

O. TECHNOLOGY

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

Awards, Amendments & Change Orders

1. Approve a purchase order to Xenex LLC for the purchase of support and maintenance of the Port Authority's Netapp data storage environment (data and hard drive storage), using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$225,000.
2. Issue a purchase order to TanChes Global Management, Inc for networking equipment for the new maintenance building at Barbours Cut Terminal, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$242,000.
3. Approve a change order to SHI Government Solutions, Inc. for additional Microsoft licensing and subscriptions using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$300,000.

P. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act)
2. Real Estate (Section 551.072, Texas Open Meeting Act), including disposition of Barbours Cut Terminal vicinity properties
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

R. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

S. ADJOURN MEETING

1. Next Meeting Requested - November 13, 2023 Budget Workshop
2. Adjourn Port Commission Meeting

F. EXECUTIVE

Subject **1. Authorize an advanced funding agreement with the State of Texas, acting by and through the Texas Department of Transportation, to receive grant funding in the amount of \$35,981,933.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, enter into an advanced funding agreement with the State of Texas, acting by and through the Texas Department of Transportation to receive grant funding in the amount of \$35,981,933, and further authorize the Executive Director to do any and all things in his reasonable opinion or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #2 - INFRASTRUCTURE \(Optimize Infrastructure and Channel Capacity to Serve the Region\)](#)
[Strategic Objective 2b. - Drive development of landside infrastructure and inland distribution networks](#)

Category:
Awards, Amendments & Change Orders

Department:
Freight Mobility

Staff Contact:
Bruce C. Mann

Background:
The Port Authority's Barbours Cut Terminal wharf upgrade project is an estimated \$76,721,864 upgrade to 1,334 linear feet of Wharf Nos. 4 and 5. This project is funded in part by a grant from the State of Texas in the amount of \$35,981,933. This project is also partially funded with an Infrastructure for Rebuilding America (INFRA) federal grant of \$21,282,440. The Port Authority would be responsible for all costs greater than the \$57,264,373 total of the two grants, including the cost of any work performed before the spending authority is formally obligated.

An advanced funding agreement with Texas Department of Transportation (TxDOT) is required in connection with the former grant.

Staff Evaluation/Justification:
This grant program furthers the efforts of the Port Authority to provide infrastructure to meet demand, and is part of the ongoing re-build of Barbours Cut Terminal. Accordingly, staff recommends that the Port Commission approve entering into an advanced funding agreement with the State of Texas to receive grant funds in the amount of \$35,981,933.

F. EXECUTIVE

Subject	2. Approve Port Commission committee and task force chairs and members.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve the appointment of Port Commission committee and task force chairs and members, as set forth on Exhibit "A."

Category:
General

Department:
Executive

Staff Contact:
Roger Guenther

Background:

The Amended and Restated Bylaws of the Port Authority and subsequent Port Commission action has established the following standing committees and task forces of the Port Commission:

- Audit Committee
- Business Equity Committee
- Community Relations Committee
- Compensation Committee
- Dredge Task Force
- Governance Committee
- Pension and Benefits Committee

The Amended and Restated Bylaws of the Port of Houston Authority of Harris County, Texas further provide that the Chairman of the Port Commission shall appoint the chairs and members of the committees of the Port Commission, subject to the consent of each appointee and Port Commission approval.

Staff Evaluation/Justification:

Chairman Campo proposes to designate Port Commissioners to serve on those committees and task forces as set forth on Exhibit "A."

Staff requests that the Port Commission approve these appointments subject to the continued consent of each appointee.

Port Commission Committees and Task Forces							
October 2023							
Task Force:	Audit Committee	Business Equity Committee	Community Relations Committee	Compensation Committee	Dredge Task Force	Governance Committee	Pension & Benefits Committee
Commissioner Assignments							
Chairman Campo	Chair		Member	Chair	Chair	Member	
Commissioner Cloonan		Chair	Member	Member	Member		Member
Commissioner Corgey		Member	Chair		Member		Member
Commissioner Creuzot	Member		Member		Member	Member	
Commissioner DonCarlos		Member	Member		Member	Chair	
Commissioner Fitzgerald			Member	Member	Member		Chair
Commissioner Robb	Member		Member		Member		

H. CHANNEL INFRASTRUCTURE

Subject	1. Amend the contract with Weeks Marine Inc. to modify the scope of work for Houston Ship Channel, Redfish to Bayport - Alternate B (Hydraulic Dredging to Three Bird Island Marsh) to include the removal of additional material in Houston Ship Channel Acceptance Section 4 (HSC STA. 49+000 to 57+000), in an additional amount not to exceed \$803,040.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to amend the contract with Weeks Marine Inc. to modify the scope of work for Houston Ship Channel, Redfish to Bayport - Alternate B (Hydraulic Dredging to Three Bird Island Marsh) to include the removal of additional material in Houston Ship Channel Acceptance Section 4 (HSC STA. 49+000 to 57+000), in an additional amount not to exceed \$803,040, 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/Leia Wilson/Jose Tapia

Background:
By Minute No. 2022-0617-02, the Port Commission awarded Weeks Marine Inc. (Weeks) the Redfish to Bayport – Alternate B dredging contract (also known as dredging Package 4B/5) for the hydraulic scope of work. Alternate B work consists of dredging the Houston Ship Channel Station’s (HSC STA.) 16+000 to 57+000, the Bayport Flare, and the Bayport Ship Channel (BSC), with disposal to Three Bird Island Marsh (TBIM).

Acceptance Section 4 (HSC STA. 49+000 to 57+000) is within the scope of both Weeks and another dredging contractor, Curtin Maritime Corporation (CMC). Under a separate contract, CMC has a requirement to remove material to a target depth prior to Weeks completing the area to the required depth. Pending negotiation, CMC is expected to be released from completing the remaining template in exchange for assisting Weeks with debris removal in the BSC. This changed scope would assist with keeping the completion date for BSC expansion on track for early to mid-October 2023, without negatively impacting the completion date of the main ship channel work.

