



PORT COMMISSION MEETING

September 26, 2023 – AGENDA



Tuesday, September 26, 2023
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. Port Commission Public Meeting - July 25, 2023

D. STAFF REPORTS

1. Summary of selected financial and operational matters

E. APPEARANCES

1. Public Comment

F. EXECUTIVE

1. No items.

G. BUSINESS EQUITY

1. No items.

H. CHANNEL INFRASTRUCTURE

Staff Report – Selected agenda items – Charlie Jenkins, Chief Channel Infrastructure Officer

Awards, Amendments & Change Orders

1. Ratify the contract with Matthews Brothers Dredging, LLC for emergency maintenance dredging of Bayport berths 2 through 6 in the amount of \$4,518,500.

General

2. Restrict a 14.9172-acre tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements, at the request of ExxonMobil Oil Corporation and as required by the Texas Commission on Environmental Quality.

Permits/Licenses/Pipeline Easements

3. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association railroad tracks outside the entrance to Industrial Park East.
4. Approve a Port Authority adjacency barge fleeting lease agreement and issue a marine construction permit to Kirby Inland Marine, LP for approximately 15.95 acres of submerged land in the San Jacinto River at an initial monthly rental amount of \$55,825 for a ten-year term.
5. Approve a private adjacency barge fleeting lease agreement and issue a marine construction permit to Kirby Inland Marine, LP for approximately 25.91 acres of submerged land in Old River at an initial monthly rental amount of \$8,359 for a ten-year term.
6. Amend a marine construction permit to Vopak Terminal Deer Park, Inc. to repair a bulkhead, install soil anchors to stabilize an existing wall, and use approximately 1,194 cubic yards of flowable fill for the repair activities.
7. Amend a pipeline easement with Kinder Morgan Texas Pipeline, LLC to relocate a pipeline in the Beltway 8 tract.

I. COMMERCIAL

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

General

1. Authorize the sale of surplus real property totaling approximately 2.179 acres to Hugo Martinez Galarza, out of Block 19 in the John R. Harris Survey, Abstract No. 27 at the intersection of Erath and Fennell Streets in Houston, in the purchase amount of \$350,000.

Awards, Amendments & Change Orders

2. Approve a two-year professional services contract with a one-year mutual extension option with Flensburg and Associates GmbH for trade development services in Europe, the Middle East, and Africa in an amount not to exceed \$278,161 for the two-year contract period and in an amount not to exceed \$145,370 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business.
3. Approve a two-year professional services contract with a one-year mutual extension option with Ben Line Agencies (Singapore) PTE LTD for trade development services in Asia in an amount not to exceed \$406,894 for the two-year contract period and in an amount not to exceed \$207,900 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business.

Leases

4. Ratify the extended term of a month-to-month lease with Empire Stevedoring (Houston) Inc. for approximately 0.69 acres out of Block 12 at Southside Wharves, at an annual base rent of approximately \$20,401.

J. FINANCE

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

Awards, Amendments & Change Orders

1. Approve staff's selection of five investment banking and debt underwriting firms to add to the existing Port Commission-approved pool from which to select firms for the Port Authority's future financing requirements.

General

2. Amend the contract for Excess Umbrella Liability coverage with carrier Lloyds of London, in an amount not to exceed \$418,000.
3. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).
4. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.
5. Adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

K. 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 two-year environmental services agreement to WCA Waste Systems, Inc. dba GFL Environmental, for scrap tire removal and disposal services for Port Authority facilities in an amount not to exceed \$200,000.
2. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$182,002, for programming the proposed new administration building at Barbours Cut Terminal, to the top-ranked proposer PGAL, Inc.
3. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$552,760 for the facility inspection and condition assessment program (FICAP) of marine structures for 2023, to the top-ranked proposer Green Rubiano & Associates.
4. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$154,000 for programming of the Maintenance Building Annex at Bayport Container Terminal, to the top-ranked proposer RDLR Architects, Inc.
5. Approve staff's ranking of vendors and award a construction contract, in an amount not to exceed \$154,795 for demolition of the Auto Terminal Building at Bayport Container Terminal, to the top-ranked proposer Grant Mackay Company, Inc.
6. Award a construction contract to Pfeiffer and Son, Ltd. for electrical cable reroute to power four ship-to-shore cranes at Wharves 5 and 6 at Barbours Cut Terminal, in an amount not to exceed \$564,055.

7. Approve staff's ranking of vendors and award a construction contract, in an amount not to exceed \$117,825,433 for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Russell Marine, LLC.
8. Approve staff's ranking and award a professional services contract, in an amount not to exceed \$800,000 to perform construction material testing services for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Aviles Engineering Corporation.
9. Amend the professional services contract with Jacobs Engineering Group, Inc., to perform construction phase services for construction of Wharf 7 at Bayport Container Terminal, in an amount not to exceed \$810,761.
10. Amend a professional services contract with AECOM Technical Services, Inc., to perform additional work associated with the planning and design for reconstruction of 87 acres of container yard at Barbours Cut Terminal, in an amount not to exceed \$99,838.
11. Amend the professional services contract with Jacobs Engineering Group, Inc., to perform additional work associated with the design of Wharf 1 at Bayport Container Terminal, in an amount not to exceed \$3,800,000.
12. Approve a change order with Forde Construction Company, Inc., to perform additional work associated with the new fender system at Wharf 1 at Turning Basin Terminal, in an amount not to exceed \$261,764.
13. Approve a change order with Rigid Constructors, LLC, to perform additional work associated with the construction of the 12-acre expansion of an interim container storage facility for redevelopment of the west end of Barbours Cut Terminal, in an amount not to exceed \$260,135.
14. Approve a change order with Hi-Tech Electric, Inc., to perform additional work associated with the medium voltage electrical cable installation at Bayport Container Terminal, in an amount not to exceed \$321,401.
15. Approve a change order with George Hedge Contractors, Inc., to perform close-out work associated with construction of the rail spur at Bayport Container Terminal Phase 2, in an amount not to exceed \$457,032.

General

16. Enter into an Interlocal Agreement with Harris County to provide wage rate compliance services for a one-year term in an amount not to exceed \$98,905.

L. OPERATIONS

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

Awards, Amendments & Change Orders

1. Award a two-year contract to Dow Pipe & Fence Supply Company for the purchase of fence parts and supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$200,000.

2. Award a two-year contract to Rush Truck Centers of Texas, LP dba Rush Truck Center, Houston, for the purchase of Cummins diesel engine parts and related services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, in an amount not to exceed \$2,500,000.
3. Award a three-year contract to Kalmar USA Inc., Bromma Americas, the sole source provider, for the purchase of twistlocks and spreader bar-related parts for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$4,500,000.
4. Award a contract to ZPMC North America, Inc., the sole source provider, for the purchase of three headblocks for wharf cranes at Barbours Cut Terminal in an amount not to exceed \$175,000.
5. Award a two-year contract to Briggs Equipment, the sole source provider, for the purchase of captive spare and replacement parts for Hyster container handling equipment at Barbours Cut Terminal in an amount not to exceed \$350,000.
6. Award a contract to Cargotec CHS Pte Ltd, Bromma, the sole source provider, for the purchase of four telescopic spreader bars for Barbours Cut Terminal in an amount not to exceed \$919,500.
7. Amend the contract with Gantrex, Inc. to perform additional services for replacement of trolley rails for nine machinery-on-trolley wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$790,000.

General

8. Authorize an interlocal agreement in an amount not to exceed \$25,000 with San Jacinto Community College District for commercial driver license training courses and related services.
9. Ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC, for approximately 10.27 acres at BCT, at a monthly base rent of approximately \$22,547.53.
10. Authorize a no-fee License Agreement with BWC Terminals LLC within Manchester Terminal Wharves 2 and 3, to implement the preconstruction improvements for operational use outside of the future construction limits of Manchester Wharf 2.

M. PEOPLE

Staff Report – Selected agenda items – Jessica Shaver, Chief People Officer

Awards, Amendments & Change Orders

1. Authorize renewal of group insurance agreements with the following carriers to include coverage for calendar year 2024 in a total amount not to exceed \$2,669,384 for: (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage and (c) Voya, for long-term disability (LTD) coverage and short-term disability (STD) coverage.
2. Authorize amendment of the agreement with PlanSource Benefits Administration, Inc., for employee and retiree benefits and payroll integration services for an additional two-year period, in an amount not to exceed \$201,197.

3. Authorize an amendment to increase the amounts of the group insurance agreements with Hartford Life and Accident Insurance Company for long-term disability (LTD) coverage and short-term disability (STD) coverage for active employees for the calendar year 2023 in an amount not to exceed \$115,000.

N. SECURITY AND EMERGENCY OPERATIONS

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

Awards, Amendments & Change Orders

1. Approve a two-year extension to the professional services contract with E3 OMI for hazardous materials incident response services in an amount not to exceed \$300,000.

General

2. Adopt a resolution regarding designation of the Houston Ship Channel Complex as a multisector critical infrastructure industrial zone.

O. TECHNOLOGY

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

Awards, Amendments & Change Orders

1. Issue a purchase order to Solid Border Inc., for annual technical support, software, subscriptions and maintenance for firewalls and virtual private network (VPN) connectivity at all Port Authority locations, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$195,000.

2. Amend the contract with ManageForce Corporation for technical services regarding JDEdwards Enterprise Resource Planning Software to provide additional support services and extend the term through December 2025, in an amount not to exceed \$748,230.

P. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding (i) 33 U.S.C.A. §§5(b) and 2236 and (ii) 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 Employees (Section 551.074, Texas Open Meetings Act)

5. Security-Related Matters (Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act)

6. Adjourn Executive Session

Q. RECONVENE OPEN MEETING

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

R. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

S. ADJOURN MEETING

1. Next Meeting Requested - October 24, 2023
2. Adjourn Port Commission Meeting

H. CHANNEL INFRASTRUCTURE

Subject	1. Ratify the contract with Matthews Brothers Dredging, LLC for emergency maintenance dredging of Bayport berths 2 through 6 in the amount of \$4,518,500.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, ratify the contract with Matthews Brothers Dredging, LLC for emergency maintenance dredging of Bayport berths 2 through 6 in the amount of \$4,518,500, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Improvement

Staff Contact:

Charlie Jenkins/Lori Brownell/Garry McMahan/Leia Wilson

Background:

The Bayport Ship Channel and associated Bayport Container Terminal berths have experienced higher-than-expected shoaling since the U.S. Army Corps of Engineers (Army Corps) maintenance dredging work was completed in late 2022. As a result, in May 2023 the Houston Pilots imposed a vessel draft restriction in the area. To address this matter, the Army Corps put in place emergency dredging contracts to remove the excess material within Bayport channel, ending the draft restriction in June 2023. However, to resolve the draft restriction impacts on container terminal operations, the Port Authority must also remove significant shoals adjacent to the channel within the berth areas, matching the Army Corps efforts.

To carry out this work, the Port Commission approved an amendment in June with a dredging company already under contract with the Port Authority; however, staff subsequently learned that the approach contemplated by this amendment (since rescinded, in July) was not entirely feasible, since material from Docks 2 through 6 could not be placed at the intended dredged material placement area, due to adjacent area turbidity concerns.

As a result, staff had to identify an alternative placement area, and the most cost- and time-efficient method to conduct this dredging and the placement work to (1) avoid pending draft restriction concerns and (2) remove any shoaling concerns within the Bayport Ship Channel in time for the anticipated opening of Wharf 6 in early October 2023.

Staff Evaluation/Justification:

Staff's determination regarding the alternative placement area was based on the turbidity constraints imposed on placement. A placement contract, for the only available dredged material disposal site meeting water quality conditions required by the Bayport Army Corps permit, was awarded by the Port Commission to Adloy, LLC, in July 2023. Staff has additionally determined that under these circumstances, only one supplier could dredge the Bayport berths (i) at an economical cost and (ii) in the most efficient manner to potentially avoid the additional lost revenue that other dredging methods would impose on the Port Authority.

Therefore, under the authority of Texas Water Code Section 60.4035, staff moved forward with an emergency procurement awarding a contract to Matthews Brothers Dredging, LLC in August 2023 for emergency maintenance dredging for Bayport berths 2 to 6, in the amount of \$4,518,500, and informed the Port Commission of such actions on August 7, 2023. Staff now respectfully requests that the Port Commission ratify this action as is the Port Authority's practice.

H. CHANNEL INFRASTRUCTURE

Subject	2. Restrict a 14.9172-acre tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements, at the request of ExxonMobil Oil Corporation and as required by the Texas Commission on Environmental Quality.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize restriction of a 14.9172-acre tract of Port Authority railway right-of-way property to commercial/industrial use and plume management zone requirements at the request of ExxonMobil Oil Corporation, and as required by the Texas Commission on Environmental Quality, and authorize an agreement related thereto, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
General

Department:
Channel Operations

Staff Contact:
Garry McMahan

Background:

A 14.9172-acre tract of land in the Pasadena area owned by the Port Authority and used for railroad operations is adjacent to property impacted by ExxonMobil Oil Corporation (ExxonMobil) activity. The Texas Commission on Environmental Quality (TCEQ), as part of its Texas Risk Reduction Program (TRRP), has identified groundwater in this area as containing certain chemicals of concern, and has required ExxonMobil to establish, maintain, and monitor a plume management zone 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 1924 for railway purposes.

