pontikes Construction, Inc.; (b) award a contract to Rigid Constructors, LLC. to construct a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal, in an amount not to exceed \$4,997,384.90; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of the demolition of existing asphalt and concrete pavement, site grading, lime-cement stabilization of existing soil, cement-treated base placement, and paving within a 14.5 acre footprint.

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

Staff Evaluation/Justification:

On July 6, 2022, three CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as providing the best value for the required services:

- Rigid Constructors, LLC
- McCarthy Building Companies, Inc.
- Satterfield & Pontikes Construction, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Rigid Constructors, LLC and act as otherwise described above.

J. INFRASTRUCTURE

Subject	3. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed \$60,000 to perform construction material testing during the construction of a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal to the top-ranked proposers: staff ranking - first, Ninyo & Moore Geotechnical and Environmental Sciences Consultants; second, HVJ Associates, Inc.; and third, Terracon Consultants, Inc.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff’s ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Ninyo & Moore Geotechnical and Environmental Sciences Consultants; second, HVJ Associates, Inc.; and third, Terracon Consultants, Inc.; (b) award a professional services contract to Ninyo & Moore Geotechnical and Environmental Sciences Consultants to perform construction material testing during the construction of a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal, in an amount not to exceed \$60,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This procurement includes construction material testing services during the proposed construction of a 14.5 acre interim container storage facility for redevelopment of the west end of Barbours Cut Terminal. 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 materials installed by the contractor. This procurement would provide such third-party inspection services.

The Port Authority notified vendors regarding its request for qualifications (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. Thirteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 6, 2022, eight 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:

- Ninyo & Moore Geotechnical and Environmental Sciences Consultants
- HVJ Associates, Inc.
- Terracon Consultants, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Ninyo & Moore Geotechnical and Environmental Sciences Consultants and act as otherwise described above.

J. INFRASTRUCTURE

Subject	4. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$3,468,671 for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal to the top-ranked proposer: staff ranking - first, Russell Marine LLC; and second, MB Western Industrial Contracting Co.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Russell Marine LLC; and second, MB Western Industrial Contracting Co.; (b) award a contract to Russell Marine LLC for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal, in an amount not to exceed \$3,468,671; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of the repair of Wharves 47 and 48 and replacing a damaged mooring dolphin at Wharf 1E.

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

Staff Evaluation/Justification:

On June 15, 2022, two CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as providing the best value for the required services:

- Russell Marine LLC
- MB Western Industrial Contracting Co.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Russell Marine LLC and act as otherwise described above.

J. INFRASTRUCTURE

Subject	5. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$70,000 to perform construction material testing for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal to the top-ranked proposers: staff ranking - first, HVJ Associates, Inc.; second, Terracon Consultants, Inc.; and third, Braun Intertec Corporation.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, HVJ Associates, Inc.; second, Terracon Consultants, Inc.; and third, Braun Intertec Corporation; (b) award a professional services contract to HVJ Associates, Inc. to perform construction material testing for the rehabilitation and repair of Wharves 47, 48, and 1E at South Turning Basin Terminal, in an amount not to exceed \$70,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

Per Section 60.463(c) of the Texas Water Code, the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction materials installed by the contractor. This procurement would provide such third-party inspection services to inspect the repair of Wharves 47, 48, and the installation of a dolphin for Wharf 1E.

The Port Authority notified vendors regarding its request for qualifications (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. Seventeen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 15, 2022, six 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.
- Terracon Consultants, Inc.
- Braun Intertec Corporation

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to HVJ Associates, Inc. and act as otherwise described above.

J. INFRASTRUCTURE

Subject	6. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$30,958,000 for the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, McCarthy Building Companies; second, Archer Western Construction; and third, Satterfield & Pontikes, Inc.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, McCarthy Building Companies; second, Archer Western Construction; and third, Satterfield & Pontikes, Inc; (b) award a contract to McCarthy Building Companies for the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal, in an amount not to exceed \$30,958,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of the reconstruction of Container Yards 4 North and 5 North, which includes:

- Demolition of existing pavement and utilities,
- New roller compacted and jointed reinforced concrete pavement,
- New grading and drainage,
- New underground utilities,
- New power and communication duct-banks, and
- New striping.

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

Staff Evaluation/Justification:

On July 8, 2022, eight CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as providing the best value for the required services:

- McCarthy Building Companies
- Archer Western Construction
- Satterfield & Pontikes, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to McCarthy Building Companies and act as otherwise described above.