Staff Evaluation/Justification:
Staff has concluded that at this time it would be the most effective approach and in the best interest of the Port Authority for the scope of the Weeks contract to be increased as described above, and therefore requests that the Port Commission approve an amendment to its contract as described above.

H. CHANNEL INFRASTRUCTURE

Subject	2. Issue a marine construction permit to Baywater Operating, LLC for a drilling barge, well heads, and to dredge a slip for access to Scott Bay.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to issue a marine construction permit to Baywater Operating, LLC for a drilling barge, well heads, and to dredge a slip for access to Scott Bay, 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:
Baywater Operating, LLC, Port Authority File No. 2023-0235, has applied for a marine construction permit for a drilling barge, well heads, and to dredge a slip for access to Scott Bay, located in the Amy White Survey, A-81. In the event this well produces gas, the permit would allow up to seven well heads to be placed in Scotts Bay.

When the State of Texas (the state) granted this submerged land to the Port Authority in 1927, it expressly reserved all mineral rights, including the right to enter the land for the purpose of development of those minerals. The Port Authority, therefore, is legally required to allow the state and the lessees of the state necessary access to the land and to make necessary improvements in connection with its mineral rights.

Port Authority staff held a public meeting on June 27, 2023 to provide information and respond to public comments in connection with this matter.

Staff Evaluation/Justification:
The application was reviewed and approved by the Port Authority's Channel Operations department. The permit is subject to the Port Authority's usual terms and conditions. The \$675 application fee has been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject **3. Transfer, renew, and amend a pipeline license to INV Propylene, LLC for one 6-inch pipeline and one 8-inch pipeline and add cathodic protection equipment in multiple locations to pipelines crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way, for \$405,533.36 for the first ten years of the 30-year term.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to transfer, renew, and amend a pipeline license to INV Propylene, LLC for one 6-inch pipeline and one 8-inch pipeline and add cathodic protection equipment in multiple locations to pipelines crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way, for \$405,533.36 for the first ten years of the 30-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:
INV Propylene, LLC, Port Authority File No. 1992-0072, has applied to transfer, renew, and amend a pipeline license from PL Propylene, LLC to INV Propylene, LLC for one 6-inch pipeline and one 8-inch pipeline and add cathodic protection equipment in multiple locations to pipelines crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way, in the William Vince Survey, A-78, James Seymour Survey, A-698, Thomas Earle Survey, A-18, and Arthur McCormick Survey, A-46, Harris County, Texas.

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 30-year license and at an initial fee of \$405,533.36. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	4. Amend a 4-inch pipeline license to INV Propylene, LLC to add cathodic protection equipment in multiple locations to a pipeline crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to amend a 4-inch pipeline license to INV Propylene, LLC to add cathodic protection equipment in multiple locations to a pipeline crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Permits/Licenses/Pipeline Easements

Department:
Channel Operations

Staff Contact:
Garry McMahan

Background:
INV Propylene, LLC, Port Authority File No. 2005-0027, has applied to amend a 4-inch pipeline license to add cathodic protection equipment in multiple locations to a pipeline crossing the Port Terminal Railroad Association Southside Mainline railroad right-of-way, in the Thomas Earle Survey, A-18, J.B. Woods Survey, A-837, George Ross Survey, A-646, and Arthur McCormick Survey, A-46, Harris County, Texas.

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. An additional fee of \$1,002, the \$1,000 application fee, and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

I. COMMERCIAL

Subject	1. Approve staff's ranking of vendors and award a two-year professional service contract in an amount not to exceed \$420,000 annually, with an option for a \$450,000 one-year extension, for media buy services to the top-ranked proposer: staff ranking - first, Love Advertising Inc.; second, BQR Advertising and Public Relations, Inc.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order - first, Love Advertising Inc.; second, BQR Advertising and Public Relations, Inc.; (b) award a two-year professional service contract with an option for a one-year extension to the top-ranked proposer for media buy services in the amount not to exceed \$420,000 annually for the first two years and \$450,000 for the optional third year; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with the vendor, and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3c. - Engage in proactive two-way communication STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:
Awards, Amendments & Change Orders

Department:
Commercial

Staff Contact:
Christine Abbruscato

Background:
The Port Authority's strategic plan is, in part, to grow and diversify the business base, create greater value for the region by supporting sustainable growth of the Port Authority and the greater port, and develop and strengthen external relationships with our stakeholders through proactive two-way communication. To assist with achieving these goals and objectives, the Commercial Division seeks to purchase media buy services. As part of this effort, the Port Authority solicited requests for proposals (RFP) for media buy services to identify media channels and advertise in local, regional, and national markets.

The media buy services are expected to support efforts to communicate the Port Authority's message and brand to its various audiences and enhance the Commercial Division's ability to promote the Port Authority. The media buy services are expected to include, but are not limited to, the following:

- Advertising strategic services;
- Advertising media buy services in local, regional, and national markets to increase brand awareness and goodwill, lease properties, inform others about major projects, generate cost-effective, quality customer inquiries, and assist other goals related to the Port Authority's business and community efforts;
- Account management for all media buy projects; and
- Provision of supporting data on all purchases of media and associated tracking.

The Port Authority notified vendors regarding its RFP using the Port Authority's Buyspeed Eprocurement System and the project was advertised on the Port Authority's website and in local newspaper. Twelve vendors downloaded the project materials from Buyspeed.

Staff Evaluation/Justification:

On September 13, 2023, three RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Love Advertising Inc.
- BQR Advertising and Public Relations, Inc.

Love Advertising's commission would be 13.5% of the total media buy amount. Thus, the majority of the funding would go directly to advertising, paid via Love Advertising.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Love Advertising for media buy services and to act as otherwise described above.

I. COMMERCIAL

Subject 2. Approve the contract for services to host the 2024 Houston International Maritime Conference at the Hilton Americas Hotel in an amount not to exceed \$350,000.

