



PORT COMMISSION MEETING

JULY 22, 2024 – AGENDA



Monday, July 22, 2024
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

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

A. CALL TO ORDER

B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

C. APPROVAL OF MINUTES

1. Port Commission Public Meeting - June 25, 2024

D. STAFF REPORTS

1. Summary of selected financial and operational matters

E. APPEARANCES

1. Public Comment

F. EXECUTIVE

1. No items.

G. BUSINESS EQUITY

1. No items.

H. CHANNEL INFRASTRUCTURE

Staff Report – Selected agenda items – Lori Brownell, Chief Channel Infrastructure Officer

Awards, Amendments & Change Orders

1. Amend a professional services contract with GHD, Inc. to further develop asset management and geographic information system programs in an amount not to exceed \$738,600.

Permits/Licenses/Pipeline Easements

2. Approve the renewal of expiring Port Authority pipeline and transmission line licenses for thirty-year terms for the following entities: Chevron Phillips Chemical Company LP, Enterprise Intrastate LLC, Enterprise TE Products Pipeline Company LLC, Equistar Chemicals, LP, Gulf Coast Authority, HSC Pipeline Partnership, LLC, KM Liquids Terminals LLC, NuStar Logistics, LP, and Targa Downstream LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten-year term for the following entity: KM Liquids Terminals LLC.
3. Issue a pipeline license to Targa Downstream LLC for an 8-inch natural gasoline pipeline and a valve site along the Port Terminal Railroad Association Southside Mainline right-of-way east of Ethyl Road.
4. Consolidate and restate marine construction permits issued to Pasadena Refining System, Inc. for improvements to an existing dock in the Houston Ship Channel.

Leases

5. Approve (i) a Port Authority adjacency barge fleeting lease with, and issue a marine construction permit to, Albatross Industrial Houston Fund, LP for approximately 12.51 acres of submerged lands in Old River for an initial monthly base rent of \$7,745, and a minimum amount of \$5,372,723, for a ten-year term, with an option to extend for an additional ten years, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index; and (ii) consent to its sublease by the tenant to Kirby Inland Marine, LP for a term to run coterminously with the term barge fleeting lease.

I. COMMERCIAL

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

Leases

1. Approve an amendment to the lease with Terminal Link Texas, LLC for approximately 1,323 square feet in Bayport Stevedore Support Building No. 5 to extend the term for three years at an annual base rent of \$47,403.09, subject to annual base rent escalation of 3% or the increase in the Consumer Price Index.
2. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin to extend the term for one year, at an annual base rent of \$153,980.34, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
3. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 8.04 acres out of Block 25 at Industrial Park East to extend the term for one year with two one-year mutual renewal options, at an annual base rent of \$343,952.15, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon exercise of each one-year mutual renewal option.
4. Approve a subordination agreement and consent and estoppel with Portwall Partners, Ltd., Packwell, Inc., and the Export-Import Bank of the United States, in connection with financing the construction of tenant improvements under the Portwall Partners, Ltd. lease of approximately 55.89 acres located outside of the Bayport Container Terminal.

J. FINANCE

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

General

1. Adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions.
2. 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.
3. Approve hiring Marilyn Bundage as a casual employee to provide financial services on an as-needed basis.

K. INFRASTRUCTURE

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

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a one-year air quality consulting agreement in an amount not to exceed \$105,000 for the latest update of the Port Authority Clean Air Strategy Plan 2021 Update to the top-ranked proposer: staff ranking- first, Starcrest Consulting Group, LLC., second, Ramboll Americas Engineering Solutions, Inc., and third GHD, Inc.
2. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$190,529 for design services for proposed additional Transportation Worker Identification Credential (TWIC) lanes at Bayport Container Terminal to the top-ranked proposer Hatch Associates Consultants, Inc.
3. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$508,000 for an entry intersection traffic signal at Barbours Cut Terminal, to the top-ranked proposer Jerdon Enterprise, L.P.
4. Award a construction contract in an amount not to exceed \$200,000 for the 2024 annual Port Authority-wide perimeter security fence replacement to Four Seasons Development Company, Inc.
5. Amend the professional services contract with English + Associates Architects, Inc. to perform additional work associated with redesign of the new Port Coordination Center Facility at Turning Basin Terminal in an amount not to exceed \$256,263.
6. Ratify an amendment to the professional services contract with Lloyd Engineering, Inc. to perform additional work associated with damage to Turning Basin Terminal Wharves 13, 14, and 23 due to the May 16, 2024 storm event in an amount not to exceed \$328,580.
7. Approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with construction of the maintenance and repair building at Barbours Cut Terminal in an amount not to exceed \$373,664.