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, indicating 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. ExxonMobil has requested that such notice be filed in the deed records for the above-identified property (Port Authority File No. 2023-0322).

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, ExxonMobil has agreed to enter into an agreement with the Port Authority whereby they 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 ExxonMobil have been reviewed by the Port Authority's Environmental Affairs, Channel Operations, and Legal departments, and was found to be acceptable. Therefore, staff recommends the Port Commission approve the above matter.

H. CHANNEL INFRASTRUCTURE

Subject **3. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association railroad tracks outside the entrance to Industrial Park East.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action, Information

Recommended Action The Port Commission, at its September 26, 2023 meeting, authorize the Port Authority to issue a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association railroad tracks outside the entrance to Industrial Park East, 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 of Houston, LLC, Port Authority File No. 2023-0271, has applied for a transmission line license for one fiber optic/communication line under the Port Terminal Railroad Association railroad tracks outside the entrance to Industrial Park East, in the John Brown Survey, A-8 and the Ezekiel Thomas Survey, A-73.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions for a 10-year license and at an initial fee of \$1,902. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	4. Approve a Port Authority adjacency barge fleeting lease agreement and issue a marine construction permit to Kirby Inland Marine, LP for approximately 15.95 acres of submerged land in the San Jacinto River at an initial monthly rental amount of \$55,825 for a ten-year term.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve a Port Authority adjacency barge fleeting lease agreement and authorize the Port Authority to issue a marine construction permit to Kirby Inland Marine, LP for approximately 15.95 acres of submerged land in the San Jacinto River at an initial monthly rental amount of \$55,825 for a ten-year term, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Kirby Inland Marine, LP (Kirby), Port Authority File No. 2023-0243 (lease) and Port Authority File No. 2023-0246 (marine construction permit), has applied for a Port Authority adjacency barge fleeting lease agreement and a marine construction permit to barge fleet on 15.95 acres of submerged land in Old River, adjacent to land in the M Niedermeier et al. Survey, A-1736, Harris County, Texas.

Staff is informed that Kirby operates the nation's largest fleet of inland tank barges and towing vessels to transport liquid bulk cargo, petrochemicals, refined products, black oil, and agricultural chemicals from producers to intermediaries to end users, with a service area spanning the Intercoastal Waterway from Brownsville, Texas to St. Marks, Florida, and the Mississippi River and its tributaries.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The lease and permit are subject to the Port Authority's usual terms and conditions, for an initial lease fee of \$55,825 per month for a ten-year term. The \$675 application fee has been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	5. Approve a private adjacency barge fleeting lease agreement and issue a marine construction permit to Kirby Inland Marine, LP for approximately 25.91 acres of submerged land in Old River at an initial monthly rental amount of \$8,359 for a ten-year term.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve a private adjacency barge fleeting lease agreement and authorize the Port Authority to issue a marine construction permit to Kirby Inland Marine, LP for approximately 25.91 acres of submerged land in Old River at an initial monthly rental amount of \$8,359 for a ten-year term, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Kirby Inland Marine, LP (Kirby), Port Authority File No. 2023-0242 (lease) and Port Authority File No. 2023-0246 (marine construction permit), has applied for a private adjacency barge fleeting lease agreement and a marine construction permit to barge fleet on 25.91 acres of submerged land in Old River, adjacent to land in the J T Harrell Survey, A-330, Harris County, Texas.

Staff is informed that Kirby operates the nation's largest fleet of inland tank barges and towing vessels to transport liquid bulk cargo, petrochemicals, refined products, black oil, and agricultural chemicals from producers to intermediaries to end users, with a service area spanning the Intercoastal Waterway from Brownsville, Texas to St. Marks, Florida, and the Mississippi River and its tributaries.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The lease and permit are subject to the Port Authority's usual terms and conditions, for an initial lease fee of \$8,359 per month for a ten-year term. The \$675 application fee has been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	6. Amend a marine construction permit to Vopak Terminal Deer Park, Inc. to repair a bulkhead, install soil anchors to stabilize an existing wall, and use approximately 1,194 cubic yards of flowable fill for the repair activities.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize the Port Authority to amend a marine construction permit to Vopak Terminal Deer Park, Inc. to repair a bulkhead, install soil anchors to stabilize an existing wall, and use approximately 1,194 cubic yards of flowable fill for the repair activities, 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:

Vopak Terminal Deer Park, Inc., Port Authority File No. 2014-0146, has applied to amend a marine construction permit to repair the bulkhead, install soil anchors to stabilize an existing wall, and use approximately 1,194 cubic yards of flowable fill for the repair activities, in the George Ross Survey, A-64.

The existing permit authorizes reconstruction of approximately 350-feet of an existing bulkhead and replacement or reconditioning of 12 breasting dolphins. This permit amendment includes repairs to that bulkhead.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The permit is to be issued subject to the Port Authority's usual terms and conditions. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject **7. Amend a pipeline easement with Kinder Morgan Texas Pipeline, LLC to relocate a pipeline in the Beltway 8 tract.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, amend a pipeline easement with Kinder Morgan Texas Pipeline, LLC to relocate a pipeline in the Beltway 8 tract, 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:

As part of Project 11, a new one-time use dredged material placement area (DMPA) would be built on the Beltway 8 property. Several pipelines covered under several easements belonging to Kinder Morgan Texas Pipeline, LLC, Port Authority File No. 2023-0321, are being relocated around this new DMPA. The easements require the Port Authority to provide a new location for the pipelines and the relocations to be at pipeline owner expense.

Staff Evaluation/Justification:

The relocation has been coordinated with the Port Authority's Channel Operations department. The easement is to be issued with the same terms as the original easements.

Staff recommends approval.

I. COMMERCIAL

Subject	1. Authorize the sale of surplus real property totaling approximately 2.179 acres to Hugo Martinez Galarza, out of Block 19 in the John R. Harris Survey, Abstract No. 27 at the intersection of Erath and Fennell Streets in Houston, in the purchase amount of \$350,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize the sale of surplus real property totaling approximately 2.179 acres to Hugo Martinez Galarza, out of Block 19 in the John R. Harris Survey, Abstract No. 27 at the intersection of Erath and Fennell Streets in Houston, in the purchase amount of \$350,000 as the highest and best bid, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
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:
General

Department:
Real Estate

Staff Contact:
John Moseley/Diana Secher

Background:

On March 22, 2016, the Port Commission (i) determined by resolution that the Port Authority's real property totaling approximately 3.3701 acres located at the intersection of Erath and Fennell Streets, Houston, which includes the 2.179 acres of land mentioned herein, was no longer needed for use by the Port Authority in connection with the development of a navigation project and (ii) authorized the public bid and sale of approximately 3.3701 acres of land by the Port Authority.

The Port Authority advertised a notice and solicitation of public bids (i) on the Port Authority's BuySpeed Eprocurement System July 6, 2023 through July 20, 2023, and (ii) in the Houston Chronicle July 11, 2023, July 13, 2023, July 18, 2023, and July 20, 2023, pursuant to Chapter 60 of the Texas Water Code. The solicitation invited interested parties to submit bids for the purchase of a total of approximately 2.179 acres of land, comprised of two tracts of 1.077 acres and 1.102 acres of unimproved land, out of Block 19 in the John R. Harris Survey, Abstract No. 27 (the "Property"). The established floor bid amount was \$300,000 and the due date for bid submission was July 20, 2023.

The solicitation only included a portion of the property previously determined by the Port Commission to be surplus property. The portion of the surplus property that was not included in the solicitation is encumbered by a Port Terminal Railroad Authority rail track.

After publicly advertising the sale of the Property, one bid was received in the amount of \$350,000 from Hugo Martinez Galarza, which staff has determined is not less than the reasonable market value in the locality at the time and place of the sale.

Staff Evaluation/Justification:

Staff recommends the Port Commission authorize the sale to Hugo Martinez Galarza as set forth above.

I. COMMERCIAL

Subject **2. Approve a two-year professional services contract with a one-year mutual extension option with Flensburg and Associates GmbH for trade development services in Europe, the Middle East, and Africa in an amount not to exceed \$278,161 for the two-year contract period and in an amount not to exceed \$145,370 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve a two-year professional services contract with a one-year mutual extension option with Flensburg and Associates GmbH for trade development services in Europe, the Middle East, and Africa, in an amount not to exceed \$278,161 for the two-year contract period and in an amount not to exceed \$145,370 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business, 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 4a. - Implement an innovative environmental leadership strategy](#)

Category:

Awards, Amendments & Change Orders

Department:

Trade Development

Staff Contact:

Dominic Sun/Ty Reasonover

Background:

Flensburg and Associates GmbH, an independent contractor domiciled in Germany with over thirty years experience in the shipping industry in Europe, the Mediterranean, Africa, and the Middle East, has provided the Port Authority with port-related business development activities in the transatlantic trade since October 2018. The firm has deep relationships with beneficial cargo owners, ocean carriers, freight forwarders, and other maritime-related entities in both the container and multipurpose cargo sectors in those regions.

By Minute No. 2020-0929-13, the Port Commission authorized the award of a contract to Flensburg and Associates GmbH, for a two-year term not to exceed \$253,000 and a one-year mutual option not to exceed \$131,090. The Port Authority exercised the one-year mutual option with a contract amendment to not exceed \$137,025 in total. The term of this contract expires December 31, 2023, and staff now proposes to enter into a new contract on the terms described herein.

In 2022, loaded containerized imports and exports through the Port Authority container facilities to and from Europe and the Mediterranean represented 23% of loaded container throughput or 725,988 twenty-foot equivalent units (TEU) aboard eight of twenty-two regular container liner services calling Port Authority facilities. Belgium (Port Authority's number one transatlantic export partner), Turkey, and Spain account for 14.4% of the Port Authority's total loaded exports. The Northern Europe and Mediterranean regions represent 22.4% of the Port Authority's total loaded imports.

Four of the top five container ocean carriers and many of the world's top break bulk ocean carriers are headquartered in Europe. With the significant and ongoing expansion of Houston's regional petrochemical complex, the Port Authority's strong links with Europe's petrochemical, consumer products, and automotive sectors, increasing vessel sizes, and high beneficial cargo owner demand for cargo routing through the Port Authority, transatlantic volumes are expected to continue to trend upward.

Staff Evaluation/Justification:

Based on these circumstances, staff recommends the Port Authority advance its strategic positioning in Europe, the Mediterranean, Africa, and the Middle East through the award of a new two-year contract with Flensburg and Associates GmbH, not to exceed \$278,161 during the initial two-year term of the contract, and not to exceed \$145,370 for the one-year mutual extension option period. Such amounts include (i) the fees for the services, which would be \$9,012.50 per month for the first year, \$9,282.87 for the second, and \$9,561.36 for the third year, if the mutual option is exercised, and (ii) the reimbursable expenses for travel and business expense reimbursements, which would not exceed \$28,875.00 per year for the first year, \$29,741.25 per year for the second year, and \$30,633.49 for the third year, if the mutual option is exercised.

Staff recommends the Port Commission approve the proposed contract with Flensburg and Associates GmbH.

I. COMMERCIAL

Subject **3. Approve a two-year professional services contract with a one-year mutual extension option with Ben Line Agencies (Singapore) PTE LTD for trade development services in Asia in an amount not to exceed \$406,894 for the two-year contract period and in an amount not to exceed \$207,900 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve a two-year professional services contract with a one-year mutual extension option with Ben Line Agencies (Singapore) PTE LTD for trade development services in Asia in an amount not to exceed \$406,894 for the two-year contract period and in an amount not to exceed \$207,900 for the one-year extension option period, with such amounts including fees for the services and reimbursable expenses for related travel and business, 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 4a. - Implement an innovative environmental leadership strategy](#)

Category:

Awards, Amendments & Change Orders

Department:

Trade Development

Staff Contact:

Dominic Sun / Jessica Nguyen

Background:

Ben Line Agencies (Singapore) PTE LTD, an independent contractor (Ben Line Agencies), using its experience for over 150 years in the shipping industry in Asia and its established network of over 100 offices across 15 countries, has promoted the Port Authority's facilities and services while helping maintain a positive image of Houston across Asia.

By Minute No. 2020-0929-14, the Port Commission most recently approved the award of a professional services contract to Ben Line Agencies for a two-year contract with a third-year mutual option in an amount not to exceed \$578,871.36. This contract expires December 31, 2023, and staff now proposes to enter into a new contract on the terms described herein.