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action, Information

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve a contract for services to host the 2024 Houston International Maritime Conference in fall 2024 at the Hilton Americas Hotel in an amount not to exceed \$350,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #3 - PARTNERSHIPS \(Develop and Strengthen External Partnerships\)](#)
[Strategic Objective 3a. - Cultivate key relationships to accomplish common goals](#)
[Strategic Objective 3c. - Engage in proactive two-way communication](#)
[STRATEGIC GOAL #4 - STEWARDSHIP \(Create Greater Value for the Region\)](#)
[Strategic Objective 4c. - Support development of a robust Regional maritime workforce](#)
[Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port](#)

Category:
Awards, Amendments & Change Orders

Department:
Commercial

Staff Contact:
Christine Abbruscato

Background:
The Houston International Maritime Conferences is a Port Authority event promoting maritime trade, commerce in the region, import and export container trade, high wide and heavy cargo, sustainability, warehousing/distribution, Foreign Trade Zone, and workforce development. The event supports partnerships with customers, trade partners, elected officials, labor, and maritime education partners to advocate for the maritime industry. The fall of 2024 event would mark the third consecutive year for this conference.

The Port Authority seeks to continue providing access to this conference to this important audience, and to continue to promote the Port Authority as America's distribution hub for the next generation.

Staff Evaluation/Justification:
Staff recommends the Port Commission authorize entering into an agreement with the Hilton Americas Hotel to host the Houston International Maritime Conference in 2024.

I. COMMERCIAL

Subject	3. Authorize a three-year contract with S&P Global Limited for access to its Global Trade Analytics Suite Port Import/Export Reporting Service (PIERS) 2024 through 2026 databases and optional industry reports, effective January 1, 2024, in a total amount not to exceed \$319,084.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to enter into a three-year contract with S&P Global Limited for access to its Global Trade Analytics Suite (GTAS) Port Import/Export Reporting Service (PIERS) 2024 through 2026 databases and optional industry reports, effective January 1, 2024, in a total amount not to exceed \$319,084, 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) Strategic Objective 2b. - Drive development of landside infrastructure and inland distribution networks STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:
Awards, Amendments & Change Orders

Department:
Research and Forecasting

Staff Contact:
John Moseley

Background:
By Minute No. 2018-1030-06, the Port Commission previously authorized a contract with S&P Global Limited for access to its Global Trade Analytics Suite (GTAS) Port Import/Export Reporting Services (PIERS) 2019-2020, 2021-2023 database, and optional industry reports.

This data is used extensively in the Port Authority's market analysis for tracking its cargo volumes by trade lane, commodity types, and carriers, relative to competitive ports in the U.S. It also allows the Port Authority marketing group to build beneficial cargo owner target lists for further business development. This is the premiere database for shipping information of its kind.

In summary, this database helps support the ongoing competitive market research and analysis necessary for more effective trade development. The GTAS platform combines three longstanding and established trade products: Global Trade Atlas (Macro-trade statistics); PIERS Import and Export Bill of Lading data, and GTAS Forecasting.

The annual price breakdown would be as follows:

- 2024 - \$100,228
- 2025 - \$106,241
- 2026 - \$112,615

Staff Evaluation/Justification:

Staff recommends that the Port Authority enter into a three-year contract with S&P Global Limited for access to the GTAS PIERS 2024 through 2026 databases and optional industry reports.

I. COMMERCIAL

Subject **4. Approve a lease for a five-year term with Enstructure Richardson I LLC for approximately 86,000 square feet of warehouse space and 0.5 acres out of Block 26C at Industrial Park East, at an annual base rent of approximately \$381,103, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve a lease for a five-year term with Enstructure Richardson I LLC for approximately 86,000 square feet of warehouse space and 0.5 acres out of Block 26C at Industrial Park East, at an annual base rent of approximately \$381,103, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
John Moseley/Ben Licata

Background:
Enstructure Richardson I LLC has requested that the Port Authority lease the firm approximately 86,000 square feet of warehouse space and 0.5 acres out of Block 26C at Industrial Park East for a five-year term. Enstructure Richardson I LLC has leased this property for the storing and handling of general cargo since 2017.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease with Enstructure Richardson I LLC under the terms described above.

I. COMMERCIAL

Subject	5. Approve a 3.5% lease rate increase for twenty-two ratified Port Authority month-to-month leases and new month-to month leases, effective no earlier than January 1, 2024.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve a 3.5% lease rate increase for twenty-two ratified Port Authority month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2024, 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/Diana Sechler

Background:

The lease rates for the Port Authority's month-to-month leases are based on rates adopted by the Port Commission from time to time. There are currently twenty-five month-to-month leases in effect, of which twenty-two have been in effect for more than one year and have been ratified by the Port Commission. Of the current twenty-five month-to-month leases, three would not be affected by this requested lease rate increase because they have been in effect for less than one year.

On or about August 19, 2019, Integra Realty Resources prepared an appraisal for the Turning Basin and Industrial Park East properties, and based on the valuations provided in the appraisal, the Port Commission took the following actions:

- Effective January 1, 2020, the Port Commission approved a 3% lease rate increase along with an additional one time 10% premium increase for thirty-five month-to-month leases and new month-to-month leases; and
- Effective January 1, 2023, the Port Commission approved a 3% lease rate increase for twenty-four ratified month-to-month leases.

Port Authority staff now seeks to increase lease rates on ratified month-to-month leases by 3.5%. New month-to-month leases would be subject to the proposed 3.5% increase and the lease rate structure based on property attributes, which include the following lease rate categories: undeveloped surface rate, unimproved surface rate, semi-stabilized surface rate, stabilized surface rate, asphalt surface rate, and concrete surface rate.

Staff Evaluation/Justification:

Staff has reviewed the average Consumer Price Index percentage for the last twelve months and recommends the Port Commission approve the proposed lease rate increase of 3.5% for the existing twenty-two month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2024.