J. INFRASTRUCTURE

Subject	7. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed \$450,000 to perform construction material testing during the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal to the top-ranked proposers: staff ranking - first, Aviles Engineering; second, Ninyo & Moore; and third, Terracon.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff’s ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Aviles Engineering; second, Ninyo & Moore; and third, Terracon; (b) award a professional services contract to Aviles Engineering to perform construction material testing during the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal, in an amount not to exceed \$450,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

Per Section 60.463(c) of the Texas Water Code, the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction materials installed by the contractor. This procurement would provide such third-party inspection services. This procurement includes construction material testing services during the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal.

The Port Authority notified vendors regarding its request for qualifications (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. Nineteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 8, 2022, eight 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:

- Aviles Engineering
- Ninyo & Moore
- Terracon

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Aviles Engineering and act as otherwise described above.

J. INFRASTRUCTURE

Subject 8. Amend the services agreement with Avison Young-Texas LLC, to perform additional work associated with analysis and design support for evaluation and possible construction of a new Executive Office Building in an amount not to exceed \$353,430.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve an amendment to the services agreement with Avison Young-Texas LLC, to perform additional work associated with analysis and design support for evaluation and possible construction of a new Executive Office Building in an amount not to exceed \$353,430, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Technical and Business Analytics

Staff Contact:

Brenda Trevino

Background:

On December 7, 2020, following a proposal solicitation process, a contract was awarded to Avison Young-Texas, LLC for \$49,125 to complete Step 1 of a Services Contract in support of evaluation and possible construction of a new Executive Office Building. Step 1 evaluated location options, performed a market analysis, and developed best-fit scenarios to determine a recommended solution.

It is now time to move into Step 2 support services which would include further definition of the building, design and contractual support, procurement support, and construction phase support services. The value of Step 2 services is \$353,400 which is divided into \$174,010 for pre-construction support and \$179,420 for construction support.

Staff Evaluation/Justification:

These support services would allow Port Authority staff an additional level of expertise in the development of a new building. Avison Young-Texas, LLC would provide information on the region's response to the changing economy and would identify additional items for consideration during design and construction that may be otherwise overlooked. Continuing with the service during construction facilitates Port Authority staff focus on terminal projects, making the best use of internal resources.

Staff recommends that the Port Commission authorize the Port Authority to continue to engage the services of Avison Young-Texas, LLC for Step 2 of the current support services contract, to further develop the recommendation of building a new Executive Office Building, as proposed above.

J. INFRASTRUCTURE

Subject	9. Approve a change order with Archer Western Construction, LLC to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in a net amount of \$60,841.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve a change order with Archer Western Construction, LLC to perform additional work associated with the expansion of gate facilities at Barbours Cut Terminal in a net amount of \$60,841, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

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

This proposed change order addresses the following items:

- Relocation of one closed circuit television (CCTV) power panel on a high mast pole that conflicts with proposed security fence line,
- Additional fiber termination cassettes to align with current Port Authority standards,
- Additional fencing at fire hydrants to maintain access for first responders along Barbours Cut Boulevard, and
- Additional conduit and cabling for facial recognition kiosks at the new Transportation Worker Identification Credential (TWIC) checkpoint.

This is the sixth change order to this contract, for a total change order value to date of \$172,667, which is a 0.44% increase in the original contract value of \$39,665,678.

Staff Evaluation/Justification:

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

J. INFRASTRUCTURE

Subject	10. Authorize a month-to-month lease with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for an additional one-year period and for an additional amount not to exceed \$35,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize Port Authority staff to enter into a month-to-month lease with 2Plus of Texas, Inc. dba STAR to lease vans under the Houston-Galveston Area Council METROVan Program for an additional one-year period and for an additional amount not to exceed \$35,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 4a. - Implement an innovative environmental leadership strategy STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

Awards, Amendments & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

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

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

In order to participate in the METROVan Program, the Port Authority leases vans on a month-to-month basis from 2Plus of Texas, Inc. dba STAR (STAR). By Minute Nos. 2008-0219-52, 2008-0722-42, 2009-0623-27, 2011-0125-21, 2013-0723-20, 2015-0929-40, 2017-0926-30, 2018-0925-34, 2019-0924-29, and 2021-0622-16, the Port Commission has approved prior participation in the program.

In March 2020, the Executive Office Building (EOB) was closed due to COVID-19. As a result, STAR and the Port Authority agreed to suspend the vanpool program at the EOB until a later date. Employees have since returned to the EOB on a hybrid basis. In connection with restarting the program, STAR agreed to modifications of the ridership requirements, including a waiver of fees for low ridership, allowance for fewer vans, and fewer days of operation.