In 2022, East Asian imports through the Port Authority container facilities grew 23%. Trade with Asia now represents nearly 42% of the total volume of import and export containers which move through Port Authority terminals. China was the Port Authority's number one country for container trade in 2022 and accounted for

over 34% of all loaded containers, nearly six times that of the next highest country, Vietnam, followed closely by India. With the addition of the Maersk/MSC/ZIM Asia service (which launched in August 2019), increasing Asia service vessel sizes, and high beneficial cargo owner demand for cargo routing through the Port Authority, Asian volumes are expected to continue to trend upward, and Asia continues to represent the fastest-growing trade area for the Port Authority.

Staff Evaluation/Justification:

Based on these circumstances, staff recommends the Port Authority advance its strategic positioning in Asia (i.e., China, South Korea, Japan, Hong Kong, Taiwan, Singapore, Philippines, Thailand, Indonesia, Malaysia, Vietnam, Cambodia, Myanmar, Australia, Sri Lanka, and India) through the award of a new two-year contract with Ben Line Agencies, not to exceed \$406,894 during the initial two-year term of the contract, and not to exceed \$207,900 for the one-year mutual extension option period. Such amounts include (i) the fees for the services would be \$12,371 per month for the first year, \$12,371 per month for the second year, and \$12,742 per month for the third year, if the mutual option is exercised, and (ii) the reimbursable expenses for travel and business, which would not to exceed \$55,000 per year, including the third year, if the mutual option is exercised.

Staff recommends the Port Commission approve the proposed contract with Ben Line Agencies Singapore, Limited.

I. COMMERCIAL

Subject **4. Ratify the extended term of a month-to-month lease with Empire Stevedoring (Houston) Inc. for approximately 0.69 acres out of Block 12 at Southside Wharves, at an annual base rent of approximately \$20,401.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, ratify the extended term of a month-to-month lease with Empire Stevedoring (Houston) Inc. for approximately 0.69 acres out of Block 12 at Southside Wharves, at an annual base rent of approximately \$20,401, 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:

John Moseley/Jim Vo

Background:

The Port Authority currently has a month-to-month lease with Empire Stevedoring (Houston) Inc. (Empire) for approximately 0.69 acres out of Block 12 at Southside Wharves that has have been in effect for more than one year. Empire uses the leased premises for the storing and handling of general cargo. If the extended term is ratified, the new annual base rent would be approximately \$20,401, which is based upon the current premium rate for a month-to-month lease agreement.

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 Empire under the terms described above.

J. FINANCE

Subject	1. Approve staff’s selection of five investment banking and debt underwriting firms to add to the existing Port Commission-approved pool from which to select firms for the Port Authority’s future financing requirements.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023, meeting: (a) approve the following five investment banking and debt underwriting firms as additions to the existing Port Commission-approved pool from which to select firms for the Port Authority’s future financing requirements: <ul style="list-style-type: none">• Robert W. Baird & Co. Incorporated;• BOK Financial Securities, Inc.;• Cabrera Capital Markets, LLC;• PNC Capital Markets, LLC; and• Truist Securities, Inc.; and (b) 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:

Treasury

Staff Contact:

Roland Gonzalez/Tim Finley

Background:

The Port Commission may authorize and approve the issuance of debt, and the firms to assist with the issuance of debt, to finance construction, and other related costs associated with potential Port Authority funding needs, including those for capital equipment, port facility improvements, channel improvement projects, and potential bond defeasance and refunding opportunities.

By Minute No. 2021-0525-14, the Port Commission approved the following twenty-six investment banking and debt underwriting firms from which to select teams to assist with the Port Authority’s financing needs:

- Academy Securities, Inc.
- BofA Securities, Inc.
- Barclays Capital Inc.
- Blaylock Van, LLC
- Citigroup Global Markets Inc.
- Drexel Hamilton, LLC
- Estrada Hinojosa & Company, Inc.
- FHN Financial Capital Markets
- Goldman Sachs & Co. LLC
- Hilltop Securities Inc.
- Huntington Securities, Inc.
- J.P. Morgan Securities LLC
- Jefferies LLC
- Loop Capital Markets LLC
- Mesirov Financial, Inc.
- Morgan Stanley

- Piper Sandler & Co.
- Ramirez and Co., Inc.
- Raymond James & Associates, Inc.
- RBC Capital Markets, LLC
- Siebert Williams Shank & Co., LLC
- Stern Brothers
- Stifel, Nicolaus & Company, Incorporated
- UBS Financial Services Inc.
- UMB Bank, N.A.
- Wells Fargo Bank, N.A., Municipal Finance Group

Recently Port Authority staff notified the proposed five vendors of its informal request for information for investment banking services.

Staff Evaluation/Justification:

The proposed additional five underwriting firms are well qualified to serve on a financing team for the Port Authority's future needs. For example, Robert W. Baird & Co. Incorporated and Cabrera Capital Markets served as co-manager on the Port Authority's ad valorem tax refunding bond issues in 2015 and 2011, respectively.

With recent legislation (SB13 and SB19), some of the firms listed above have and may continue to be unavailable for this work in the State of Texas. Accordingly, adding more qualified underwriters to this list is in the best interest for future potential Port Authority financing needs.

Staff recommends the Port Commission approve the addition of the above five investment banking and bond underwriting firms to the Port Authority's existing bank underwriter pool.

J. FINANCE

Subject	2. Amend the contract for Excess Umbrella Liability coverage with carrier Lloyds of London, in an amount not to exceed \$418,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023, meeting, authorize the Port Authority to amend the contract for Excess Umbrella Liability coverage with carrier Lloyds of London, in an amount not to exceed \$418,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
Category: General	
Department: Risk Management	
Staff Contact: Norma Essary	

Background:

By Minute No. 2023-0221-12, the Port Commission approved the purchase of insurance coverage contracts obtained with the assistance of McGriff Insurance Services as the Port Authority's Broker of Record, in the total amount of \$7,001,000. That purchase included Excess Umbrella liability coverage provided by Lloyds of London.

At the time of the purchase, underwriters representing Lloyds of London utilized an estimated amount of revenue in establishing the Port Authority's premium for this category of coverage. That estimate was lower than actual revenues; among other things, revenues were stronger than anticipated as a result of tariff charges associated with container unit dwell time.

These items contributed to a review by the underwriters and an increase in the premium amount owed to the carrier.

Staff Evaluation/Justification:

Accordingly, staff now recommends the Port Commission approve the above amendment for additional funds to pay the adjusted premium due to Lloyds of London.

J. FINANCE

Subject	3. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2022-0927-22, the Port Commission last adopted an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), which states:

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

Staff Evaluation/Justification:

Administrative revisions include an update to the fixed income benchmark name and removal of one benchmark from the real estate portfolio.

The proposed investment policy changes comply with applicable statutes, including Chapter 802, Texas Government Code.

Staff recommends, and anticipates that the Pension and Benefits Committee recommends that the Port Commission adopt an amended investment policy for the Port of Houston Authority Pension Plan, as proposed.

**PORT OF HOUSTON AUTHORITY
RESTATED RETIREMENT PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED SEPTEMBER 26, 2023

MINUTE 2023-0926-

TABLE OF CONTENTS

I.	Preamble	3
II.	Fiduciary Responsibilities	4
III.	Purpose	5
IV.	Assignment of Responsibility	6
V.	Delegation of Authority	9
VI.	Asset Allocation	11
VII.	Investment Objectives	12
VIII.	Investment Guidelines	15
IX.	Portfolio Evaluation	23
X.	Definitions	24
XI.	Policy Review and Adoption	28

I. PREAMBLE

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

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

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

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

II. FIDUCIARY RESPONSIBILITIES

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

In accordance with Section 802.203, Texas Government Code:

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

III. PURPOSE

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

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

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

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

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

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

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

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

Responsibility of the Pension and Benefits Committee

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

Responsibility of the Pension Consultant

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

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

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

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

Responsibility of the Investment Manager(s)

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

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

V. DELEGATION OF AUTHORITY

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

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

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

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

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

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

VI. ASSET ALLOCATION

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

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

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

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

VII. INVESTMENT OBJECTIVES

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

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

- (a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods.
- (b) The **Overall Investment Objective** of the Plan is to outperform the return of a composite mix comprised of 27.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 37.5% of the Bloomberg US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over a full market cycle, usually five to ten years.
- (c) The **Total Plan** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.
- (d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.
- (e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.

- (f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over a full market cycle, usually five to ten years.
- (g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over a full market cycle, usually five to ten years.
- (h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over a full market cycle, usually five to ten years.
- (i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over a full market cycle, usually five to ten years.
- (j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over a full market cycle, usually five to ten years.
- (l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over a full market cycle, usually five to ten years.
- (m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index over a full market cycle, usually five to ten years.
- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US

Aggregate Bond Index over a full market cycle, usually five to ten years.

- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

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

VIII. INVESTMENT GUIDELINES

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

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

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

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

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

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

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

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

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

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

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

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

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

equity allocation of the portfolio after accounting for price appreciation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IX. PORTFOLIO EVALUATION

On a quarterly basis:

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

X. DEFINITIONS

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

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

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

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

XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on September 26, 2023 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2026-0926-

J. FINANCE

Subject	4. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2022-0927-23, the Port Commission last adopted an amended investment policy for the Port of Houston Authority OPEB Plan, which states:

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

Staff Evaluation/Justification:

Administrative revisions include an update to the fixed income benchmark name and removal of one benchmark from the real estate portfolio.

The proposed investment policy changes comply with applicable statutes, including Chapter 802, Texas Government Code.

Staff recommends, and anticipates that the Pension and Benefits Committee recommends, that the Port Commission adopt an amended investment policy for the OPEB Plan, as proposed.

**PORT OF HOUSTON AUTHORITY
OPEB PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED SEPTEMBER 26, 2023

MINUTE 2023-0926-

TABLE OF CONTENTS

I.	Preamble	3
II.	Fiduciary Responsibilities	4
III.	Purpose	5
IV.	Assignment of Responsibility	6
V.	Delegation of Authority	9
VI.	Asset Allocation	11
VII.	Investment Objectives	12
VIII.	Investment Guidelines	15
IX.	Portfolio Evaluation	23
X.	Definitions	24
XI.	Policy Review and Adoption	28

I. PREAMBLE

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

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

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

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

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

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

II. FIDUCIARY RESPONSIBILITIES

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

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

III. PURPOSE

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

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

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

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

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

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

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

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

Responsibility of the Pension and Benefits Committee

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

Responsibility of the Investment Consultant

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

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

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

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

Responsibility of the Investment Manager(s)

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

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

V. DELEGATION OF AUTHORITY

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

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

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

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

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

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

VI. ASSET ALLOCATION

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

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

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

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

VII. INVESTMENT OBJECTIVES

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

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

- (a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods.
- (b) The **Overall Investment Objective** of the Trust is to outperform the return of a composite mix comprised of 27.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 37.5% of the Bloomberg US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over a full market cycle, usually five to ten years.
- (c) The **Total Trust** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.
- (d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.
- (e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over a full market cycle, usually five to ten years.

- (f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over a full market cycle, usually five to ten years.
- (g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over a full market cycle, usually five to ten years.
- (h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over a full market cycle, usually five to ten years.
- (i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over a full market cycle, usually five to ten years.
- (j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg US Aggregate Bond Index over a full market cycle, usually five to ten years.
- (k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over a full market cycle, usually five to ten years.
- (l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over a full market cycle, usually five to ten years.
- (m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index over a full market cycle, usually five to ten years.
- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US

Aggregate Bond Index over a full market cycle, usually five to ten years.

- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

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

VIII. INVESTMENT GUIDELINES

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

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

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

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

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

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

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

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

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

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

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

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

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

equity allocation of the portfolio after accounting for price appreciation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IX. PORTFOLIO EVALUATION

On a quarterly basis:

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

X. DEFINITIONS

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

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

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

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

XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on September 26, 2023 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2023-0926-

J. FINANCE

Subject	5. Adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, 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. 2021-0427-17, the Port Commission reviewed and adopted the Statement of Objectives and Policy for the 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

By Minute No. 2023-0502-21, the Port Commission approved the replacement of the Goldman Sachs Small Cap Growth Insights Fund with the Hood River Small Cap Growth Retirement Fund in the fund options offered under these plans.

Staff Evaluation/Justification:

Administrative revisions include an update to the fixed income benchmark name and replacement of Goldman Sachs Small Cap Growth Insights Fund with the Hood River Small Cap Growth Retirement Fund.

The proposed Policy complies with applicable statutes, including all applicable state and federal laws and regulations governing Internal Revenue Code (IRC) §457(b) and IRC §401(a) plans, including Chapter 802 of the Texas Government Code, to the extent applicable.

Staff recommends, and anticipates that the Pension and Benefits Committee recommends, that the Port Commission adopt the current year Statement of Objectives and Policy for the Port of Houston Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, as proposed.