I. COMMERCIAL

Subject **6. Approve an amendment to the lease with Enstructure Richardson I LLC for approximately 0.9 acres, and 7,700 square feet of rail shed out of Block 5C at the Northside Turning Basin, to extend the term for one year effective no earlier than January 1, 2024, at an annual base rent of approximately \$46,200, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve an amendment to the lease with Enstructure Richardson I LLC for approximately 0.9 acres, and 7,700 square feet of rail shed out of Block 5C at the Northside Turning Basin, to extend the term for one year effective no earlier than January 1, 2024, at an annual base rent of approximately \$46,200, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
John Moseley/Ben Licata

Background:
By Minute No. 2021-1026-08, the Port Commission approved a one-year lease with Enstructure Richardson I for approximately 0.9 acres, and 7,700 square feet of rail shed out of Block 5C at the Northside Turning Basin. The property is used for storing and handling steel products and general cargo.

By Minute No. 2022-1206-13, the Port Commission approved an amendment to the lease with Enstructure Richardson I to extend the term for one year.

Enstructure Richardson I LLC has now requested that the Port Authority extend the lease term for an additional one year. It intends to continue to use the property for the purpose described above.

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

I. COMMERCIAL

Subject **7. Approve an amendment to the lease with Enstructure Richardson I LLC for approximately 8.32 acres out of Block 20A at Clinton Drive to extend the term for one year effective no earlier than January 1, 2024, at an annual base rent of approximately \$215,869, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve an amendment to the lease with Enstructure Richardson I LLC for approximately 0.9 acres out of Block 20A at Clinton Drive to extend the term for one year effective no earlier than January 1, 2024, at an annual base rent of approximately \$215,869, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Leases

Department:
Real Estate

Staff Contact:
John Moseley/Ben Licata

Background:
By Minute No. 2020-1208-10, the Port Commission approved a one-year lease with Enstructure Richardson I LLC for approximately 8.32 acres out of Block 20A at Clinton Drive. The property is used for storing and handling steel products.

By Minute No. 2021-1207-13, the Port Commission approved an amendment to the lease with Enstructure Richardson I LLC to extend the term for one year.

By Minute No. 2022-1206-14, the Port Commission approved an amendment to the lease with Enstructure Richardson I LLC to extend the term by an additional year.

Enstructure Richardson I LLC has now requested that the Port Authority extend the lease term for an additional one year. It intends to continue to use the property for the purpose described above.

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

J. FINANCE

Subject	1. Approve a two-year extension for the fourth and fifth years of the professional audit services agreement with FORVIS, LLP in amounts not to exceed \$380,000 and \$390,000 respectively.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve a two-year extension for the fourth and fifth years of the professional audit services agreement with FORVIS, LLP in amounts not to exceed \$380,000 and \$390,000 respectively, 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:
Controller

Staff Contact:
Curtis Duncan

Background:

By Minute No. 2020-0730-12, the Port Commission awarded a professional audit services agreement to BKD, LLP (BKD), beginning on August 1, 2020, and ending on July 31, 2021, with options to renew for two additional one-year terms. The agreement also contemplated that the Port Authority and BKD could mutually agree to extend the term of the agreement to include services for fiscal years ending December 31, 2023 and December 31, 2024.

Effective August 1, 2021, the Port Authority and BKD entered into an amendment to the agreement to, among other things, exercise the option to extend the term by one year, to provide audit services for the fiscal year ended December 31, 2021.

Effective June 1, 2022, the public accounting firm Dixon Hughes Goodman (DHG) LLP merged with and into BKD, with BKD as the surviving entity. Subsequently, BKD merged with and into FORVIS, LLP, a Delaware limited liability partnership (FORVIS), with FORVIS as the surviving entity. The merger transactions described above did not result in an assignment of the professional audit services agreement and instead resulted in such agreement being transferred from BKD to FORVIS by operation of law. Therefore, as of June 1, 2022, FORVIS became the new service provider under the professional audit services agreement. Its team includes the professionals who were previously associated with BKD and provided services under such agreement.

Effective August 1, 2022, the Port Authority and FORVIS entered into an amendment to the professional audit services agreement to, among other things, exercise the option to extend the term by one year to provide audit services for the fiscal year ended December 31, 2022.

The Port Authority now desires to extend the term of the professional audit services agreement by two years, to provide audit services for the fiscal years ended December 31, 2023 and December 31, 2024.

Staff Evaluation/Justification:

Following staff review, staff recommends that the Port Commission approve a two-year extension for the fourth and fifth years of the professional audit services agreement with FORVIS in the amounts described above. At the conclusion of the fifth year, staff would then publicly seek proposals for these audit services in subsequent years.

J. FINANCE

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

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority’s revised Internal Controls for Investments as set forth in Exhibit “A”, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
General

Department:
Treasury

Staff Contact:
Roland Gonzalez/David DeLoach

Background:

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

By Minute No. 2022-0802-20, the Investment Policy, investment strategies, and Internal Controls for Investments were last reviewed and approved by the Port Commission.

Staff now proposes the following changes:

Investment Policy:

- Exhibit "C" - Remove two direct commercial paper investment alternatives, since credit ratings on them are below the Investment Policy-required minimum.

Internal Controls for Investment:

- Update section 3.3.7 by removing Hilltop Securities, Inc. as the Authority's Financial Advisor, and adding Meeder Public Funds as the Authority's Investment Advisor, and
- Replace all references to "Financial Advisor" with "Investment Advisor."

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

Staff Evaluation/Justification:

The Audit Committee, investment advisor Meeder Public Funds, and Port Authority staff recommends the Port Commission adopt the revised Investment Policy, which includes the investment strategies, and approve the Internal Controls for Investments, as proposed.

DRAFT

Port of Houston Authority

Investment Policy



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS*

Adopted October 24, 2023

Minute No. 2023-1024-

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INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective October 24, 2023, pursuant to Chapter 2256 of the Texas Government Code, as amended (the “Public Funds Investment Act” or the “Act”).