Employees at Barbours Cut Terminal and Bayport Container Terminal also participate in the Port Authority's vanpool program.

The METROVan Program provides a \$35-per-month incentive discount per rider on vanpool fares to the Port Authority. Each rider in turn is responsible for paying \$25 monthly, in addition to all fuel and toll costs. An average \$900 monthly lease cost per van is incurred by the Port Authority.

As of August 2021, the Port Authority sponsored two vans at Barbours Cut Terminal and 1 van at the Executive Office Building which accommodated fifteen to sixteen riders. The Port Authority will continue with three vans, and more riders are anticipated to join as the effects of the COVID-19 pandemic become more normalized.

Staff Evaluation/Justification:

Staff has determined that a one-year program extension would enable current vanpool groups to continue operating and more vanpools to form during the next year.

Staff recommends the Port Commission approve the program above with STAR through August 2023 and act as otherwise described above.

J. INFRASTRUCTURE

Subject	11. Authorize payment to the U.S. Army Corps of Engineers under the Memorandum of Agreement pursuant to Section 214 of Public Law 106-541 to expedite the evaluation of Port Authority permit applications for approximately one year for \$50,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize payment to the U.S. Army Corps of Engineers under the Memorandum of Agreement pursuant to Section 214 of Public Law 106-541 to expedite the evaluation of Port Authority permit applications for approximately one year for \$50,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

The Port Authority anticipates submitting several federal permit applications or requests for permit amendments to the U.S. Army Corps of Engineers (Corps) in 2022 and 2023 for future channel and terminal development. Section 214 (enacted with the Water Resources Development Act of 2000) enables the Port Authority to contribute funds to the Corps to expedite Port Authority permit requests. The Port Authority entered into this Memorandum of Agreement in 2014.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize a payment to the Corps for the amount of \$50,000 to expedite these future Port Authority permit requests.

J. INFRASTRUCTURE

Subject	12. Authorize restriction of a 100-foot by 7,350-foot tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements, at the request of Shell Oil Company and Deer Park Refinery and as required by the Texas Commission on Environmental Quality, and authorize an agreement related thereto with such entities.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize restriction of a 100-foot by 7,350-foot tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements, at the request of Shell Oil Company and Deer Park Refinery and as required by the Texas Commission on Environmental Quality, and authorize an agreement related thereto with such entities, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 4a. - Implement an innovative environmental leadership strategy STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:
General

Department:
Environmental Affairs

Staff Contact:
Trae Camble

Background:

A 100-foot by 7,350-foot tract of land owned by the Port Authority and used for railroad operations is surrounded by property owned by Shell Oil Company and Shell Chemical LP (the Shell Entities) and Deer Park Refining Limited Partnership (the PMI Entity). The Texas Commission on Environmental Quality (TCEQ), as part of its Texas Risk Reduction Program (TRRP), has identified portions of groundwater in this area as containing certain chemicals of concern, and has required the Shell Entities and the PMI Entity to establish, maintain, and monitor multiple plume management zones in the vicinity, to protect groundwater resources (Plume Management Zone Requirements).

The tract, part of the South Side Main Line railroad tracks operated by Port Terminal Railroad Association (PTRA), was conveyed to the Port Authority in 1928 for construction and operation of a railway.

The TRRP requires that notice be filed of record by subject property owners, providing information about the affected property, that its use is restricted to commercial or industrial purposes absent further TCEQ action, indicate that there is no significant present or future risk to humans or the environment based on the use of the property for commercial or industrial operations, and that it is subject to Plume Management Zone Requirements. The Shell Entities and the PMI Entity have requested that such notice be filed in the deed records for the above-identified property.

Staff Evaluation/Justification:

Because this property has been and is expected to continue to be used for the operation of a railway, staff has concluded that the proposed restrictions place no undue burden on the Port Authority and does not affect the use and value of the tract. Additionally, the Shell Entities and the PMI Entity have agreed to enter into an agreement with the Port Authority whereby the Shell Entities and the PMI Entity would (i) perform at their cost all Plume Management Zone Requirements as required by TCEQ, including those portions that are on and under the Port Authority tract and (ii) agree to comply with Port Authority and PTRA requirements when such activities require property entry.

TCEQ's notice of restriction and the agreement with the Shell Entities and the PMI Entity have been reviewed by the Environmental Affairs, Channel Development, Real Estate, and Legal departments, and found to be acceptable. Therefore, staff recommends the Port Commission approve the above matter.