**PORT OF HOUSTON AUTHORITY
DEFERRED COMPENSATION AND DEFINED
CONTRIBUTION PLANS**

STATEMENT OF OBJECTIVES AND POLICY



**PORT COMMISSION
ADOPTED SEPTEMBER 26, 2023**

MINUTE 2023-0926-

TABLE OF CONTENTS

I. PREAMBLE.....	3
II. PURPOSE OF POLICY STATEMENT	4
III. OVERVIEW AND OBJECTIVES OF THE PLANS AND INVESTMENT STRUCTURE.....	5
IV. RESPONSIBILITIES	7
V. INVESTMENT OPTION SELECTION & EVALUATION	10
VI. INVESTMENT OPTION REMOVAL & MAPPING	13
VII. ADDITIONAL PROVISIONS	14
VIII. DEFINITIONS	15
EXHIBIT A – INVESTMENT OPTIONS	17

I. **PREAMBLE**

The Port of Houston Authority 457(b) Deferred Compensation Plan (the “**457(b) Plan**”) and the Port of Houston Authority Defined Contribution Plan (the “**401(a) Plan**”) are defined contribution retirement plans established and maintained by the Port of Houston Authority of Harris County, Texas (the “**Sponsor**”). The 401(a) Plan and 457(b) Plan are referred to herein each as a “**Plan**” and together as the “**Plans**”.

The Plans provide retirement benefits to eligible employees of the Sponsor and their beneficiaries.

The Plans are intended to fully comply with all applicable state and federal laws and regulations governing Internal Revenue Code (“**IRC**”) §457(b) and IRC §401(a) plans, including Chapter 802 of the Texas Government Code, to the extent applicable. As governmental plans, the Plans are not subject to the Employee Retirement Income Security Act of 1974 (“**ERISA**”) although many of the provisions of the Plans are guided by the provisions of ERISA.

II. **PURPOSE OF POLICY STATEMENT**

The Port Commission of the Port of Houston Authority (the “**Commission**”) has adopted this Statement of Objectives and Policy (“**Policy**”) on behalf of the Sponsor, and directs that it apply to the Sponsor, the Plans’ administrators, Investment Consultants (as described in Section IV below), and others acting on behalf of, or under the direction of, the Commission with respect to the Plans.

The purpose of the Policy is to establish the investment structure for the Plans and to adopt a set of guidelines for the selection and periodic evaluation and monitoring of each Plan’s Investment Options (“**Option**”) that are made available to the employees and retirees who participate in the Plans (the “**Participants**”). This Policy is intended to ensure that the Options are provided in accordance with the general Fiduciary principles of prudence and diversification.

This Policy guides how the Commission will discharge its obligations to prudently select investment alternatives, periodically monitor and evaluate those alternatives and, based on such periodic evaluations, determine whether each Option should continue to be made available to the Participants. To guide the Commission in selecting, monitoring, reviewing and adding or changing Plan investments, this Policy:

- describes the Options available under the Plans;
- establishes investment guidelines for the selection of Options and diversification of assets;
- specifies the criteria for evaluating the performance of the selected Options; and
- defines the responsibilities of the Commission as to the selection and monitoring of Options.

A current list of the Options and their style objectives and benchmarks is set forth on **EXHIBIT A**.

These guidelines do not constitute a contract or a statement of mandatory requirements, but are instead an explanation of the general principles established for the selection and retention of the Options. When considering Options, the Commission determines the relative importance to be given to each of the general principles set forth in these guidelines and may consider other factors in addition to those described in these guidelines. This Policy is not intended to restrict or limit the discretion, control, or authority of the Commission, nor of any Fiduciary of either Plan to whom such discretion, control, or authority has been delegated, to make decisions that are deemed to be in the best interest of Participants as circumstances may require.

III. **OVERVIEW AND OBJECTIVES OF THE PLANS AND INVESTMENT STRUCTURE**

Overview of the Plans

The Plans are vehicles through which Participants may accumulate assets to provide for a portion of their retirement savings.

- The Plans are established for the exclusive benefit of the Participants.
- The Participants bear the ultimate risk and responsibility for their investment elections in the Options, and the investment performance of their individual accounts in the Plans over time.
- The Plans are intended to permit each Participant to direct the investment of his or her individual account in the Plans in one or more of the Options.

Overview of the Plans' Investment Structures

The investment structure of the Plans allows each Participant to create an investment portfolio by allocating his or her account balance between and among the Options. These Options include a diversified mix of investment funds reflecting different levels of risk and potential return, including Target Date Funds that enable Participants to direct the investment of their accounts into a single diversified vehicle that is designed to be consistent with their time horizons and/or risk tolerances.

Should a Plan Participant fail to exercise full and independent investment authority with respect to any contributions allocated to the Participant's account, all contributions will be invested in the Plan's "Qualified Default Investment Alternative" ("**QDIA**"), which is currently the appropriate Target Date Fund based on Participant's date of birth and projected retirement at the Plan's normal retirement date.

Objectives of Plans' Investment Structure

The objectives of the investment structure of the Plans are as follows:

- to provide Participants with access to investments in the key Asset Classes available in the marketplace;
- to provide Participants with access to a series of Target Date Funds which (1) allocate a Participant's assets among several Asset Classes, and (2) offer the Participant a diversified portfolio using an Asset Allocation glide path which reduces equity risk as the Participant approaches retirement age;
- to provide Participants with diverse Options in terms of Asset Classes offered [factors relevant to diversification of Asset Classes include investment style (e.g., active versus passive or growth versus value), market capitalization

(e.g., large, medium, and small), and the nature of the specific Option offered (e.g., global versus domestic or well-diversified fund versus a specialty fund)];

- to provide each Participant with the ability to construct an investment portfolio consistent with his or her individual risk and return objectives; and
- to provide a QDIA that is diversified and which Derisks the Participant's portfolio as the Participant nears retirement age.

To accomplish the objectives of the investment structure, this Policy establishes (1) investment standards for the Options offered to Participants and (2) formal criteria to monitor and evaluate the performance and risk characteristics of the investment managers for the Options.

Although the Plans are not subject to ERISA, as is similar to the provisions set forth in ERISA Section 404(c), the Plans shall:

- Provide Participants at least three Options from which to choose, with different risk/return profiles;
- Provide Participants with access to sufficient information to assist each Participant to make informed selections of Options; and
- Permit Participants to change Options daily.

Proxy voting for mutual fund shares shall be passed through to Participants in accordance with the Service Provider/Record Keeper agreement or other applicable document.

IV. RESPONSIBILITIES

Participants: Each Participant is best positioned to make decisions regarding the allocation of his or her Plan account balance among the various Options offered by the Plans in order to best achieve his or her investment and retirement goals. As a result, the amount to be invested in each Option, if any, shall be determined by each Plan Participant.

Each Participant will bear the sole risk for the investment results from the Options chosen by the Participant.

Each Participant should educate himself/herself as necessary to make sound investment decisions. This education may include, but is not limited to, review of materials provided by the Plans, the Service Provider/Record Keeper, investment managers and/or Investment Consultants.

Commission: The Commission, as the governing body of the Sponsor, has certain Fiduciary responsibilities for the Plans.

The Commission is responsible for this Statement of Objectives and Policy.

The Commission is authorized to consult with staff and independent experts, and may retain consultants, investment advisors, and other service providers (including any Plan administrator, and the Service Provider/Record Keeper and Investment Consultant) to assist in performing its duties, including selection of the Plans' Investment Options.

The Commission is responsible for (1) selecting and monitoring the number and types of Options and the Asset Classes offered under the Plans and (2) making changes in the Options available under the Plans, each as deemed to be necessary or appropriate in its discretion.

The Commission periodically evaluates the performance and expenses of the Options in consultation with the Investment Consultant.

The Commission periodically establishes investment guidelines for the Options and evaluates the Investment Manager's performance for each Option.

The Commission periodically reviews the Plans' service providers' performance and the fees charged for such services.

The Commission receives periodic briefings from the Plan's Investment Consultant regarding the investment performance of the Options and the expenses being charged for such Options.

Pension and Benefits Committee: The Commission may designate the Pension and Benefits Committee (or other committee or task force) to provide advice and recommendations to the Commission and to assist the Commission in performing its responsibilities set forth above. If the Pension and Benefits Committee has not been formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.

Periodically, but not less often than once a year, the Pension and Benefits Committee will meet to review the following:

- A. The continued adherence of this Policy to the investment objectives of the Plans as described below.
- B. The adherence to this Policy by those acting under the direction of the Commission with respect to the Plans.
- C. Comments and concerns expressed by Participants relating to the Options.
- D. Information regarding eligible Sponsor employees, including demographics, participation, contribution rates, and Participants' use of the Options.
- E. The reasonableness of the fees and expenses incurred by the Plans and the Options.
- F. Whether any changes are needed to be made to the Policy, Plans administration, Participant services, or Options.

The Pension and Benefits Committee may discuss factors similar to those set forth above with regard to the Service Provider/Record Keeper (as described below), Investment Consultants, and others acting with respect to the Plans.

Service Provider/Record Keeper: The Service Provider/Record Keeper selected by the Commission is responsible for implementing Participants' investment elections, such as changes in Option choices or Asset Allocation, and allocating Participants' contributions and account balances among the available Options in accordance with such elections. The Service Provider/Record Keeper is also responsible for maintaining accurate and up-to-date account records for all individual Participants in the Plans. These records include daily valuations of each Participant's aggregate account balance and investment in each Option.

The Service Provider/Record Keeper may from time to time (1) communicate to Participants that they are responsible for the investment of their own Plan accounts and (2) be responsible for providing each Participant with access to reasonably sufficient information to select and manage their investments. The information and services provided shall include enrollment, education, exchanges, transfers, distributions, periodic statements, and any others that may be further defined in the agreement between the Service Provider/Record Keeper and the Sponsor.

The Service Provider/Record Keeper may from time to time provide ongoing education seminars and meetings to Participants, covering relevant investment

and retirement savings topics. The Service Provider/Record Keeper shall not provide specific investment advice to Participants.

Investment Consultant: The Investment Consultant shall assist the Plans in developing appropriate investment policies and guidelines for the Plans, recommending Options to be offered to Participants, and providing ongoing monitoring and review of the Options. The Investment Consultant shall provide periodic reports outlining the investment performance of each Option, information as provided herein, and any further information or services that may be specified in the agreement between the Investment Consultant and Sponsor.

V. **INVESTMENT OPTION SELECTION & EVALUATION**

The following characteristics may be considered in selecting and monitoring Options, whether offered as a stand-alone Option, and/or as a fund included in a portfolio Option:

- A. **Manager tenure and corporate stability.** The manager's tenure as well as the corporate stability of the company offering a particular investment vehicle should be considered and evaluated before it is provided to Participants as an Option, and shall continue to be periodically evaluated if it is provided as an Option. In general, the Option's manager must have a three-year track record managing the specific Option in order for that vehicle to be considered as an Option offering. Investment Manager change, significant turnover of the responsible portfolio management team, and/or adverse developments at the fund company responsible for an Option may warrant heightened scrutiny as described below.
- B. **Manager, style, asset, and process consistency.** The manager, style, asset level, and process consistency of particular investment vehicle shall be considered and evaluated before it is provided to Participants as an Option, and shall continue to be periodically evaluated if provided as an Option. Any management turnover, substantial style drift, significant asset flows, or investment process change at the fund company responsible for an existing Option may warrant review of such Option.
- C. **Investment costs and management fees.** The overall costs and ongoing management fees of current Options, as well as new Options under consideration, shall be considered and evaluated to determine whether they are reasonable when compared to other similar and comparable investment vehicles.
- D. **Performance and risk measures.** In addition to the qualitative criteria detailed above, the ongoing performance (net of fees) and risk profile of each Option shall be considered and evaluated using the following quantitative criteria in which ranks are defined to span first percentile to one hundredth percentile, with the first percentile representing the best performance and one hundredth percentile representing the worst performance:
 - 1. Whether its return over four consecutive quarters of performance is more than the appropriate benchmark, and its rank is above the 75th percentile of the appropriate peer group.
 - 2. Whether its performance over the five and ten-year trailing periods exceeds the appropriate benchmark.
 - 3. Whether its performance over the five and ten-year trailing periods ranks in the top 50th percentile of the appropriate peer group.

4. Whether its Sharpe ratio over the five and ten-year trailing period ranks in the top 50th percentile of the appropriate peer group. The Sharpe ratio is defined as an investment's excess return (over the risk-free rate) divided by the standard deviation (risk) of the excess return.
5. Whether it shows positive Alpha over the five and ten-year trailing period relative to the appropriate benchmark. Alpha is a measure of risk-adjusted performance that represents the portion of an investment's historical performance that is not explained by movements in the benchmark index.

The Commission should endeavor to monitor the performance of the Options using the criteria described in items A through D on a quarterly basis. These reviews should evaluate each Option's performance with regard to these evaluation criteria, as well as the Option's position in the overall menu of available Options.

While the review structure contained above can be used for the evaluation of most Options, this framework should not be considered to be an exhaustive set of criteria by which any Option may be evaluated.