ARTICLE I PURPOSE AND SCOPE

Section 1.1. Purpose

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

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

Section 1.2. Scope

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

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

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

ARTICLE II
DEFINITIONS

Section 2.1. Definitions

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

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

as amended from time to time.

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

ARTICLE III INVESTMENT OFFICER

Section 3.1. Investment Officer

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

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

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

Section 3.2. Training

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

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

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

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

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

Section 3.4. Solicitation of Offers or Bids

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

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

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

Section 3.5. Certifications from Sellers of Investments

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

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

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

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

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

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

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

Section 3.6. Reporting by the Investment Officer

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

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

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

Section 3.7. Assistance with Investment Procedures

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

Section 3.8. Settlement Basis

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

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

ARTICLE IV
INVESTMENT OBJECTIVES

Section 4.1. Provisions Applicable to All Funds

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

Section 4.2. Objectives

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

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

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

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

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

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

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

Section 4.3. Authorized Investment Instruments

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

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

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

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

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

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

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

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

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

Section 4.5. Internal Controls for Investments

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

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

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

Section 4.6. Maturity

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

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

Section 4.7. Diversification

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

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

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

Section 4.8. Risk Tolerance

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

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

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

Section 4.9. Safekeeping and Custody

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

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

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

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

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

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

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

ARTICLE V INVESTMENT STRATEGIES FOR PARTICULAR FUNDS

Section 5.1. Investment Strategy for the Operating Fund

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

Section 5.2. Investment Strategy for the Debt Service Fund

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

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

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

Section 5.4. Investment Strategy for the Debt Service Reserve Fund

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

ARTICLE VI MISCELLANEOUS

Section 6.1. Superseding Clause

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

Section 6.2. Annual Review

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

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

Section 6.3. Conflicts

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

Section 6.4. Review and Adoption at Open Meeting

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

Adopted on the 24th day of October 2023.

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

ATTEST:

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

EXHIBIT “A”

**Port of Houston Authority
Authority Designees**

Authority Designees employed by the Authority

Chief Financial Officer
Director, Treasury
Controller
Treasury Manager

* * *

EXHIBIT “B”

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS

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

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

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

Date: _____, 20_____

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

1. I am an individual offering to enter into an investment transaction with the Authority or a “qualified representative” of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments (collectively referred to herein as the “Investments”) that comply with the Public Funds Investment Act and the Authority’s Investment Policy dated October 24, 2023 (the “Investment Policy”).
3. I or a registered investment professional that services the Authority’s account, as applicable, have/has received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. I or the Business Organization, as applicable, shall comply with such Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy, in which case I or the Business Organization, as applicable, shall comply with the amended or newly adopted Investment Policy.

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

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

By: _____

Name: _____

Title: _____

EXHIBIT “C”

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

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

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

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

Money Market Mutual Funds:

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

Investment Pools:

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

Commercial Paper – Direct Issuers:

Toyota Motor Credit Corp.
Exxon Mobil

* * *



Financial Policies & Procedures
Internal Controls for Investments
Effective October 24, 2023

(Exhibit A)

Draft

1.0 Purpose

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

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

2.0 Scope

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

3.0 Guidelines

3.1.0 Investment Objectives and Categories

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

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

3.2.0 Mitigating Risk

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

3.3.0 Responsibilities

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

- 3.3.4 **Authority Designees** may be appointed to handle various aspects of the investment management process (a) as may be recommended by the Chief Financial Officer or the Investment Officer, (b) as approved by the Port Commission or the Executive Director of the Authority, and (c) as listed on Exhibit “A” to the Investment Policy. The Chief Financial Officer and the Investment Officer are considered Authority Designees with regard to the internal controls outlined herein as well as in the Investment Policy.
- 3.3.5 The Port Commission has adopted standard banking resolutions designating various individuals as **Authorized Agents**. In order to minimize the risk of fraudulent accounts and embezzlement of funds or assets, two Authorized Agents, acting together, are required (a) to sign agreements relating to cash, investments, and safekeeping of securities, (b) to open and close accounts, including investment brokerage and custody accounts, and (c) to designate and change **Authorized Signatories** for such accounts.
- 3.3.6 As an added measure, the Authority shall provide certificates of resolutions and certificates of signatories to financial institutions, signed by the Secretary or an Assistant Secretary of the Authority, certifying the signatures of those Authorized Agents and/or Authorized Signatories authorized for specific accounts.
- 3.3.7 By Minute No. 2023-0523-25 and pursuant to an Investment Advisor Agreement effective July 1, 2023, as may be amended from time to time, the Authority has engaged Meeder Public Funds (“***Investment Advisor***”) for the performance of various investment advisory services, including but not limited to assistance with development of the Authority’s investment policy, consultation on proposed investment strategies, and preparation of quarterly investment reports. The Investment Advisor may be substituted or replaced by action of the Port Commission, in which case the new firm would be responsible for the duties of the Investment Advisor outlined herein.

3.4.0 Executing Investment Transactions

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

termination of a relationship with a broker-dealer in case of serious violations or sanctions imposed by a regulatory agency or governmental entity.

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

3.5.0 Safekeeping of Securities

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

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

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

3.6.0 Competitive Bidding Process

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

3.7.0 Accounting

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

3.8.0 Reporting

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

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

3.9.0 Collateral

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

4.0 Review and Adoption

4.1.0 Periodic Review

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

4.2.0 Adoption at Open Meeting

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

Adopted on the 24th day of October, 2023.

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

ATTEST:

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

Minute No. 2023-1024-

K. INFRASTRUCTURE

Subject **1. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$1,544,950 for the "Yacht Basin" bulkhead repair at CARE Terminal, to the top-ranked proposer Russell Marine, LLC.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$1,544,950 for the "Yacht Basin" bulkhead repair at CARE 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.

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 would consist of the repair of approximately 110 linear feet of bulkhead along the Yacht Basin at the Port Authority’s CARE Terminal. The repairs would include installation of approximately 90 linear feet of sheet pile bulkhead system and approximately 20 linear feet of cantilevered pipe-pile combi-wall bulkhead system.