J. INFRASTRUCTURE

Subject **13. Issue a transmission line license to Comcast Cable Communications Management, LLC for a fiber optic cable line crossing Turning Basin property along High Level Road.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, authorize a transmission line license to Comcast Cable Communications Management, LLC for a fiber optic cable line crossing Turning Basin property along High Level Road, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Comcast Cable Communications Management, LLC, Port Authority File No. 2022-0176, has applied for a transmission line license for the installation of fiber optic cable line crossing Turning Basin property along High Level Road to service a tenant, Cooper Ports of America, LLC.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department, Real Estate department, and Operations department. Staff recommends the license fee be waived. The \$675 application fee and \$2,500 as-built deposit have been paid.

Staff recommends approval.

K. OPERATIONS

Subject	1. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$900,000 for mowing services and landscape maintenance for Turning Basin Terminal to the top-ranked proposers: staff ranking - first, Yellowstone Landscape; second, Paige Management, LLC; and third, Ambassador Services, LLC.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order -first, Yellowstone Landscape; second, Paige Management, LLC; and third, Ambassador Services, LLC; (b) award a two-year contract to the top-ranked vendor for mowing services and landscape maintenance for Turning Basin Terminal, in an amount not to exceed \$900,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2020-0428-67, the Port Commission awarded a two-year contract to Yellowstone Landscape - Central Inc. in an amount not to exceed \$800,000 for mowing services and landscaping maintenance for Turning Basin Terminal. Mowing services and landscape maintenance are defined as tractor and finish mowing and landscaping at several Turning Basin Terminal locations. This contract has since expired and funds have been depleted.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSP) for mowing services and landscaping maintenance for Turning Basin Terminal using the Port Authority's Buyspeed Eprocurement System and the project was also advertised on the Port Authority's website and in a local newspaper. Eight vendors downloaded the project materials from Buyspeed.

Staff Evaluation/Justification:

On July 6, 2022, four CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Yellowstone Landscape
- Paige Management, LLC
- Ambassador Services, LLC

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to Yellowstone Landscape and act as otherwise described above.

K. OPERATIONS

Subject	2. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$65,270,796 for the purchase of twenty-six electric container yard cranes for Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Konecranes Finland Corporation; and second, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC).
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Konecranes Finland Corporation; and second, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); (b) award a contract to the top-ranked proposer for the purchase of twenty-six electric container yard cranes for Barbours Cut Terminal and Bayport Container Terminal in the amount not to exceed \$65,270,796; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns a total of one-hundred and sixteen rubber-tired gantry (RTG) cranes including fifty units at Barbours Cut Terminal and sixty six at Bayport Container Terminal. Twenty-six units, including fourteen for Barbours Cut Terminal and twelve for Bayport Container Terminal are needed to provide added yard capacity and support to additional wharf cranes. They are also needed to meet current and projected growth and maintain the highest service levels to industry, including vessel productivity and truck turn times.

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

Staff Evaluation/Justification:

On June 22, 2022, two RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required product:

- Konecranes Finland Corporation
- Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC)

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Konecranes Finland Corporation and act as otherwise described above.

K. OPERATIONS

Subject	3. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$40,950,000 for the purchase of three dockside electric container cranes for Wharves Nos. 2, 5, and 6 at Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation; (b) award a contract to the top-ranked proposer for the purchase of three dockside electric container cranes for Wharves Nos. 2, 5, and 6 at Bayport Container Terminal in the amount not to exceed \$40,950,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns twelve wharf cranes in operation at Bayport Container Terminal. Additionally, three separate units are expected to be delivered to Wharf No. 6 in the second quarter of 2023. This project consists of design, fabrication, delivery, and commissioning of new wharf cranes for Wharves Nos. 2, 5, and 6 that would be similar in speeds and capacity to units delivered in February 2022 and needed to meet terminal demands given the increasing size of container vessels.

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

Staff Evaluation/Justification:

On June 22, 2022, two RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required product:

- Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC)
- Konecranes Finland Corporation

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC) and act as otherwise described above.