Moreover, there are instances where Options offered to Participants cannot be evaluated using one or more of the criteria provided by this framework. As such, the Commission recognizes the need to adopt a flexible approach when analyzing the success of the Plans' index, money market, stable value, and target date (or risk-based lifecycle) Options, since traditional methods of benchmarking returns may not fully assess the effectiveness or fully gauge the risks of these types of Options. While all Options should be reviewed within the context of their risk/reward profiles, different qualitative and quantitative factors may receive greater emphasis when evaluating the Options.

To assist with this ongoing monitoring process, the Investment Consultant shall provide periodic reports on the performance of each Option and include an evaluation matrix that identifies each Option as (i) passing ("green"), (ii) failing four quarters or less ("yellow"), or (iii) failing for more than four quarters ("red"), with recommendations in connection with the performance and risk measures described under item D above, and/or additional criteria where appropriate and applicable.

Options evaluation matrices are intended to aid the Commission in identifying those Options that may warrant increased monitoring before becoming subject to removal as detailed in **SECTION VI** of this Policy. However, the matrices are not intended to establish an exclusive decision-making process by which Options may be selected for replacement, but rather a working tool intended to document the dialogue and examination of Options by the Commission on an ongoing basis. As each situation for potential replacement is unique, the appropriate length of time during which an Option may continue to fall short of

any criteria in its evaluation matrix before being replaced will be evaluated on a case-by-case basis.

The Commission, with the assistance of the Investment Consultant, shall select an appropriate QDIA Option for each Plan. The Commission shall review each Plan's QDIA on an ongoing basis for suitability and, in this respect, will reference the Department of Labor Regulations regarding QDIAs. Each Plan's current QDIA is identified in **EXHIBIT A**.

VI. INVESTMENT OPTION REMOVAL & MAPPING

The ongoing suitability of an Option in the Plan shall be periodically reviewed using the Option evaluation matrix and/or other appropriate criteria.

Based on advice and/or a recommendation received from the Investment Consultant, the Commission shall have the final discretion regarding whether to retain or replace any Option. The ultimate decision to remove/replace an Option shall be made when the Commission believes such removal/replacement is in the best interests of a Plan and its Participants. Any decision to remove an Option shall be made on an individual basis with respect to the particular Option.

Without limiting the foregoing, an Option may be removed when it is determined that:

- A. Its performance over an appropriate timeframe cannot be supported or explained by market conditions or other reasonable considerations;
- B. It is determined to be reasonably uncertain that such Option will achieve its performance and risk objectives in the future; or
- C. Qualitative or other issues of concern over an appropriate timeframe exist that cannot be timely or adequately remedied.

The Sponsor shall endeavor to notify Participants of discontinuation of an Option at least 30 days prior to the effective date. The notice shall inform Participants that Participant assets in, and future contribution allocations to, the discontinued Option will be mapped to an alternative Option unless a Participant provides other instructions to the Service Provider/Record Keeper.

Following notification of the removal of an Option in which Participants have a balance or future contribution allocation, absent Participant election of a substitute Option, the following procedures will be applied to mapping Participant assets to other Options.

- A. The Plan will map Participant assets in, and future contribution allocations to, the discontinued Option to an existing or new Option that is reasonably similar in terms of risk and return characteristics of the discontinued Option. Unless presented with clear evidence to the contrary, Options within the same Asset Class should be considered as being reasonably similar in terms of risk and return characteristics; or
- B. The Plan will map Participant assets and future contribution allocations in the discontinued Option to the appropriate QDIA for the Plan.

The decision to map Participants to an Option that is reasonably similar in terms of risk and return characteristics to the discontinued Option, or to the appropriate QDIA, shall be made on a case-by-case basis, as deemed to be in the best interests of the Participants under the prevailing circumstances.

VII. **ADDITIONAL PROVISIONS**

Interpreting the Policy

The Commission shall have the authority and discretion to interpret, implement and administer this Policy at any time, including, without limitation, making any final decisions to select, remove or replace any Option available under a Plan.

Amending the Policy

These guidelines will be updated by the Treasury department and reviewed by the Commission at appropriate periodic intervals and as circumstances may warrant. This Policy may be amended from time to time by the Commission to reflect changes in the capital markets, Participants' objectives, or other factors that are relevant to a Plan, all as deemed appropriate by the Commission in its discretion.

Plan Document Controls

Notwithstanding any other provision of this Policy, if any term or condition of the Policy expressly conflicts with any term or condition in a Plan, the term or condition of the Plan will control and govern.

VIII. DEFINITIONS

401(a)	A tax-deferred retirement savings plan defined by subsection 401(a) of the Internal Revenue Code which allows for contributions by the employer. Contribution amounts, eligibility, and vesting schedule are all determined by the employer.
457(b)	A tax-deferred retirement savings plan defined by subsection 457(b) of the Internal Revenue Code which allows for contributions by the employee. Contribution amounts are determined by the employee.
Asset Allocation	Process by which the total plan is divided among the different asset classes.
Asset Class	Categories of investments that include equity securities, fixed income securities and cash equivalents.
Commission	The Port Commission of the Port of Houston Authority of Harris County, Texas, which shall serve as the governing body responsible for administration of the Plan as specified by applicable state or local law or ordinance.
Derisk	Process of reducing capital appreciation-oriented investments and increasing capital preservation-oriented assets. I.e. reducing stocks and increasing bonds.
ERISA	The Employee Retirement Income Security Act of 1974, any amendments thereto, and any regulations issued pertaining to ERISA.
Fiduciary	Any individual or group of individuals as defined in applicable Texas law and, to the extent not inconsistent with applicable Texas law, ERISA Section 3(21)(a).
Investment Consultant	The firm employed to consult on matters relating to the effective management of the Plan.
Investment Manager	An entity appointed in accordance with Section 802.204, Texas Government Code, that provides investment advice and/or manages investments for a fee. All Investment Managers shall be registered with the Securities and Exchange Commission and abide by the rules of the Investment Advisers Act of 1940.
Investment Options	The mutual funds and other investment vehicles offered in the Plan available for Participants to invest their contributions in.
Participant	Employee, or previous employee, who is eligible to take part in the Plan.

Pension and Benefits
Committee

The committee appointed by the Commission pursuant to the Plan, which may serve as an advisor to the Commission and provide recommendations to the Commission from time to time concerning the administration and management of the Plan. If no committee is formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy.

Qualified Default Investment
Alternative ("QDIA")

An investment vehicle that may be used for retirement plan contributions in the absence of direction from the plan Participant. Qualified default investment alternatives were defined in the Pension Protection Act of 2006 and are limited to target date funds or life-cycle funds, balanced accounts, or professionally managed accounts.

[Exhibit A follows.]

EXHIBIT A – INVESTMENT OPTIONS

The following funds are current 457(b) Plan Options offered by the Plan to its Participants.

Fund Option	Style Objective	Peer Group	Benchmark
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Domestic Equity Funds

DFA	Large Cap Value	Large Cap Value	Russell 1000 Value
Vanguard 500	Large Cap Core Index	Large Cap Core	S&P 500
MFS	Large Cap Growth	Large Cap Growth	Russell 1000 Growth
Vanguard Mid Cap	Mid Cap Core Index	Mid Cap	CRSP US Mid Cap
Touchstone	Mid Cap Growth	Mid Cap Growth	Russell Mid Cap Growth
American Beacon	Small Cap Value	Small Cap Value	Russel 2000 Value
Vanguard Small Cap	Small Cap Core Index	Small Cap	CRSP US Small Cap
Hood River	Small Cap Growth	Small Cap Growth	Russell 2000 Growth

International / Global Equity Funds

Vanguard Total International	International Index	International Large Cap	FTSE Global ex USA All Cap
American Funds EuroPacific	International Core	International Large Cap	MSCI AC World ex USA

Fixed Income / Stable Value Funds

Vanguard Total Bond	Domestic Bond Index	Broad Market Core Fixed Income	Bloomberg U.S. Agg
Western Asset	Domestic Core+ Bond	Broad Market Core+ Fixed Income	Bloomberg U.S. Agg
Nationwide Fixed Account	Guaranteed Interest Contract	-	-
Nationwide Government Money Market Fund	Money Market	U.S. Taxable Money Market	90 Day U.S. Treasury Bill

Target Date Funds (QDIA Option)

American Funds	Target Date	Morningstar Category Target-Date	Mixed-Asset Target
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The following funds are current 401 (a) Plan Options offered by the Plan to its Participants.

Fund Option	Style Objective	Peer Group	Benchmark
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Domestic Equity Funds

DFA	Large Cap Value	Large Cap Value	Russell 1000 Value
Vanguard 500	Large Cap Core Index	Large Cap Core	S&P 500
MFS	Large Cap Growth	Large Cap Growth	Russell 1000 Growth
Vanguard Mid Cap	Mid Cap Core Index	Mid Cap	CRSP US Mid Cap
Touchstone	Mid Cap Growth	Mid Cap Growth	Russell Mid Cap Growth
American Beacon	Small Cap Value	Small Cap Value	Russell 2000 Value
Vanguard Small Cap	Small Cap Core Index	Small Cap	CRSP US Small Cap
Hood River	Small Cap Growth	Small Cap Growth	Russell 2000 Growth

International / Global Equity Funds

Vanguard Total International	International Index	International Large Cap	FTSE Global ex USA All Cap
American Funds EuroPacific	International Core	International Large Cap	MSCI AC World ex USA

Fixed Income / Stable Value Funds

Vanguard Total Bond	Domestic Bond Index	Broad Market Core Fixed Income	Bloomberg U.S. Agg
Western Asset	Domestic Core+ Bond	Broad Market Core+ Fixed Income	Bloomberg U.S. Agg
Nationwide Government Money Market Fund	Money Market	U.S. Taxable Money Market	90 Day U.S. Treasury Bill

Target Date Funds (QDIA Option)

American Funds	Target Date	Morningstar Category Target-Date	Mixed-Asset Target
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[End of Exhibit A.]

K. INFRASTRUCTURE

Subject **1. Approve staff’s ranking of vendors and award a two-year environmental services agreement to WCA Waste Systems, Inc. dba GFL Environmental, for scrap tire removal and disposal services for Port Authority facilities in an amount not to exceed \$200,000.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, award an environmental services contract to WCA Waste Systems, Inc. dba GFL Environmental, for scrap tire removal and disposal services for all Port Authority facilities in an amount not to exceed \$200,000 for a two-year term, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

Awards, Amendments, & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

The Port Authority is seeking to obtain an environmental service provider to pick up, remove, transport, manage, and dispose/recycle scrap tires generated from Port Authority terminals and property locations. These services would include providing scrap tire collection containers at requested locations and transporting the scrap tires to a Texas Commission on Environmental Quality (TCEQ) permitted disposal/recycle facility.

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. Four vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On July 17, 2023, one CSP was reviewed and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to WCA Waste Systems Inc., dba GFL Environmental, the proposer providing best value for scrap tire removal and disposal services, and act as otherwise described above.

K. INFRASTRUCTURE

Subject **2. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$182,002, for programing the proposed new administration building at Barbours Cut Terminal, to the top-ranked proposer PGAL, Inc.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$182,002, for programing the proposed new administration building at Barbours Cut Terminal, to PGAL, Inc., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #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 programing of the proposed new administration building at Barbours Cut Terminal to support Port Authority staff working there. This programing work would primarily recommend the size of the building and associated parking, among other things. It is anticipated that staff would request permission to design the building via an amendment to this contract at a later date.

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. Eleven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 19, 2022, eleven RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to PGAL, Inc., the most highly qualified provider, for programing of the proposed administration building at Barbours Cut Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	3. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$552,760 for the facility inspection and condition assessment program (FICAP) of marine structures for 2023, to the top-ranked proposer Green Rubiano & Associates.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve staff's ranking of vendor and award a professional services contract in an amount not to exceed \$552,760 for the facility inspection and condition assessment program (FICAP) of marine structures for 2023 to the top-ranked proposer Green Rubiano & Associates, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of performing structural inspections on marine assets at multiple terminals with the requirement to conduct the following tasks:

- Collect data and document condition of structures by written descriptions, pictures, and testing as needed, using the forms from the FICAP Marine Structures manual;
- Develop the asset condition rating (ACR) structural condition for the inspected asset classes, broken down by hierarchy and using the procedures described in the manual;
- Assess conditions that require maintenance, repair, or replacement, to maintain or extend the useful service life of the assets; and
- Enter new FICAP Inspection information, ACR calculations and computer-aided drawing (CAD) plan view drawings into the interim FICAP database to be ultimately integrated into the Port Authority's Asset Registry Database and geographic information system (GIS) Model Geodatabase.

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. Eighteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On May 17, 2023, five RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Green, Rubiano & Associates, the most highly qualified provider, for the FICAP of marine structures for 2023, and act as otherwise described above.