General

8. Approve an entry license agreement with International Paper Company and McGinnes Industrial Maintenance Corporation for a seven-year term for remediation activities associated with the San Jacinto River Waste Pits.

L. MAINTENANCE

Staff Report – Selected agenda items – Paulo Soares, Chief Port Maintenance Officer

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$113,664,000 for the purchase of eight dockside electric container cranes for Wharves Nos. 4 and 5 at Barbours Cut Terminal and Wharves Nos. 2, 4, and 7 at Bayport Container Terminal to the top- ranked proposer: staff ranking - first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation.

2. Award a two-year contract to Turtle & Hughes Inc. for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,750,000.

3. Award a three-year contract to Turtle & Hughes Inc. for the purchase of new and repaired J.R. Merritt master operator controls for wharf and rubber-tired gantry cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000.

4. Award a contract to Konecranes, Inc., the sole source provider, for the purchase and installation of hybrid retrofit drives for eight rubber-tired gantry cranes at Barbours Cut Terminal in an amount not to exceed \$6,800,000.

5. Award a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed \$800,000.

M. OPERATIONS

1. No items.

N. PEOPLE

1. No items.

O. SECURITY AND EMERGENCY OPERATIONS

Staff Report – Selected agenda items – Amy Seymour, Chief Port Security and Emergency Operations Officer

Awards, Amendments & Change Orders

1. Award a purchase order to Genasys Corporation, the sole source provider, for the purchase of replacement parts and installation services for the existing Long-Range Acoustic Device Mass Notification outdoor siren system in an amount not to exceed \$970,000.

General

2. Approve the assignment of the agreement for hazardous materials incident response services with E3 OMI, LLC to Enhanced Environmental & Emergency Services, Inc. (d/b/a E3 Environmental).

P. TECHNOLOGY

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

Awards, Amendments & Change Orders

1. Approve the purchase of extended software subscription and support services for Cognos budgeting software from Mark III Systems, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$275,467.

Q. 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 Meetings Act)
3. Economic Development Negotiations or Incentives (Section 551.087, Texas Open Meetings Act)
4. Employment and Evaluation of Public Officers and Employees (Section 551.074, Texas Open Meetings Act)
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

R. RECONVENE OPEN MEETING

1. Announce any items from Executive Session requiring Port Commission action

S. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

T. ADJOURN MEETING

1. Next Meeting Requested - September 24, 2024
2. Adjourn Port Commission Meeting

H. CHANNEL INFRASTRUCTURE

Subject	1. Amend a professional services contract with GHD, Inc. to further develop asset management and geographic information system programs in an amount not to exceed \$738,600.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an amendment to the professional services contract with GHD, Inc. to further develop asset management and geographic information system programs in an amount not to exceed \$738,600, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing

Category:

Awards, Amendments & Change Orders

Department:

Strategic Asset Management

Staff Contact:

Eric Barron/Lori Brownell

Background:

By Minute Nos. 2022-0524-24 and 2023-0627-10, the Port Commission approved a contract with GHD Inc. totaling \$1,302,803 to provide professional services to support the Asset Management Strategic Improvements Initiative (AMSII) project (Phase II). Staff advised the Port Commission that it anticipated requesting future amendments to this professional services contract, pending the performance of GHD, Inc., to extend the term and add scope for implementing each year of the five-year Phase II actions recommended in the 2021 original project scope.

The services provided under the scope of the contemplated amendment and extension would be Year 3 of five, Phase II of the AMSII project for improving the asset management (AM) and geographic information system (GIS) programs to align with industry best practices. Additionally, these services would be integrated with the Next Generation Enterprise Resource Planning project, ahead of implementation of the Port Authority's new Enterprise Resource Planning system.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve amending the professional service contract with GHD, Inc.