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

Staff Evaluation/Justification:
On September 20, 2023, five 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 proposer providing best value for the Yacht Basin bulkhead repair at CARE Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject **2. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$76,721,864 for the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal, to the top-ranked proposer McCarthy Building Companies.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve staff’s ranking of vendors and award a construction contract, in an amount not to exceed \$76,721,864 for the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal, to the top-ranked proposer McCarthy Building Companies, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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 would consist of:

- Reconstruction of the Western two-thirds of Wharf 4 and the Eastern two-thirds of Wharf 5, and landside and waterside crane rail beams, and foundation, to accommodate new 100 gauge ship-to-shore crane;
- New electrical and communication duct bank;
- New Stevedore Support buildings; and
- Utilities and pavement upgrades.

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. Sixty-one vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On September 13, 2023, three 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 McCarthy Building Companies, the proposer providing best value for the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject **3. Approve staff’s ranking and award a professional services contract in the amount of \$500,000 to perform construction material testing services for the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal, to the top-ranked proposer Ninyo & Moore.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve staff’s ranking and award a professional services contract, in an amount not to exceed \$500,000 to perform construction material testing (CMT) services for the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal, to the top-ranked proposer Ninyo & Moore, 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 procurement would include construction material testing (CMT) services during the rehabilitation of Wharves 4 and 5 at Barbours Cut Terminal. Per Section 60.463(c) of the Texas Water Code, in certain circumstances the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction materials installed by the contractor. This procurement would provide such third-party inspection services.

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

Staff Evaluation/Justification:
On September 27, 2023, 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 Ninyo & Moore, the most highly qualified provider, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	4. Amend a professional services contract with Lockwood, Andrews & Newnam, Inc. to perform additional work associated with the planning and design of Container Yard 1 South at Bayport Container Terminal in an amount not to exceed \$3,350,000.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve an amendment to the professional services contract with Lockwood, Andrews & Newnam, Inc., to perform planning and design of Container Yard 1 South at Bayport Container Terminal, in an amount not to exceed \$3,350,000, 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:
Project and Construction Management

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

Background:
By Minute No. 2023-0221-15, the Port Commission awarded a professional services contract to Lockwood, Andrews & Newnam, Inc. for the design of Container Yard 8 at Bayport Container Terminal, with the option of amending the contract to complete the design of Container Yard 1 South and Container Yard 9 at a later date.

This proposed amendment consists of the planning and design of the approximately 25-acre Container Yard 1 South at the east end of Bayport Container Terminal. Construction phase services under the proposed contract could 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 the design of Container Yard 9 at a later date.

Staff Evaluation/Justification:
Staff has reviewed Lockwood, Andrews & Newnam, Inc.'s proposal and found it to be fair and reasonable and recommends that the Port Commission approve the proposed amendment.

K. INFRASTRUCTURE

Subject	5. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal in an amount not to exceed \$532,257.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal in an amount not to exceed \$532,257, 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. 2022-0802-28, the Port Commission awarded a contract to McCarthy Building Companies, Inc. for the construction of Container Yards 4 North and 5 North of the reconstruction of 87 acres of container yards at Barbours Cut Terminal.

This proposed change order addresses:

- Additional underground utility work; and
- Additional work to stabilize the existing ground surface.

This is the first change order to this contract, for a total change order value to date of \$532,257, which is 1.72% of the total contract value.

Staff Evaluation/Justification:
Port Authority staff has reviewed the proposal submitted by McCarthy Building Companies, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

K. INFRASTRUCTURE

Subject	6. Approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with construction of the maintenance complex at Barbours Cut Terminal in an amount not to exceed \$317,527.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with the construction of the maintenance complex at Barbours Cut Terminal in an amount not to exceed \$317,527, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:
Awards, Amendments & Change Orders

Department:
Project and Construction Management

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

Background:
By Minute No. 2022-0927-31, the Port Commission awarded a contract to David E. Harvey Builders, Inc. for the construction of the maintenance complex at Barbours Cut Terminal.

This proposed change order addresses:

- Addition of site lighting; and
- Electrical and telecommunication revisions.

This is the second change order to this contract, for a total change order value to date of \$407,625, which is 1% of the total contract value.

Staff Evaluation/Justification:
Port Authority staff has reviewed the proposal submitted by David E. Harvey Builders, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

K. INFRASTRUCTURE

Subject **7. Approve a change order with R&T Ellis Excavating, Inc. to perform additional work associated with land development of 35-acres south of Port Road at Bayport Container Terminal in an amount not to exceed \$6,500,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve a change order with R&T Ellis Excavating, Inc. to perform additional work associated with land development of 35-acres south of Port Road at Bayport Container Terminal in an amount not to exceed \$6,500,000, 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:
Project and Construction Management

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

Background:
By Minute No. 2022-1206-21, the Port Commission awarded a construction contract to R&T Ellis Excavating, Inc. for land development of 35-acres south of Port Road at Bayport Container Terminal for future development of the terminal complex.

This proposed change order addresses:

- Additional removal and replacement of soft soils within a former dredge material placement area (DMPA).

This is the second change order to this contract, for a total change order value to date of \$11,753,512.

Staff Evaluation/Justification:
Port Authority staff has reviewed the proposal submitted by R&T Ellis Excavating, Inc. and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

L. OPERATIONS

Subject **1. Award a two-year contract to Bishop Lifting Products, Inc. for the purchase of wire ropes and related components for Barbours Cut Terminal, Bayport Terminal, and Turning Basin Terminal in an amount not to exceed \$2,000,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, award a two-year contract to Bishop Lifting Products, Inc. for the purchase of wire ropes and related components for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$2,000,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #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. 2021-1026-29, the Port Commission awarded a two-year contract to Bishop Lifting Products, Inc. in the amount not to exceed \$1,500,000 for the purchase of wire ropes and related components for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. This contract is set to expire October 31, 2023.