K. INFRASTRUCTURE

Subject **4. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$154,000 for programing of the Maintenance Building Annex at Bayport Container Terminal, to the top-ranked proposer RDLR Architects, Inc.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$154,000 for programing of the Maintenance Building Annex at Bayport Container Terminal, to the top-ranked proposer RDLR Architects, Inc., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of programing of a new maintenance building annex to support Port Authority maintenance staff at Bayport Container Terminal. This programing would primarily recommend the size of the building and associated parking, among other things. It is anticipated that staff would request permission to design the building via an amendment to this contract at a later date.

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. Fifteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 14, 2023, four RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to RDLR Architects, Inc., the most highly qualified provider, for programing of the Maintenance Building Annex at Bayport Container Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	5. Approve staff’s ranking of vendors and award a construction contract, in an amount not to exceed \$154,795 for demolition of the Auto Terminal Building at Bayport Container Terminal, to the top-ranked proposer Grant Mackay Company, Inc.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve staff’s ranking of vendors and award a construction contract, in an amount not to exceed \$154,795 for demolition of the Auto Terminal Building at Bayport Container Terminal to the top-ranked proposer Grant Mackay Company, Inc., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

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 Auto Terminal Building and installation of security fencing.

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. Eleven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 16, 2023, nine CSP responses were received, opened, and publicly read. 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 Commission award a contract to Grant Mackay Company, Inc., the proposer providing best value for demolition of the Auto Terminal Building, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	6. Award a construction contract to Pfeiffer and Son, Ltd. for electrical cable reroute to power four ship-to-shore cranes at Wharves 5 and 6 at Barbours Cut Terminal, in an amount not to exceed \$564,055.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a construction contract to Pfeiffer and Son, Ltd. for electrical cable reroute to power four ship-to-shore cranes at Wharves 5 and 6 at Barbours Cut Terminal, in an amount not to exceed \$564,055, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of relocating Wharf Cranes 10, 9, 4, and 3 from Wharves 4 and 5 (Substation 5-2 feed) to Wharves 5 and 6 (Substation 6-2 feed). This includes removing old cables, cleaning the conduits, installing cable, and pulling cables from the cable horns to Substation 6-2.

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. Eleven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On September 13, 2023, one CSP response was received, opened, and publicly read. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Pfeiffer and Son, Ltd., the proposer providing best value for the relocation of four ship-to-shore cranes and power supply, and act as otherwise described above.

K. INFRASTRUCTURE

Subject **7. Approve staff’s ranking of vendors and award a construction contract, in an amount not to exceed \$117,825,433 for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Russell Marine, LLC.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve staff’s ranking of vendors and award a construction contract, in an amount not to exceed \$117,825,433 for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Russell Marine, LLC, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of constructing a new 1000 linear-foot wharf at Bayport Container Terminal, and dredging and excavating dry and submerged land, building a new stevedore support building, and installing electrical and telecommunication infrastructure at the terminal. The project scope also includes the construction of a west end mooring point, retaining wall, and new fireboat dock.

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. Seventy-seven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 16, 2023, four CSP responses were received, opened, and publicly read. 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 Commission award a contract to Russell Marine, LLC, the best value for the construction of Wharf 7 at Bayport Container Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	8. Approve staff's ranking and award a professional services contract, in an amount not to exceed \$800,000 to perform construction material testing services for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Aviles Engineering Corporation.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve staff's ranking and award a professional services contract, in an amount not to exceed \$800,000 to perform construction material testing services for the construction of Wharf 7 at Bayport Container Terminal, to the top-ranked proposer Aviles Engineering Corporation, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This procurement includes construction material testing services during the construction of Wharf 7 at Bayport Container 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. Forty-Eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 9, 2023, thirteen RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

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

K. INFRASTRUCTURE

Subject **9. Amend the professional services contract with Jacobs Engineering Group, Inc., to perform construction phase services for construction of Wharf 7 at Bayport Container Terminal, in an amount not to exceed \$810,761.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve an amendment to the professional services contract with Jacobs Engineering Group, Inc., to perform construction phase services for construction of Wharf 7 at Bayport Container Terminal, in an amount not to exceed \$810,761, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2022-1208-22, the Port Commission awarded a professional services contract to Jacobs Engineering Group, Inc. for the design of Wharf 7 at Bayport Container Terminal.

This proposed amendment would consist of additional funding for construction phase services to provide technical support and engineering services on the project.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	10. Amend a professional services contract with AECOM Technical Services, Inc., to perform additional work associated with the planning and design for reconstruction of 87 acres of container yard at Barbours Cut Terminal, in an amount not to exceed \$99,838.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve an amendment to the professional services contract with AECOM Technical Services, Inc., to perform additional work associated with the planning and design for reconstruction of 87 acres of container yard at Barbours Cut Terminal, in an amount not to exceed \$99,838, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2021-0525-16, the Port Commission awarded a professional services contract to AECOM Technical Services, Inc. for the planning and design for reconstruction of 87 acres of container yard at Barbours Cut Terminal.

This proposed amendment would consist of the following:

- Revising the design of Container Yards 6 and 7 to include underground infrastructure for reefer racks, and modify electrical runs; and
- Project coordination.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	11. Amend the professional services contract with Jacobs Engineering Group, Inc., to perform additional work associated with the design of Wharf 1 at Bayport Container Terminal, in an amount not to exceed \$3,800,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve an amendment to the professional services contract with Jacobs Engineering Group, Inc., to perform additional work associated with the design of Wharf 1 at Bayport Container Terminal, in an amount not to exceed \$3,800,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2023-0725-30, the Port Commission awarded a professional services contract to Jacobs Engineering Group, Inc. for site investigation to support the design of Wharf 1 at Bayport Container Terminal.

This proposed amendment would consist of the following:

- Design of Wharf 1;
- Coastal modeling; and
- Hydrodynamic and passing vessel studies.

Construction phase services under the proposed contract would be added by amendment prior to construction start. In addition, staff contemplates that the proposed contract would provide for the option of amending the contract to complete additional services including the design of the Wharf 1 extension at a later date.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject **12. Approve a change order with Forde Construction Company, Inc., to perform additional work associated with the new fender system at Wharf 1 at Turning Basin Terminal, in an amount not to exceed \$261,764.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve a change order with Forde Construction Company, Inc., to perform additional work associated with the new fender system at Wharf 1 at Turning Basin Terminal, in an amount not to exceed \$261,764, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2022-0802-23, the Port Commission awarded a construction contract to Forde Construction Company, Inc. for the construction of the new fender system at Wharf 1 at Turning Basin Terminal.

This proposed change order addresses:

- Concrete repair overages due to the deterioration of the existing wharf structure; and
- Strut beam repairs initially not encapsulated in the project scope.

This is the second change order to this contract, for a total change order value to date of \$266,764, which is 6.7% of the total contract value.

Staff Evaluation/Justification:

Port Authority staff has reviewed the proposal submitted by Forde Construction Company, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

K. INFRASTRUCTURE

Subject	13. Approve a change order with Rigid Constructors, LLC, to perform additional work associated with the construction of the 12-acre expansion of an interim container storage facility for redevelopment of the west end of Barbours Cut Terminal, in an amount not to exceed \$260,135.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve a change order with Rigid Constructors, LLC, to perform additional work associated with the construction of the 12-acre expansion of an interim container storage facility for redevelopment of the west end of Barbours Cut Terminal, in an amount not to exceed \$260,135, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2022-1027-21, the Port Commission awarded a construction contract to Rigid Constructors, LLC for the construction of the 12-acre expansion of an interim container storage facility for redevelopment of the west end of Barbours Cut Terminal.

This proposed change order addresses:

- The installation of a french drain system to alleviate perched water along the western boundary of the site; and
- Additional asphalt paver mobilization, to expedite the completion of this activity along the available footprint.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	14. Approve a change order with Hi-Tech Electric, Inc., to perform additional work associated with the medium voltage electrical cable installation at Bayport Container Terminal, in an amount not to exceed \$321,401.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve a change order with Hi-Tech Electric, Inc., to perform additional work associated with the medium voltage electrical cable installation at Bayport Container Terminal, in an amount not to exceed \$321,401, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2023-0320-17, the Port Commission awarded a construction contract to Hi-Tech Electric, Inc. for the medium voltage electrical cable installation at Bayport Container Terminal.

This proposed change order addresses:

- Cleaning out existing manholes and hydro jet existing conduits for cable installation;
- Delays incurred due to owner-provided materials arriving late or in a damaged condition from the supplier;
- Medium voltage terminations not included in the original scope; and
- A damage claim due to an incident at contractor's work area.

This is the first change order to this contract, for a total change order value to date of \$321,401, which is 16.28% of the total contract value.

Staff Evaluation/Justification:

Port Authority staff has reviewed the proposal submitted by Hi-Tech Electric, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

K. INFRASTRUCTURE

Subject **15. Approve a change order with George Hedge Contractors, Inc., to perform close-out work associated with construction of the rail spur at Bayport Container Terminal Phase 2, in an amount not to exceed \$457,032.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, approve a change order with George Hedge Contractors, Inc., to perform close-out work associated with construction of the rail spur at Bayport Container Terminal Phase 2, in an amount not to exceed \$457,032, 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:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2022-0426-17, the Port Commission awarded a construction contract to George Hedge Contractors, Inc. for the construction of the rail spur at Bayport Container Terminal Phase 2.

This proposed change order addresses close-out work supporting Union Pacific (UP) construction coordination, as identified in the 2018 Industry Track Agreement with UP and the Port Authority, as well as work within TxDOT's Hwy 146 right-of-way and the relocation of safety platforms within GEON Industry's adjoining facility.

This is the 6th change order to this contract, for a total change order value to date of \$2,220,480.

Staff Evaluation/Justification:

Staff has reviewed the proposal submitted by George Hedge Contractors, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

K. INFRASTRUCTURE

Subject	16. Enter into an Interlocal Agreement with Harris County to provide wage rate compliance services for a one-year term in an amount not to exceed \$98,905.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize the Port Authority to enter into an Interlocal Agreement with Harris County to provide wage rate compliance services for a one-year term in an amount not to exceed \$98,905, 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:

Technical & Business Analytics

Staff Contact:

Brenda C Trevino, P.E.

Background:

Government Code Chapter 2258 requires that workers employed on public works projects by or on behalf of political subdivisions of the state be paid not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed. The Port Authority undertakes various efforts to provide that construction of its public works projects adheres to the provisions of Government Code Chapter 2258.

Since 2008, in connection with those efforts, the Port Commission has authorized annual Interlocal Agreements with Harris County to provide these wage rate compliance services. This proposed agreement would be for a one-year term, in an amount not to exceed \$98,905, from October 1, 2023 through September 30, 2024.

Staff Evaluation/Justification:

The Harris County Public Infrastructure Department has proposed that it continue to assist the Port Authority in these efforts by providing the services of a wage rate compliance officer. Such officer would attend pre-bid and pre-construction meetings, review payroll records, monitor construction projects, and handle claims under the statute.

Staff recommends that the Port Commission approve the agreement.

L. OPERATIONS

Subject **1. Award a two-year contract to Dow Pipe & Fence Supply Company for the purchase of fence parts and supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$200,000.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, award a two-year contract to Dow Pipe & Fence Supply Company for the purchase of fence parts and supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin 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:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority maintains internal and perimeter fence lines. Occasionally sections of fence are damaged through aging, as well as from traffic/pedestrian incidents. By combining smaller purchase orders into a larger one, staff believes the Port Authority would benefit from better pricing as well as reduced administrative costs. The timely repair and replacement of fence is critical to safe terminal operation.

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

Staff Evaluation/Justification:

On August 9, 2023, three CSBs were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria.

Following staff's Executive Committee review, staff recommends that the Port Authority award a two-year contract to Dow Pipe & Fence Supply Company, the responsible bidder submitting the lowest and best bid, for the purchase of fence line parts and supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$200,000.

L. OPERATIONS

Subject	2. Award a two-year contract to Rush Truck Centers of Texas, LP dba Rush Truck Center, Houston, for the purchase of Cummins diesel engine parts and related services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, in an amount not to exceed \$2,500,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a two-year contract to Rush Truck Centers of Texas, LP dba Rush Truck Center, Houston, for the purchase of Cummins diesel engine parts and related services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, in the amount not to exceed \$2,500,000, 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. 2022-0524-33, the Port Commission awarded a two-year contract to Rush Truck Centers of Texas, LP dba Rush Truck Center, Houston for the purchase of Cummins diesel engine parts and related services for Barbours Cut Terminal and Bayport Container Terminal in the amount of \$1,100,000. This contract is set to expire on May 31, 2024. Funds are nearly depleted due to high demand for parts.

Parts and related services are necessary for the operation and maintenance of terminal equipment powered by Cummins engines. These engines are highly technical, requiring proprietary parts and software for efficient operation. A reliable source of Cummins diesel engine parts and related services is needed for proper repair and maintenance.