H. CHANNEL INFRASTRUCTURE

Subject	2. Approve the renewal of expiring Port Authority pipeline and transmission line licenses for thirty-year terms for the following entities: Chevron Phillips Chemical Company LP, Enterprise Intrastate LLC, Enterprise TE Products Pipeline Company LLC, Equistar Chemicals, LP, Gulf Coast Authority, HSC Pipeline Partnership, LLC, KM Liquids Terminals LLC, NuStar Logistics, LP, and Targa Downstream LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten-year term for the following entity: KM Liquids Terminals LLC.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, authorize the Port Authority to approve the renewal of the following expiring Port Authority licenses for thirty-year terms: Chevron Phillips Chemical Company LP, Enterprise Intrastate LLC, Enterprise TE Products Pipeline Company LLC, Equistar Chemicals, LP, Gulf Coast Authority, HSC Pipeline Partnership, LLC, KM Liquids Terminals LLC, NuStar Logistics, LP, and Targa Downstream LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten-year term for the following entity: KM Liquids Terminals LLC; and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Permits/Licenses/Pipeline Easements

Department:
Channel Infrastructure Real Property

Staff Contact:
Garry McMahan

Background:
The pipeline and transmission line licensees listed below have applied to renew their licenses:

30-Year Term

Company	File No.	License Fee*
Chevron Phillips Chemical Company LP	1999-0093	\$4,772
Enterprise Intrastate LLC	2004-0326	\$4,772
Enterprise TE Products Pipeline Company LLC	2004-0336	\$4,772
Equistar Chemicals, LP	1992-0006	\$16,224
Equistar Chemicals, LP	2011-0432	\$4,772
Equistar Chemicals, LP	2002-0088	\$159,488
Gulf Coast Authority	1974-0060	\$2,167
Gulf Coast Authority	2003-0415	\$2,167
HSC Pipeline Partnership, LLC	2004-0334	\$4,772
HSC Pipeline Partnership, LLC	2004-0387	\$183,040
HSC Pipeline Partnership, LLC	2013-0089	\$14,316
HSC Pipeline Partnership, LLC	2013-0090	\$17,181

KM Liquids Terminals LLC	2013-0417	\$14,316
NuStar Logistics, LP	2014-0123	\$136,850
NuStar Logistics, LP	2004-0285	\$12,773
Targa Downstream LLC	2004-0195	\$9,544
Targa Downstream LLC	2004-0236	\$106,136
Targa Downstream LLC	2004-0330	\$4,772
Total		\$702,834

*License fee is calculated for the first 10 years of the agreement for the 30-year term licenses.

10-Year Term

Company	File No.	License Fee
KM Liquids Terminals LLC	2014-0391	\$4,164
Total		\$4,164

Staff Evaluation/Justification:

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

H. CHANNEL INFRASTRUCTURE

Subject	3. Issue a pipeline license to Targa Downstream LLC for an 8-inch natural gasoline pipeline and a valve site along the Port Terminal Railroad Association Southside Mainline right-of-way east of Ethyl Road.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, authorize the Port Authority to issue a pipeline license to Targa Downstream LLC for an 8-inch natural gasoline pipeline and a valve site along the Port Terminal Railroad Association Southside Mainline right-of-way east of Ethyl Road, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Infrastructure Real Property

Staff Contact:

Garry McMahan

Background:

Targa Downstream LLC, Port Authority File No. 2024-0141, has applied for a pipeline license for an 8-inch natural gasoline pipeline and a valve site along the Port Terminal Railroad Association Southside Mainline right-of-way east of Ethyl Road, in the Thomas Earle Survey, A-18.

Natural gasoline is a liquid hydrocarbon mixture condensed from natural gas.

This new 8-inch pipeline would tie into an existing pipeline previously licensed under Port Authority File No. 2001-0070.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Infrastructure Real Property department. The license is subject to the Port Authority's usual terms and conditions for 30-year licenses and at an initial fee of \$12,788 for the first ten-year term. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	4. Consolidate and restate marine construction permits issued to Pasadena Refining System, Inc. for improvements to an existing dock in the Houston Ship Channel.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, authorize the Port Authority to consolidate and restate marine construction permits issued to Pasadena Refining System, Inc. for improvements to an existing dock in the Houston Ship Channel, 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 Infrastructure Real Property

Staff Contact:
Garry McMahan

Background:
Pasadena Refining System, Inc. (PRSI), Port Authority File No. 2024-0135, has applied to construct improvements to an existing dock in the Houston Ship Channel, adjacent to the W. Vince Survey, A-78, Harris County. This permit would authorize the construction of a ship gangway platform, two 30-inch pile supports, installation of four catwalks to increase operational efficiency to the existing dock, and the retainage of the existing dock structures and dredge area.

This dock was originally authorized under a permit issued to Crown Central Petroleum Corporation on June 5, 1970 under Port Authority File No. MO-J-213-B for a timber pier, nine timber dolphins, and a dredge area, and an amendment to the permit others issued to Crown Central Petroleum Corporation on March 26, 1987 under Port Authority File No. 1987-0032 for the construction of a new loading platform and breasting dolphins. Approval of this item would consolidate the 1970 and 1987 permits and restate them to include the new construction described above. PRSI has operated in this location since 2005.