K. OPERATIONS

Subject	4. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$650,000 for maintenance and repair of elevators at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposer: staff ranking – first, RICO Elevators, Inc.; second, Elevators of Beaumont (Stark Business Ventures); and third, Hoist and Crane Service Group.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, RICO Elevators, Inc.; second, Elevators of Beaumont (Stark Business Ventures); and third, Hoist and Crane Service Group; (b) award a two-year contract to the top-ranked proposer for maintenance and repair of elevators at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$650,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2020-0128-44, the Port Commission awarded a two-year contract to RICO Elevators, Inc. in the amount not to exceed \$450,000 for maintenance and repair of elevators at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. These contract funds are nearly depleted. A total of thirty-five elevators have been serviced under this contract, including twenty-seven on wharf cranes, four in the Stevedoring Support Buildings, two in the Bayport Administration Building, and two in the Turning Basin Executive Building.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSP) for maintenance and repair of elevators at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Nine vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 22, 2022, four CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP. One response was deemed non-responsive. Staff identified the following vendors, listed in ranking order, as most qualified to provide the required service:

- RICO Elevators, Inc.
- Elevators of Beaumont (Stark Business Ventures)
- Hoist and Crane Service Group

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to RICO Elevators, Inc. and act as otherwise described above.

K. OPERATIONS

Subject	5. Award a two-year contract to Apache Oil Company for the purchase of miscellaneous filters for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in the amount not to exceed \$500,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, award a two-year contract to Apache Oil Company for the purchase of miscellaneous filters for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$500,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2019-1211-60, the Port Authority awarded a two-year contract to Houston-Pasadena Apache Oil Company in the amount not to exceed \$350,000 for the purchase of miscellaneous filters for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Filters are essential to proper maintenance of terminal equipment including one-hundred and sixteen rubber tired gantry (RTG) cranes, sixty-eight yard tractors, four hundred and four vehicles, as well as numerous forklifts and landscaping equipment. Units require from one to seven filters for fuel, coolant water, air, engine, transmission, and hydraulic oils.

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

Staff Evaluation/Justification:

On June 22, 2022, two CSB responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Authority award a two-year contract to Apache Oil Company, the responsible bidder submitting the lowest and best bid, for purchase of miscellaneous filters for terminal equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

K. OPERATIONS

Subject	6. Enter into a two-year Interlocal Agreement with Gulf Coast Authority for industrial wastewater treatment at Bayport Container Terminal in an amount not to exceed \$200,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize the Port Authority to enter into a two-year Interlocal Agreement with Gulf Coast Authority for industrial wastewater treatment at Bayport Container Terminal in an amount not to exceed \$200,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Gulf Coast Authority (GCA) is a governmental entity created by the Texas legislature in 1969 with the broad charge to protect the waters of the State of Texas. GCA has the authority to own and operate regional industrial and municipal wastewater treatment plants, water systems, and solid waste facilities statewide, and owns and operates four regional industrial wastewater treatment facilities that process liquid wastes from more than eighty industrial plants. These GCA facilities are the Washburn Tunnel Facility, the Bayport Industrial Wastewater Treatment facility located in the Bayport Industrial District in Pasadena, Texas, the 40-Acre Facility in Texas City, and the Odessa Regional Wastewater Treatment Facility in Odessa, Texas.

Wastewater generated at Bayport Container Terminal is processed at GCA's Bayport Industrial Wastewater Treatment Facility.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve the agreement.

K. OPERATIONS

Subject 7. Award a three-year contract to Mi-Jack Products, Inc., the sole source provider, for purchase of parts and services for hybrid crane systems at Barbours Cut Terminal in an amount not to exceed \$150,000.

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, award a three-year contract to Mi-Jack Products, Inc., the sole source provider, for purchase of parts and services for hybrid crane systems at Barbours Cut Terminal in an amount not to exceed \$150,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns five rubber-tired gantry (RTG) cranes at Barbours Cut Terminal that are equipped with Mi-Jack proprietary hybrid systems. These cranes were acquired in July 2015 at the end of the lease agreement between the Port Authority and Maersk, Inc. The Mi-Jack control system operates with a proprietary software to which staff has no access; therefore, service support is needed from the **original equipment manufacturer** to expedite repairs and increase crane uptime. Additionally, these cranes are also equipped with certain proprietary parts that must be purchased through Mi-Jack Products, Inc.

By combining smaller purchase orders into a larger one, staff believes the Port Authority would benefit from reduced administrative costs. Given the importance that five hybrid RTG cranes have in container handling operations, it is advantageous to have a contract in place to improve crane reliability and meet terminal demands.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Mi-Jack Products, Inc. is the sole-authorized source for service, training, repairs, and captive replacement parts for hybrid RTG cranes in the United States.

Staff recommends the Port Commission approve entering into a three-year contract with Mi-Jack Products, Inc., the sole source provider, for purchase of service and parts for hybrid crane systems at Barbours Cut Container Terminal.