The Port Authority currently owns one-hundred and sixteen rubber-tired gantry (RTG) cranes, sixty-eight yard tractors, fifteen loaders, twenty-three heavy-duty forklifts, four fuel trucks, and nine emergency generators powered by Cummins diesel engines that are in operation at its terminals. Additionally, twenty-six additional RTG cranes would be delivered by second quarter of 2024. Except for wharf cranes, Cummins diesel engines power all container handling equipment at Barbours Cut Terminal and Bayport Container Terminal.

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

Staff Evaluation/Justification:

On September 6, 2023, one CSB response was received and opened. The response was reviewed by staff.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to Rush Truck Centers of Texas, LP dba Rush Truck Center, Houston, the responsible bidder submitting the only bid, for the purchase of purchase of Cummins diesel engine parts and related services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

L. OPERATIONS

Subject	3. Award a three-year contract to Kalmar USA Inc., Bromma Americas, the sole source provider, for the purchase of twistlocks and spreader bar-related parts for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$4,500,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a three-year contract to Kalmar USA Inc., Bromma Americas, the sole source provider, for the purchase of twistlocks and spreader bar-related parts for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$4,500,000, 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:

The Port Authority owns a total of one hundred and sixty-two spreader bars and fifteen over-height attachments manufactured by Bromma. These units are used daily on wharf and RTG cranes in operation at Barbours Cut Terminal and Bayport Container Terminal. The ability to expedite procurement of spare and replacement parts for these spreaders and over-height attachments is critical to daily terminal operations.

By Minute No. 2021-0928-47, the Port Commission awarded a three-year contract to Kalmar USA Inc., Bromma Americas in the amount not to exceed \$2,800,000 for the purchase of twistlocks and spreader related parts for these wharf and RTG cranes. Funds for this contract are nearly depleted. An increase in the proposed contract amount is requested following the addition of new cranes to the fleet, and higher than anticipated demand for parts.

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 Kalmar USA Inc., Bromma Americas is the sole authorized distributor of captive replacement parts for Bromma products in the United States.

Staff recommends that the Port Commission award a three-year contract to Kalmar USA Inc., Bromma Americas for the purchase of twistlocks and spreader related parts for wharf and RTG cranes at Barbours Cut Terminal and Bayport Container Terminal.

L. OPERATIONS

Subject	4. Award a contract to ZPMC North America, Inc., the sole source provider, for the purchase of three headblocks for wharf cranes at Barbours Cut Terminal in an amount not to exceed \$175,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a contract to ZPMC North America, Inc., the sole source provider, for the purchase of three headblocks for wharf cranes at Barbours Cut Terminal in an amount not to exceed \$175,000, 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:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns a total of sixteen wharf cranes in operation at Barbours Cut Terminal. Ten of these units are 100-foot gauge and operate with two different sets of spreader bars. In order to standardize certain terminal equipment at Barbours Cut Terminal and meet operational demands, staff recommends that three headblocks with horizontal twistlock pin configuration be purchased. These headblocks will allow for the interchangeability of spreader bars among cranes 301 through 310 and eliminate an older set of spreader bars currently being used on cranes 308 through 310.

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 ZPMC North America, Inc. is the sole authorized distributor of captive crane components for ZPMC cranes in the United States.

Staff recommends that the Port Commission award a contract to ZPMC North America, Inc. for the purchase of three headblocks for wharf cranes at Barbours Cut Terminal.

L. OPERATIONS

Subject	5. Award a two-year contract to Briggs Equipment, the sole source provider, for the purchase of captive spare and replacement parts for Hyster container handling equipment at Barbours Cut Terminal in an amount not to exceed \$350,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a three-year contract to Briggs Equipment, the sole source provider, for the purchase of captive spare and replacement parts for Hyster container handling equipment at Barbours Cut Terminal in an amount not to exceed \$350,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns thirteen empty container handling machines and one forklift manufactured by Hyster, in operation at Barbours Cut Terminal. Captive spare and replacement parts for these units would be purchased through this contract as needed, to minimize equipment downtime and provide acceptable levels of service to the industry.

By Minute No. 2022-0125-25, the Port Commission awarded a three-year contract to Briggs Equipment for the purchase of captive spare and replacement parts for Hyster container handling equipment for Barbours Cut Terminal, and a new contract is required.

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 Hyster-Yale Materials Handling confirming that Briggs Equipment is the sole authorized source for captive replacement parts in the Houston metro area.

Staff recommends the Port Commission award a three-year contract to Briggs Equipment for the purchase of captive spare and replacement parts for Hyster container handling equipment at Barbours Cut Terminal.

L. OPERATIONS

Subject	6. Award a contract to Cargotec CHS Pte Ltd, Bromma, the sole source provider, for the purchase of four telescopic spreader bars for Barbours Cut Terminal in an amount not to exceed \$919,500.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, award a contract to Cargotec CHS Pte Ltd, Bromma, the sole source provider, for the purchase of four telescopic spreader bars for Barbours Cut Terminal in an amount not to exceed \$919,500, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns ten 100-foot gauge wharf cranes operating at Barbours Cut Terminal. They operate with two different sets of spreader bars, including eleven units for wharf cranes 301 through 307 and seven for wharf cranes 308 through 310. This creates operational and maintenance challenges due to lack of interchangeability. Additionally, the seven spreader bars being used on wharf cranes 308 through 310 have reached the end of their useful life and need to be replaced. By replacing these seven older units with four new ones, operations would achieve spreader bar interchangeability among wharf cranes 301 through 310 and equipment reliability.

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 Cargotec CHS Pte Ltd, Bromma is the sole authorized seller of Bromma spreader bars in the United States.

Staff recommends that the Port Commission award a contract to Cargotec CHS Pte Ltd, Bromma for the purchase of four telescopic spreaders for Barbours Cut Terminal.

L. OPERATIONS

Subject **7. Amend the contract with Gantrex, Inc. to perform additional services for replacement of trolley rails for nine machinery-on-trolley wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$790,000.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, amend the contract with Gantrex, Inc. for the replacement of trolley rails for nine machinery-on-trolley wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$790,000, 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:

Operations

Staff Contact:

Paulo Soares

Background:

By Minute No. 2022-1206-38, the Port Commission approved the award of a contract to Gantrex, Inc. for the purchase of replacement trolley rails for nine machinery-on-trolley (MOT) wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in the amount not to exceed \$4,473,357.

Thereafter, during the execution of the contract, staff was made aware that approximately 575 rail clips per crane can no longer be used due to excessive wear. As a result, Gantrex, Inc. would furnish and install approximately 5,160 rail clips, drill bolt holes on 36 short rails, and take three months longer to complete the work. Gantrex, Inc. has provided an updated quotation increasing the original price authorized by the Port Commission by \$790,000 for a total of \$5,263,357.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve the replacement of trolley rails for nine MOT wharf cranes at Barbours Cut Terminal and Bayport Container Terminal as described above.

L. OPERATIONS

Subject	8. Authorize an interlocal agreement in an amount not to exceed \$25,000 with San Jacinto Community College District for commercial driver license training courses and related services.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize an interlocal agreement in an amount not to exceed \$25,000 with San Jacinto Community College District for commercial driver license training courses and related services, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:

General

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Maintenance departments of the Port Authority operate multiple trucks and hauling equipment that require the driver to have a Commercial Driver's License (CDL) to operate on Department of Transportation (DOT) regulated roads outside of Port Authority facilities and to transport specialized equipment, heavy equipment, Hazardous Materials (HAZMAT), and multiple loads that exceed 25,000 pounds.

San Jacinto Community College District (SJCCD), a public community college district organized under Chapter 130 of the Texas Education Code is qualified to provide the following services to the Port Authority:

- Development of a customized CDL program, consisting of two courses;
- Train Port Authority employees as designated by the Port Authority; and
- Use of their training materials for the courses using equipment provided by the Port Authority.

Staff Evaluation/Justification:

Staff has determined that it would be more cost efficient to obtain an agreement with SJCCD to provide these training courses, on the road training, and training materials to the Port Authority.

The proposed agreement with SJCCD would permit the Port Authority access to SJCCD's facilities and course materials, and the use of materials for instructional and learning purposes in connection with the services under this contract.

Accordingly, staff recommends that the Port Commission authorize the proposed interlocal agreement with SJCCD in an amount not to exceed \$25,000.

L. OPERATIONS

Subject	9. Ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC, for approximately 10.27 acres at BCT, at a monthly base rent of approximately \$22,547.53.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	Ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC, for approximately 10.27 acres at BCT, at a monthly base rent of approximately \$22,547.53, and 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:

Ryan Mariacher

Background:

The Port Authority began leasing a 10.27-acre tract at the Barbours Cut Terminal to Cooper/Ports America, LLC (CPA), on a month to month basis commencing October 1, 2022. CPA is permitted to use the leased premises for the evaluation, servicing, and repair of containers, chassis, and associated equipment as required by various shipping lines, commercial brands, and entities for customer needs. CPA previously leased this area as part of a larger leased premise pursuant to a lease dated May 1, 2021, which was terminated effective October 3, 2021.

The Section 60.039 of the Texas Water Code requires that the Port Commission authorize month-to-month lease agreements in effect in excess of one year.

This lease is expected to be extended to one month, since Port Authority staff expects to provide notice pursuant to the terms of the lease for CPA to vacate by November 30, 2023. This schedule would align with Wharves 4 and 5 and adjacent container yard redevelopment, that would require this area for construction laydown and support. The neighboring term lease with CPA for shed 3 is unchanged and is scheduled to expire May 1, 2032.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve this above lease.

L. OPERATIONS

Subject **10. Authorize a no-fee License Agreement with BWC Terminals LLC within Manchester Terminal Wharves 2 and 3, to implement the preconstruction improvements for operational use outside of the future construction limits of Manchester Wharf 2.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, authorize a no-fee License Agreement with BWC Terminals LLC within Manchester Terminal Wharves 2 and 3, to implement the preconstruction improvements for operational use outside of the future construction limits of Manchester Wharf 2, 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:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

Manchester Wharf 2 has been in design for a rehabilitation and reconstruction package for a number of years. During design, staff consulted with BWC Terminals to discuss impacts this project would have to its operations.

A preconstruction phase was developed to expand the berth pockets and install more mooring and berthing piles to stage vessels outside of the Manchester 2 construction zone. BWC has agreed to implement these changes in order to remain operational during Manchester 2 construction.

Given that Manchester 2 is a public wharf, a no-fee License Agreement with BWC Terminals LLC, as licensee is necessary. This would grant license rights within the Manchester Terminal Wharves 2 and 3 to implement the preconstruction improvements for staging vessels outside of the future construction limits, as both parties carry out work in the license area.

Staff Evaluation/Justification:

Staff recommends approval of a no-fee License Agreement between the Port Authority and BWC Terminals LLC.

M. PEOPLE

Subject 1. Authorize renewal of group insurance agreements with the following carriers to include coverage for calendar year 2024 in a total amount not to exceed \$2,669,384 for: (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage and (c) Voya, for long-term disability (LTD) coverage and short-term disability (STD) coverage.

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting:

- (i) award group insurance agreements to the following carriers for coverage for calendar year 2024 in a total amount not to exceed \$2,669,384;
 - (a) Aetna Life Insurance Company, for dental coverage, in an amount not to exceed \$574,104;
 - (b) Aetna Life Insurance Company, for vision coverage, in an amount not to exceed \$102,829;
 - (c) Aetna Life Insurance Company, for Medicare Advantage medical coverage, in an amount not to exceed \$666,948;
 - (d) Minnesota Life Insurance Company, for basic life coverage and AD&D for eligible active employees, in an amount not to exceed \$164,631;
 - (e) Minnesota Life Insurance Company, for voluntary life coverage for eligible active employees and dependents, in an amount not to exceed \$358,959;
 - (f) Minnesota Life Insurance Company, for basic life coverage for eligible retirees, in an amount not to exceed \$147,758;
 - (g) Voya, for long-term disability (LTD) coverage, in an amount not to exceed \$385,909;
 - (h) Voya, for short-term disability (STD) coverage, in an amount not to exceed \$268,245;
- (ii) authorize the Port Authority to continue to pay: 50% of the cost of dental premiums for eligible active employees; 100% of the cost of the Medicare Advantage medical premiums for eligible retirees and dependents; 100% of the cost of basic life premiums for active employees and retirees; and 100% of the cost of LTD and STD premiums for eligible active employees;
- (iii) determine that Port Authority employees shall continue to reimburse the Port Authority for the full cost of any vision or voluntary life premiums;
- (iv) authorize contract renewal negotiations with insurance carriers prior to contract expiration; and
- (v) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to all of the foregoing.

Goals [STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION \(Be the Best Place to Work\)](#)

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2022-1206-50, the Port Commission awarded a contract to Gallagher Benefit Services, Inc., (Gallagher), to provide employee benefits consulting services, including assisting in: development of requests for proposals for group insurance coverages; evaluation of proposals; negotiation of renewal rates; and recommendations on provider selections.