Staff Evaluation/Justification:
The application was reviewed and approved by the Port Authority's Channel Infrastructure Real Property department and Houston Pilots. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	5. Approve (i) a Port Authority adjacency barge fleeting lease with, and issue a marine construction permit to, Albatross Industrial Houston Fund, LP for approximately 12.51 acres of submerged lands in Old River for an initial monthly base rent of \$7,745, and a minimum amount of \$5,372,723, for a ten-year term, with an option to extend for an additional ten years, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index; and (ii) consent to its sublease by the tenant to Kirby Inland Marine, LP for a term to run coterminously with the term barge fleeting lease.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, (i) approve entering into a Port Authority adjacency barge fleeting lease with, and issue a marine construction permit to, Albatross Industrial Houston Fund, LP for approximately 12.51 acres of submerged lands in Old River for an initial monthly base rent of \$7,745, and a minimum amount of \$5,372,723, for a ten-year term, with an option to extend for an additional ten years, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index; and (ii) consent to its sublease by the tenant to Kirby Inland Marine, LP for a term to run coterminously with the term barge fleeting lease, and (iii) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Channel Infrastructure Real Property

Staff Contact:

Garry McMahan

Background:

Albatross Industrial Houston Fund, LP (Albatross), Port Authority File No. 2021-0150 (lease), and Port Authority File No. 2020-0151 (marine construction permit), submitted a proposal for a Port Authority marine construction permit and adjacency submerged lands lease to dredge 10.60 acres to -9 feet Mean High Water and lease 12.51 acres of submerged land for barge fleeting in Old River, adjacent to the Lost Lake Dredged Material Placement Area.

Albatross proposes a ten-year lease, with an option to extend for an additional ten years, with an estimated tenant investment cost of \$2,700,000 for dredging, a maximum twelve-month option/feasibility period and a maximum six-month construction period, and annual rent escalation of the greater of 3% or the Consumer Price Index. This project was originally approved by Minute No. 2021-1207-38, however, the terms have been renegotiated given the passage of time since approval.

Albatross has also proposed entering into a sublease with Kirby Inland Marine LP for barge fleeting within the leased premises. The sublease would be coterminous with the lease.

Staff Evaluation/Justification:

The application and draft sublease were reviewed and approved by the Port Authority's Channel Infrastructure Real Property department. The lease and permit are subject to the Port Authority's usual terms and conditions, and the sublease has been further reviewed by legal counsel for consistency with the lease agreement. The \$675 application fee has been paid.

Staff recommends approval.

I. COMMERCIAL

Subject	1. Approve an amendment to the lease with Terminal Link Texas, LLC for approximately 1,323 square feet in Bayport Stevedore Support Building No. 5 to extend the term for three years at an annual base rent of \$47,403.09, subject to annual base rent escalation of 3% or the increase in the Consumer Price Index.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an amendment to the lease with Terminal Link Texas, LLC for approximately 1,323 square feet in Bayport Stevedore Support Building No. 5 to extend the term for three years at an annual base rent of \$47,403.09, subject to annual base rent escalation 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:

Isaac Kyle/Diana Sechler

Background:

By Minute No. 2015-0929-22, the Port Commission approved a two-year lease with Terminal Link Texas, LLC (Terminal Link) for approximately 1,394 square feet in the Bayport Stevedore Support Building No. 5. The property is used for general office purposes.

By Minute No. 2017-0926-13, the Port Commission approved an amendment to the lease to extend the term for an additional two years, to terminate September 30, 2019.

By Minute No. 2019-0924-19, the Port Commission approved an amendment to the lease to extend the term for an additional two years, to terminate September 30, 2021.

By Minute No. 2021-0720-07, the Port Commission approved an amendment to the lease to extend the term for an additional three years, to terminate September 30, 2024.

Terminal Link has now requested that the Port Authority extend the lease term for an additional three years and intends to continue to use the property for general office purposes.

Terminal Link additionally has requested that the size of its office space be reduced by 71 square feet from the current 1,394 square feet to 1,323 square feet, to adjust to the actual amount of office space currently used by Terminal Link.