K. OPERATIONS

Subject **8. Award a three-year contract to United Rentals, Inc. for the rental of emergency power generation for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using a Sourcewell cooperative purchase program contract, in an amount not to exceed \$300,000.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, award a three-year contract to United Rentals, Inc. for the rental of emergency power generation for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using a Sourcewell cooperative purchase program contract, in an amount not to exceed \$300,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority is seeking to enter into a three-year contract for the rental of emergency power generation for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. This contract would include rental of generators and reefer plugs as needed by the terminals. It is necessary for routine scheduled maintenance as well as ensure continued service to the industry in the event of unforeseen malfunction.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that renting emergency power generation through a Sourcewell cooperative purchase program contract is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The Maintenance Department has determined that the best availability, price, and contract term for the items needed are provided by United Rentals, Inc. under the pricing schedule obtained from that vendor's contract with Sourcewell cooperative purchase program and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and three-year contract with United Rentals, Inc. for the rental of emergency power generation.

K. OPERATIONS

Subject	9. Authorize a two-year agreement for preferential berthing rights at the Port Authority's North Side Turning Basin Terminal with G2 Ocean Holding AS.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize a two-year agreement for preferential berthing rights at the Port Authority's North Side Turning Basin Terminal with G2 Ocean Holding AS, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Operations

Staff Contact:

Jeff Davis

Background:

G2 Ocean Holding AS (G2 Ocean) is a major customer at the Turning Basin, and has recently proposed entering into an agreement that would provide it with preferential berthing rights at City Dock 23 and City Dock 29 at the North Side Turning Basin facilities. Currently, G2 Ocean has more cumulative ship days at berth at the facilities than any other user.

The Agreement would provide that G2 Ocean would continue to be eligible for certain preferential berthing rights provided that on the first anniversary of the agreement and each year thereafter, the number of cumulative ship days at the North Side Turning Basin facilities during the previous twelve months period exceeded the number of ship days at berth by each other regular calling liner carrier docking ships at the public facilities. Under this agreement dockage charges would be applied at the then current Tariff 8 rates with a 30% discount against G2 Ocean's largest ship at 100% occupancy of the berths. This agreement would have a term of two years with two one-year mutual options.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the agreement which is expected to provide the Port Authority with additional Turning Basin business with this customer and certain revenue enhancements as otherwise described above.

K. OPERATIONS

Subject	10. Approve an amendment to the thirty-year lease with Texas Stevedoring Services, LLC, to increase the acreage of the interim leased premises thereunder.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, amend the thirty-year lease with Texas Stevedoring Services, LLC to increase the acreage of the interim leased premises thereunder from 11.61 acres to 13.7 acres, 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:

Operations

Staff Contact:

Jeff Davis

Background:

By Minute No. 2020-0929-24, the Port Commission authorized Texas Stevedoring Services, LLC (TSS) and the Port Authority to enter into the subject lease effective December 15, 2022, for the development and operation of an empty container depot, and for container freight station operations, including stuffing and/or stripping of containers authorized within a one and a half-acre portion of the leased premises. The lease includes both "Interim Leased Premises" of 11.61 acres and "Permanent Leased Premises" of 11.10 acres at Barbours Cut Container Terminal.

The proposed change to the footprint of the interim leased premises would improve traffic circulation around the empty yard and ingress/egress to it, increase empty storage capacity, and allow for a new rubber-tired gantry (RTG) grounded loaded storage block north of the existing yard.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the above amendment on the terms described.

K. OPERATIONS

Subject **11. Approve (i) a chassis lease with North American Chassis Pool Cooperative LLC (NACPC) as lessor for a five-year term for 200 chassis with total base rent not to exceed \$1,806,750, and (ii) a chassis lease with Interpool, Inc. dba TRAC Intermodal as lessor for a two year term for 213 chassis with a total base rent not to exceed \$699,705.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve (i) the chassis lease with North American Chassis Pool Cooperative LLC (NACPC) as lessor for a five year term for 200 chassis with total base rent not to exceed \$1,806,750, and (ii) a chassis lease with Interpool, Inc. dba TRAC Intermodal as lessor for a two year term for 213 chassis with a total base rent not to exceed \$ 699,705, 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:
Operations

Staff Contact:
Jeff Davis

Background:

Among the dramatic disruptions and delays experienced by the supply chain and the maritime transport industry in the wake of the COVID-19 pandemic has been a shortage of chassis at the Port Authority and across the nation. Accordingly, Port Authority staff has concluded that it is in the best interests of the Port Authority and the region it serves to add to chassis supplies through chassis leases. Operations staff has diligently searched for vendors of chassis and identified three appropriate vendors, all of which staff entered into lease negotiations with. The Port Authority previously entered into a chassis lease with one of these three vendors, Milestone Equipment Company LLC, as lessor, for a five-year term for 700 chassis with annual base rent not to exceed \$2,184,525.