By Minute No. 2022-0927-70, the Port Commission awarded agreements for calendar year 2023 to (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage medical coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage. Additionally, by Minute No. 2022-0628-38, the Port Commission awarded agreements to The Hartford for short and long-term disability for the 2023 plan year. These actions also authorized contract renewal negotiations with the insurance carriers prior to contract expiration. Accordingly, Gallagher and Port Authority staff began negotiations with the incumbents for 2024 coverages.

In addition, on July 17, 2023, the Port Authority, through its Broker of Record, Gallagher, issued a request for proposals (RFP) soliciting proposals for dental, disability, and Medicare Advantage retiree medical coverage.

Staff Evaluation/Justification:

Gallagher and Port Authority staff reviewed and evaluated the proposals and proposed 2024 renewal rates and determined that the incumbent carriers offer the best value to the Port Authority.

The renewals are anticipated to be discussed at the Pension and Benefits Committee meeting on September 25, 2023. Staff recommends, and anticipates that the Pension and Benefits Committee concurs, that group insurance contracts be awarded to the following incumbent carriers for calendar year 2024, as providing the best value to the Port Authority:

- (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage medical coverage;
- (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, retiree life, and basic accidental death and dismemberment coverage; and
- (c) Voya, for long term disability (LTD) and short-term disability (STD) coverage.

Staff further recommends, and anticipates that the Pension and Benefits Committee concurs, that:

1. The Port Authority continue to pay 50% of the cost of dental premiums for eligible employees and dependents;
2. The Port Authority continue to pay 100% of the cost of basic group life premiums for Port Authority active employees and retirees;
3. The Port Authority continue to pay 100% of the cost of Medicare Advantage medical premiums for eligible retirees and dependents;
4. The Port Authority continue to pay 100% of the cost of LTD and STD premiums for Port Authority active employees; and
5. Port Authority employees continue to reimburse the Port Authority for the full cost of any vision or voluntary life premiums.

Staff estimates that approximately \$748,840 of the \$2,669,384 total amount requested would be reimbursed to the Port Authority by employees, leaving a total cost to the Port Authority of approximately \$1,920,544.

The individual not-to-exceed amounts in the recommended action are based on current participant levels with adjustments for additional 2024 staffing levels. The total amount requested by staff allows for an increase in participation in 2024 based on current open positions and new 2024 headcount additions, but may be subject to amendment in order to account for actual participation levels.

M. PEOPLE

Subject	2. Authorize amendment of the agreement with PlanSource Benefits Administration, Inc., for employee and retiree benefits and payroll integration services for an additional two-year period, in an amount not to exceed \$201,197.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting: (a) authorize amendment of the agreement with PlanSource Benefits Administration, Inc., for employee and retiree benefits and payroll integration services for an additional two-year period, in an amount not to exceed \$201,197; (b) authorize renewal negotiations with the PlanSource Benefits Administration, Inc. prior to contract expiration; and (c) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2019-07-29-55, the Port Commission authorized an agreement with PlanSource Benefits Administration, Inc. for employee and retiree benefits and payroll integration services. The technology and services provided under this contract assist the Port Authority with benefits enrollment, administration, and reporting (including federal reporting requirements under the Affordable Care Act, and the Form 1095-C employee documents and electronic Internal Revenue Service reporting).

The initial term of the contract with PlanSource Benefits Administration, Inc. was from August 6, 2019 until December 31, 2020 for an amount not to exceed \$87,460.

By Minute Nos. 2020-1028-49, 2021-1207-54, and 2022-1027-51, the Port Commission authorized the renewal of the agreement with PlanSource Benefits Administration, Inc. for three additional one-year terms.

Staff Evaluation/Justification:

PlanSource Benefits Administration, Inc. has continually met its obligations under the agreement and has exceeded expectations since the inception of the contract. The need for this software would continue until the implementation of the new NXGEN ERP system. The annual expenditure is based on projected headcount for 2024 and 2025.

Staff recommends that the Port Commission authorize an amendment to the agreement with PlanSource Benefits Administration, Inc. as described above.

M. PEOPLE

Subject	3. Authorize an amendment to increase the amounts of the group insurance agreements with Hartford Life and Accident Insurance Company for long-term disability (LTD) coverage and short-term disability (STD) coverage for active employees for the calendar year 2023 in an amount not to exceed \$115,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting: (a) authorize an amendment to increase the group insurance agreements with Hartford Life and Accident Insurance Company, for long-term disability (LTD) coverage and short-term disability (STD) coverage for active employees for the calendar year 2023 in an amount not to exceed \$115,000: (i) not to exceed \$60,000 for LTD coverage and (ii) not to exceed \$55,000 for STD coverage; and (b) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:

Awards, Amendments, & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2022-06-28-38, the Port Commission awarded a contract to Hartford Life and Accident Insurance Company for fully-insured long-term disability (LTD) and short-term disability (STD) coverage for calendar year 2023, in an amount not to exceed \$295,406 for LTD coverage and \$153,364 for STD coverage.

The amount awarded to Hartford was based on the employee headcount and salaries as of March 1, 2022. Since that date, headcount has increased from 672 to approximately 771 employees and salaries have increased as well. As a result, additional funds are necessary for the 2023 coverage.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize an amendment to increase the group insurance agreements with Hartford for LTD and STD coverage for active employees for the calendar year 2023 by a total amount not to exceed \$115,000.

N. SECURITY AND EMERGENCY OPERATIONS

Subject	1. Approve a two-year extension to the professional services contract with E3 OMI for hazardous materials incident response services in an amount not to exceed \$300,000.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, approve a two-year extension to the professional services contract with E3 OMI for hazardous materials incident response services in an amount not to exceed \$300,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact Strategic Objective 4a. - Implement an innovative environmental leadership strategy

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

By Minute No. 2021-00928-58, the Port Commission awarded a two-year professional services contract, with an option for a two-year extension, to E3 OMI for hazardous materials incident response services.

The Port Authority Fire Department responds to hazardous materials incidents that occur on Port Authority property. When this occurs, the Fire Department initially contains the spill and attempts to identify a responsible party that would be required to mitigate the hazardous materials. If a responsible party cannot be determined in a timely fashion, or it is determined that the Port Authority is the responsible party, the Port Authority would then seek assistance from E3 OMI to manage the hazardous materials clean-up.

To date, the contract with E3 OMI has been utilized as expected to respond to hazardous materials incidents that have occurred on Port Authority property. E3 OMI has been responsive and performed satisfactorily under this contract.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a two-year extension to the current professional services contract with E3 OMI.

N. SECURITY AND EMERGENCY OPERATIONS

Subject **2. Adopt a resolution regarding designation of the Houston Ship Channel Complex as a multisector critical infrastructure industrial zone.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, adopt a resolution regarding designation of the Houston Ship Channel Complex as a multisector critical infrastructure industrial zone, 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:

Security

Staff Contact:

Marcus Woodring

Background:

Over ten years ago the President of the United States issued the Presidential Policy Directive on Critical Infrastructure Security and Resilience, in order to advance a national unity of effort to strengthen and maintain secure, functioning, and resilient critical infrastructure. The policy directive identified sixteen critical infrastructure sectors comprising assets, systems, and networks so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof.

Many of these are located along the Houston Ship Channel complex.

In support of this directive, on August 8th Harris County Commissioners Court designated the Houston Ship Channel Corridor as a critical infrastructure cluster of national security significance, to enhance the protection of this complex, and urged government leaders to do the same, for the safety and resilience of the community. It is anticipated that this designation will help mitigate national security risks involving man-made threats, including those posed by cyber-criminals, violent extremists, and hazardous material releases, as well as those that can occur in the wake of natural disasters, such as Winter Storm Uri in 2021.

Staff believes that it is in the best interest of the Port Authority to join this effort and continue its leadership in enhancing the security of the ship channel complex, following its pioneering work fifteen years ago, alongside the Texas legislature, Harris County, and local industry, to establish, support, and operate the Houston Ship Channel Security District.

Staff Evaluation/Justification:

Staff therefore recommends that the Port Commission adopt a resolution regarding designation of the Houston Ship Channel Complex as a multisector critical infrastructure industrial zone. The draft resolution is attached.

RESOLUTION REGARDING
DESIGNATION OF THE HOUSTON SHIP CHANNEL COMPLEX
AS A MULTISECTOR CRITICAL INFRASTRUCTURE INDUSTRIAL ZONE

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

WHEREAS, the Houston Ship Channel extends 52 miles and includes more than 200 private terminals and 8 public terminals; and

WHEREAS, business activity along the Houston Ship Channel supports over one and a half million jobs throughout the State of Texas, nearly twenty percent of its GDP, and generates almost three and a half million jobs nationwide, amounting to more than \$439 billion in statewide economic value and more than \$906 billion in nationwide economic value; and

WHEREAS, the Houston Ship Channel complex is the busiest port in the United States and ranked first in the nation both for foreign waterborne tonnage and total foreign and domestic waterborne tonnage; and

WHEREAS, the Presidential Policy Directive on Critical Infrastructure Security and Resilience, in order to advance a national unity of effort to strengthen and maintain secure, functioning, and resilient critical infrastructure, has identified sixteen critical infrastructure sectors comprising assets, systems, and networks that are so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, national economic security, national public health or safety, or any combination thereof; and

WHEREAS, these sectors include chemical, critical manufacturing, energy, government facilities, and transportation systems, all of which are located in the Houston Ship Channel complex, and

WHEREAS, these activities along the Houston Ship Channel have essential roles in national security, economic stability, and public safety, and should be given priority in security, national economic security, and national public health and safety; and

WHEREAS, the Port of Houston Authority has previously led the initiative to enhance the security of the Houston Ship Channel through its pioneering work with the Texas legislature, Harris County, and local industry to establish, support, and operate the Houston Ship Channel Security District; and

WHEREAS, the Port of Houston Authority should continue this leadership by joining efforts to provide national critical infrastructure protection to the Houston Ship Channel and its facilities and infrastructure, to enhance its security and resiliency and the security and resiliency of the region, Texas, and the nation.

Resolution Regarding Designation of the Houston Ship Channel Complex
As a Multisector Critical Infrastructure Industrial Zone
September 26, 2023
Page 2

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

The Port Commission of the Port of Houston Authority hereby declares that the Houston Ship Channel complex is a multisector critical infrastructure industrial zone; and

The Port Commission of the Port of Houston Authority hereby requests that state and federal leaders take all steps reasonably required to identify, prioritize and implement protections and measures to support the Houston Ship Channel complex as a multisector critical infrastructure industrial zone.

ADOPTED AND APPROVED this September 26, 2023.

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

ATTEST:

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

O. TECHNOLOGY

Subject **1. Issue a purchase order to Solid Border Inc., for annual technical support, software, subscriptions and maintenance for firewalls and virtual private network (VPN) connectivity at all Port Authority locations, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed \$195,000.**

Meeting Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 26, 2023 meeting, issue a purchase order to Solid Border Inc., for annual technical support, software, subscriptions and maintenance for firewalls and virtual private network (VPN) connectivity at all Port Authority locations, 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:

Charles Thompson

Background:

The Port Authority is seeking to obtain approval for the purchase of annual technical support, software, subscriptions and maintenance of firewalls and virtual private network (VPN) connectivity at all Port Authority locations.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the purchase of annual technical support, software, subscriptions and maintenance of firewalls and virtual private network (VPN) connectivity, through the Local Government Purchasing Cooperative's 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 the item needed is provided by Solid Border, Inc. under the pricing schedule obtained from that vendor's contract with Local Government Purchasing Cooperative's BuyBoard and is therefore recommending this purchase.

Staff recommends that the Port Commission approve this best value determination and contract.

O. TECHNOLOGY

Subject	2. Amend the contract with ManageForce Corporation for technical services regarding JDEdwards Enterprise Resource Planning Software to provide additional support services and extend the term through December 2025, in an amount not to exceed \$748,230.
Meeting	Sep 26, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 26, 2023 meeting, authorize the Port Authority to amend the contract with ManageForce Corporation for technical services regarding JDEdwards Enterprise Resource Planning Software to provide additional support services and extend the term through December 2025, in an amount not to exceed \$748,230, and further authorize the Executive Director to any and all things in his opinion reasonable or necessary to give effort to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Christopher Brown

Background:

By Minute No. 2020-0730-54, the Port Commission approved a five-year service agreement to ManageForce Corporation for technical services in support of the Port's JDEdwards Enterprise Resource Planning software, to monitor and maintain its operating efficiencies and provide development and functional support.

The Port Authority is seeking to amend aspects of the Service Agreement to provide functional support services over the NXGEN ERP project timeline and extend the term of the agreement through the end of 2025, to coincide with the NXGEN ERP implementation schedule.

Staff Evaluation/Justification:

Staff has reviewed and evaluated future JDEdwards support requirements and recommends that the Port Commission authorize the amendment with ManageForce Corporation as described above.