Wire rope is primarily used for hoist, trolley, and boom functions on the Port Authority's twenty-nine wharf cranes and one hundred and sixteen rubber-tired gantry (RTG) cranes as well as other lifting equipment. Additionally, three wharf cranes and thirty-one RTG cranes are expected to arrive at Barbours Cut Terminal and Bayport Container Terminal during this contract term.

An adequate inventory of different sizes of wire rope is necessary to service equipment efficiently, minimize equipment downtime, and ensure efficient terminal operations.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSP) for the purchase of wire ropes and related components for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basing Terminal using the Port Authority's BuySpeed Eprocurement System, and the project was advertised on the Port Authority's website and in a local newspaper. Nineteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On September 20, 2023, three CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Two responses were deemed non-responsive. Staff identified the following vendor as providing the best value for the required services:

- Bishop Lifting Products, Inc.

Following staff Executive Committee review, staff recommends that the Port Authority award a two-year contract to Bishop Lifting Products, Inc. and act as otherwise described above.

L. OPERATIONS

Subject **2. Award a three-year contract to Northline South, LLC for the purchase of new and repaired electronic components for wharf and rubber-tired gantry cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$2,750,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, award a three-year contract to Northline South, LLC for the purchase of new and repaired electronic components for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$2,750,000, 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. 2021-0622-30, the Port Commission awarded a three-year contract to Northline NC, LLC in the amount not to exceed \$1,500,000 for the purchase of new and repaired electronic components for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal. Funds from that contract are nearly depleted. Electronic components such as printed circuit boards are necessary for the routine maintenance and repair of Port Authority's cranes.

Specifications were prepared reflecting the largest discount anticipated for the purchase and repair of electronic components, and the Port Authority notified vendors regarding this 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. Thirteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On September 20, 2023, one CSB response was received and opened. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Authority award a three-year contract to Northline South, LLC, the responsible bidder submitting the only bid, for the purchase of new and repaired electronic components for Barbours Cut Terminal and Bayport Container Terminal.

M. PEOPLE

Subject **1. Authorize an agreement with Aetna Life Insurance Company for stop-loss insurance coverage for the calendar year 2024 for the Port Authority's self-funded group medical benefits program for active employees, retirees who are not Medicare-eligible, and dependents, in an amount not to exceed \$2,138,547, and authorize renewal negotiations with Aetna Life Insurance Company prior to contract expiration.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, authorize an agreement with Aetna Insurance Company for stop-loss insurance coverage for the calendar year 2024 for the Port Authority's self-funded group medical benefits program for active employees, retirees who are not Medicare-eligible, and dependents, in an amount not to exceed \$2,138,547, and authorize renewal negotiations with Aetna Life Insurance Company prior to contract expiration, 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. 2022-1206-50, the Port Commission awarded a three-year contract to Gallagher Benefit Services, Inc. (Gallagher) to serve as the Port Authority's broker of record for health and welfare benefits and 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.

In September 2018, after having reviewed proposals and analyzed the costs of a self-funded program compared to a fully-insured program, the Port Authority proceeded with the implementation of a self-funded group medical benefit program.

By Minute Nos. 2018-1030-44, 2019-1022-39, 2020-1208-44, 2021-1026-34, and 2022-1027-50, the Port Commission approved the purchase of insurance from Aetna Life Insurance Company (Aetna) to provide stop-loss coverage for calendar years 2019, 2020, 2021, 2022, and 2023 for the self-funded medical plan, and also authorized contract renewal negotiations with Aetna prior to contract expiration.

Gallagher and Port Authority staff have now negotiated a renewal with Aetna Life Insurance Company for stop-loss coverage for the 2024 self-funded group medical benefits program and determined that the negotiated terms offer the best value to the Port Authority.

Staff Evaluation/Justification:

Staff recommends the Port Commission award a one-year contract to Aetna for stop-loss insurance for the self-funded group medical plan for calendar year 2024. The stop-loss insurance would (i) cover eligible claims in excess of \$200,000 per individual claimant and (ii) cover eligible claims in excess of an aggregate amount of 120% of projected claims.

Additionally, staff recommends that the Port Commission authorize renewal negotiations with Aetna prior to contract expiration to better ascertain the need to solicit proposals for the following contract year.

N. SECURITY AND EMERGENCY OPERATIONS

Subject **1. Award a purchase order to Rental Pump Parts, LLC for the purchase of two portable fire pumps in an amount not to exceed \$126,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, award a purchase order to Rental Pump Parts, LLC for the purchase of two portable fire pumps in an amount not to exceed \$126,000, 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](#)

Category:
Awards, Amendments & Change Orders

Department:
Fire

Staff Contact:
William Buck

Background:
Various regulations require marine terminals to have firefighting capabilities in place in order to operate. A key component of firefighting is the water supply, which can be disrupted for various reasons including water main breaks, hurricane recovery operations, and winter freeze events. During these events, the Port Authority has relied on Emergency Management Department "stand-by" contracts to rent fire pumps. Staff analysis has determined that it would be more cost efficient and increase operational certainty to purchase two portable fire pumps that can be used at any Port Authority terminal as needed.

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. Twenty-one vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On September 12, 2023, two CSBs were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSB.

Staff recommends that the Port Authority award a purchase order to Rental Pump Parts, LLC, the responsible bidder submitting the lowest and best bid, for the purchase of two portable fire pumps.

N. SECURITY AND EMERGENCY OPERATIONS

Subject **2. Authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2023-2024) contribution in an amount not to exceed \$61,675.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2023-2024) contribution in an amount not to exceed \$61,675, and authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact](#)
[Strategic Objective 3a. - Cultivate key relationships to accomplish common goals](#)

Category:
Awards, Amendments & Change Orders

Department:
Security

Staff Contact:
Jessica Thomas

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

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

At this time, the HSCSD has preliminarily approved its budget for fiscal year 2024 and has determined that assessment of its members would remain unchanged from 2023. Accordingly, in line with its budget requirements and consistent with assessment of its private industry members, the HSCSD requests a contribution from the Port Authority of \$61,675 for fiscal year 2024 (payable in 2023). The 2024 assessments from the district's private industry members and the Port Authority would enable the continued operation and maintenance of the above described security assets for the Houston Ship Channel.