Water Code Section 60.4035 permits the Executive Director and authorized officers to make emergency purchases and contracts in amounts that exceed \$50,000 without the customary competitive procedures or prior to Port Commission approval if necessary to, among other things, (1) preserve or protect the public health and safety of the residents of the district; (2) preserve the property of the district in the case of a public calamity; or (3) repair unforeseen damage to the property of the district, provided that staff has endeavored to notify the Port Commission within forty-eight hours of such purchases as required.

The Legal Department has advised that in addition to this authority, these procurements may also be permitted pursuant to Local Government Code Section 271.005, which authorizes governmental agencies to enter into contracts or leases for the use of any personal property as provided in that Section.

Staff Evaluation/Justification:

Staff requests that the Port Commission approve a lease with NACPC as lessor for a five-year term for 200 chassis with annual base rent not to exceed \$1,806,750 over the term of the lease, in accordance with Water Code Section 60.4035 and Local Government Code Section 271.005. Additionally, staff requests that the Port Commission approve a lease with Interpool, Inc. dba TRAC Intermodal as lessor for a two-year term for 213 chassis with a total base rent not to exceed \$ 699,705 over the term of the lease, in accordance with Water Code Section 60.4035 and Local Government Code Section 271.005.

M. SECURITY AND EMERGENCY OPERATIONS

Subject	1. Issue a purchase order to NRT Sales LLC for purchase of a restroom trailer through the United States General Services Administration, in an amount not to exceed \$70,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, issue a purchase order to NRT Sales LLC for purchase of restroom and shower combination trailer, through the United States General Services Administration, in an amount not to exceed \$70,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

The Port Authority is seeking to obtain a portable restroom and shower trailer for use during emergencies to maintain operations. During the past two and a half years, there have been several situations when a unit such as this was rented, or was attempted to be rented, for on-site personnel. In 2020, a water line break near Turning Basin required the rental of a unit at a weekly cost of over \$10,000. During a big freeze in early 2021, Emergency Management attempted to source a unit from a stand-by contractor at a cost of \$27,000 for mobilization and the first week, with a minimum rental of 30 days, but was unable to as all units were taken locally. In that case, the nearest available unit was in Louisiana.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring a portable restroom and shower trailer through the United States General Services Administration (GSA), an agency of the United States, is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority. The Port Authority, as a political subdivision of the State of Texas, is authorized to use GSA for the procurement of certain items.

The Emergency Management department has determined that the best availability, price, and contract term for the item needed is provided by NRT Sales LLC, under the pricing schedule obtained from that vendor's contract with United States General Services Administration, and is therefore recommending this purchase.

Based on the immediate availability and cost savings of owning versus renting, staff recommends the Port Commission approve the purchase of a restroom trailer and determine that this procurement method provides best value to the Port Authority.

M. SECURITY AND EMERGENCY OPERATIONS

Subject	2. Authorize the execution of a reimbursable agreement with the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, for the enhancement, management, operation, maintenance, and repair of the Houston-Galveston Physical Oceanographic Real-Time System, for a five-year period in an amount not to exceed \$598,986, and a net additional expenditure of \$481,584.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, authorize the execution of a reimbursable agreement with the U.S. Department of Commerce, National Oceanic and Atmospheric Administration, for the enhancement, management, operation, maintenance, and repair of the Houston-Galveston Physical Oceanographic Real-Time System, for a five-year period in an amount not to exceed \$598,986, and a net expenditure of \$481,584, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Awards, Amendments & Change Orders

Department:

Fire Department

Staff Contact:

William Buck/Marcus Woodring

Background:

The Houston-Galveston Physical Oceanographic Real-Time System (HGPORTS) provides important real-time oceanographic data to pilots, ship masters, and other navigators, supporting the safety of navigation on the Houston Ship Channel. The current five-year agreement is set to expire on October 1, 2022. The Port Commission previously approved these reimbursable agreements in 1999, 2012, and 2017.

The system presently consists of the following major components: current measurement stations at Galveston Bay Channel Lighted Buoy 11, 610 Bridge, and at the Fred Hartman Bridge; national water level observation stations at the Galveston Bay Entrance North Jetty and at Galveston Pier 21; and Texas Coastal Ocean Observation Network stations at Morgan's Point and Eagle Point. Most of these stations also provide barometric pressure, air/water temperature, and wind speed/direction. Additionally, four of the six stations are networked into existing National and State of Texas observation systems.

This agreement funds the enhancement, management, operation, maintenance, and repair of the HGPORTS system in the Houston-Galveston region.

Staff Evaluation/Justification:

The HGPORTS system has proven to be very beneficial for the safe navigation of ships and barges throughout the Houston Ship Channel, and is relied upon by pilots and ship masters. Based on several economic impact studies of the HGPORTS systems nationwide, the National Oceanic and Atmospheric Administration estimates an annual economic benefit of each HGPORTS system at between \$2.2 million and \$4.5 million.

A surplus of \$292,380 existed in the maintenance account as of the last annual report and no payment would be required in the new Period 1 (2022), resulting in a net cost to the Port Authority of \$481,584 payable over the years 2023 to 2026.

Staff recommends approval to enter into this reimbursable agreement.

N. TECHNOLOGY

Subject	1. Approve the purchase of annual software subscription and support services for Sterling electronic data interchange software from Soal Technologies, using a State of Texas Department of Information Resources cooperative purchase contract, in an amount not to exceed \$54,983.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, approve the purchase of annual software subscription and support services for Sterling electronic data interchange software from Soal Technologies, using a State of Texas Department of Information Resources cooperative purchase contract, for in an amount not to exceed \$54,983, find that this purchasing method provides the best value to the Port Authority for this item, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Chris Brown

Background:

The Port Authority uses Sterling software manufactured by International Business Machines, Inc. as a tool for the electronic exchange of container data between shipping companies, United States Customs, and the Port Authority's gate and terminal operating systems. Annual renewals offer support services to provide for software revision upgrades and technical support.

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

Staff Evaluation/Justification:

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

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

N. TECHNOLOGY

Subject **2. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Soal Technologies Company, using a State of Texas Department of Information Resources cooperative purchase contract, in an amount not to exceed \$105,450.**

Meeting Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its August 2, 2022 meeting, approve the purchase of annual software subscription and support services for Cognos budgeting software from Soal Technologies Company, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$105,450, find that this purchasing method provides the best value to the Port Authority for this item, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Christopher Brown

Background:

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

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

Staff Evaluation/Justification:

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

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

N. TECHNOLOGY

Subject	3. Issue a purchase order to Xennex LLC for renewal of Infoblox maintenance to provide network-related functionality using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$66,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, issue a purchase order to Xennex LLC for renewal of Infoblox maintenance to provide network-related functionality using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$66,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

The Port Authority is seeking to obtain the needed approval for renewal of Infoblox maintenance which provides network-related functionality required for all devices on the Port Authority's network. The Texas Department of Information Resources (DIR) is a department of the State of Texas, and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

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

The Information Technology department has determined that the best availability, price, and contract term for this purchase is provided by Xennex LLC under the pricing schedule obtained from that vendor's contract with DIR, and is therefore recommending this purchase.

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

N. TECHNOLOGY

Subject	4. Issue a purchase order to Mythics, Inc. for purchase of the annual software license verification fee for JDEdwards Enterprise Resource Planning software, using Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$241,429.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, issue a purchase order to Mythics, Inc. for purchase of the annual software license verification fee for JDEdwards Enterprise Resource Planning software, using Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$241,429, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Chris Brown

Background:

The Port Authority is seeking to obtain the renewal of the JDEdwards Enterprise Resource Planning software to track financial transactions related to Payroll, Accounts Payables, Accounts Receivable, procurements, and receipts associated with the procurement process. The licensing agreement related to the software is based upon the Port Authority's audited operating budget. The Texas Department of Information Resources (DIR) is a department of the State of Texas, and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the renewal of JDEdwards Enterprise Resource Planning software through the DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Information Technology department has determined that the best availability, price, and contract term for this purchase is provided by Mythics, Inc. under the pricing schedule obtained from that vendor's contract with DIR, and is therefore recommending this purchase.

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

N. TECHNOLOGY

Subject	5. Issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for firewalls, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$195,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, issue a purchase order to Solid Border Inc. for purchase of select updated firewalls along with software, subscriptions, and maintenance for firewalls, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$195,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

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

Staff Evaluation/Justification:

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

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

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

N. TECHNOLOGY

Subject	6. Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$77,000.
Meeting	Aug 2, 2022 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its August 2, 2022 meeting, issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$77,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Ron Farrow

Background:

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

Staff Evaluation/Justification:

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

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

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