Pursuant to Section 68.315 of the Water Code, the HSCSD and the Port Authority may enter into a contract for payment of assessments under terms mutually agreeable to the parties.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the execution of such agreement and payment to the HSCSD.

N. SECURITY AND EMERGENCY OPERATIONS

Subject **3. Approve assignment of an agreement for a drone detection system by 911 Security Cameras Inc. to AirSight Inc.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, authorize the Port Authority to approve assignment of an agreement for a drone detection system by 911 Security Cameras Inc. to AirSight 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 Objective 4b. - Prepare for disruptive events and mitigate their impact](#)
[Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means](#)

Category:
General

Department:
Security

Staff Contact:
Jessica Thomas

Background:

By Minute No. 2023-0126-41, the Port Commission approved a three-year purchase order with 911 Security Cameras, Inc., a Texas corporation (911 Security), the sole source provider, for access to its AirGuard drone detection program, and installation of a sensor that would integrate with the AirGuard drone detection program, in an amount not to exceed \$96,000, with an estimated net cost, after Federal Emergency Management Agency (FEMA) Port Security Grant reimbursement, of \$24,000. Following approval of the purchase order, the Port Authority entered into a subscription agreement with 911 Security for the services described above (the Agreement).

On or about August 15, 2023, the Port Authority became aware that AirSight Inc., a Delaware corporation (AirSight) consummated a transaction with 911 Security on or about July 3, 2023, pursuant to which, among other things, AirSight acquired the assets of 911 Security, including, but not limited to, its existing agreements with clients (the Transaction), resulting in the assignment of the Agreement to AirSight.

AirSight has informed staff that operations and management with respect to the Agreement have not changed and will remain the same. Accordingly, AirSight has requested the Port Authority's consent to the assignment of the Agreement from 911 Security Cameras, Inc. to AirSight Inc. as a result of the Transaction pursuant to the terms of the Agreement.

Staff Evaluation/Justification:

Staff has reviewed the matter and determined that AirSight is expected to continue to operate without disruption under the Agreement and under the generally same leadership in place prior to the Transaction. Accordingly, staff recommends that the Port Commission approve the assignment of the Agreement from 911 Security Cameras, Inc. to AirSight Inc.

O. TECHNOLOGY

Subject **1. Approve a purchase order to Xennex LLC for the purchase of support and maintenance of the Port Authority's Netapp data storage environment (data and hard drive storage), using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$225,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve a purchase order to Xennex LLC for the purchase of support and maintenance of the Port Authority's NetApp data storage environment (data and hard drive storage), using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$225,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Awards, Amendments & Change Orders

Department:
Information Technology

Staff Contact:
Ron Farrow

Background:
The Port Authority is seeking to obtain approval for annual hardware maintenance and support for the Port authority's NetApp data storage environment.

The Texas Department of Information Resources (DIR) is a department of the State of Texas, and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation and Justification:
The Director of Procurement Services has determined that procuring support and maintenance of the Port Authority's Netapp data storage environment (data and hard drive storage) through the Texas DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

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

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

O. TECHNOLOGY

Subject	2. Issue a purchase order to TanChes Global Management, Inc for networking equipment for the new maintenance building at Barbours Cut Terminal, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$242,000.
Meeting	Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its October 24, 2023 meeting, issue a purchase order to TanChes Global Management, Inc for networking equipment for the new maintenance building at Barbours Cut Terminal, using Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$242,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Awards, Amendments & Change Orders

Department:
Information Technology

Staff Contact:
Ron Farrow

Background:
The Port Authority is seeking to obtain networking equipment to support the new maintenance building at Barbours Cut Terminal.

The Texas Department of Information Resources (DIR) is a department of the State of Texas and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:
The Director of Procurement Services has determined that procuring network hardware through the Texas DIR purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

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

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

O. TECHNOLOGY

Subject **3. Approve a change order to SHI Government Solutions, Inc. for additional Microsoft licensing and subscriptions using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$300,000.**

Meeting Oct 24, 2023 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its October 24, 2023 meeting, approve a change order for the purchase of additional Microsoft licensing, subscriptions, and software assurance, offered within the existing Microsoft Enterprise Agreement to SHI Government Solutions, Inc., using the Texas Department of Information Resources' cooperative purchase program, 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.

Category:
Awards, Amendments & Change Orders

Department:
Information Technology

Staff Contact:
Charles Thompson

Background:
The Microsoft Enterprise Agreement allows organizations with 500 or more users to participate in a volume licensing program that significantly reduces the cost of Microsoft licensing and provides the maximum flexibility for both on-premise and cloud-based Microsoft solutions.

By Minute No. 2021-1026-41, the Port Commission approved a three-year Microsoft Enterprise Agreement (2021-0359) through November 30, 2024, for software, software assurance, and subscription services.

Port Authority staff is seeking approval to issue a change order to purchase additional software, software assurance and subscription services, utilizing the existing Enterprise Agreement with Microsoft, via its fulfillment partner SHI Government Solutions, Inc., to run through November 2024. Payment for additional software, software assurance, and subscription services would be in a total amount not to exceed \$300,000.

Staff Evaluation/Justification:
The software and services provided by Microsoft are critical to running the ongoing business of the Port Authority. The Information Technology department has determined that issuing a change order within our existing Enterprise Agreement with Microsoft, with software, software assurance, and subscriptions provided by fulfillment partner SHI Government Solutions, Inc., using Texas Department of Information Resources' cooperative purchase program, is the best value to the Port Authority and is therefore recommending this purchase.

Staff recommends the Port Commission approve the change order to SHI Government Solutions, Inc. as described above.