Staff Evaluation/Justification:

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

I. COMMERCIAL

Subject	2. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin to extend the term for one year, at an annual base rent of \$153,980.34, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an amendment to the lease with Cooper/Ports America, LLC for approximately 3.80 acres out of Block 6 at Northside Turning Basin to extend the term for one year, at an annual base rent of \$153,980.34, 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:

Isaac Kyle/Diana Sechler

Background:

By Minute No. 2022-0802-09, the Port Commission approved a one-year lease with a one-year mutual renewal option with Cooper/Ports America, LLC (CPA) for approximately 3.80 acres out of Block 6 at Northside Turning Basin. The property is used for storage and handling of cement sacks and general cargo.

In July 2023, the parties exercised option and extended the term of the lease for one year to August 31, 2024.

CPA has now requested that the Port Authority further 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	3. Approve an amendment to the lease with Cooper/Ports America, LLC for approximately 8.04 acres out of Block 25 at Industrial Park East to extend the term for one year with two one-year mutual renewal options, at an annual base rent of \$343,952.15, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon exercise of each one-year mutual renewal option.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an amendment to the lease with Cooper/Ports America, LLC for approximately 8.04 acres out of Block 25 at Industrial Park East to extend the term for one year with two one-year mutual renewal options, at an annual base rent of \$343,952.15, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, upon exercise of each one-year mutual renewal option, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships) Strategic Objective 3a. - Cultivate key relationships to accomplish common goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port

Category:

Leases

Department:

Real Estate

Staff Contact:

Isaac Kyle/Ben Licata

Background:

By Minute No. 2022-0802-10, the Port Commission approved a one-year lease with a one-year renewal option with Cooper/Ports America, LLC (CPA) for approximately 8.04 acres out of Block 25 at Industrial Park East. The property is used for the storage and handling of containers and general cargo.

On September 1, 2023, CPA commenced its one-year renewal term which had previously been approved by the Port Authority to expire August 31, 2024.

CPA has requested that the Port Authority extend the lease term for an additional one year with two one-year mutual renewal options, and 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	4. Approve a subordination agreement and consent and estoppel with Portwall Partners, Ltd., Packwell, Inc., and the Export-Import Bank of the United States, in connection with financing the construction of tenant improvements under the Portwall Partners, Ltd. lease of approximately 55.89 acres located outside of the Bayport Container Terminal.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve a subordination agreement and consent and estoppel with Portwall Partners, Ltd., Packwell, Inc., and the Export-Import Bank of the United States, in connection with financing the construction of tenant improvements under the Portwall Partners, Ltd. lease of approximately 55.89 acres located outside of the Bayport Container Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
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:

Isaac Kyle

Background:

In March 2021, the Port Commission approved a 50-year lease and sublease with Portwall Partners, Ltd., as tenant (Portwall), and Packwell, Inc. (Packwell), as subtenant, respectively, for approximately 55.89 acres located outside of the Bayport Container Terminal to finance, construct, and operate two industrial warehouses totaling approximately 750,000 square feet, rail trackage, and related improvements for resin receiving and packaging. The lease commenced April 1, 2021.

Additionally, in September 2022, the Port Commission approved an amendment to the lease to extend the feasibility period and development/construction commencement date.

As contemplated by the lease, Portwall is in the process of closing the financing of the construction described above with the Export-Import Bank of the United States (EXIM). In connection with the financing, Portwall would be granting a lien and security interest to EXIM affecting its leasehold interest in the leased premises. Accordingly, Portwall and EXIM have requested the Port Authority

consent to such grant and subordination of the Port Authority's lien interest in Portwall's removable property at the leased premises, by entering into a consent and estoppel and subordination agreement.

Staff Evaluation/Justification:

Staff has reviewed the requests made by Portwall and EXIM and the terms of the consent and estoppel and subordination agreement. Accordingly, staff recommends the Port Commission approve the items described above.

J. FINANCE

Subject	1. Adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2019-0924-21, the Port Commission last adopted amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions.

Staff Evaluation/Justification:

Port Authority staff reviewed the current banking resolutions and proposes modifying the list of authorized agents to include the following additional position:

- Chief Executive Officer

The resolutions require that two authorized agents act together to open, close and/or change signatories on bank accounts or sign agreements relating to banking or investment services.

Staff recommends that the Port Commission adopt the amended banking resolutions as proposed.

AMENDED BANKING RESOLUTIONS
DESIGNATING CERTAIN AUTHORIZED AGENTS
TO ACT ON BEHALF OF THE
PORT OF HOUSTON AUTHORITY
July 22, 2024

WHEREAS, by Minute No. 2019-0924-21, the Port Commission, as governing body of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS (the “Authority”), last adopted amended banking resolutions to designate Authorized Agents who may act on behalf of the Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions; and

WHEREAS, the Authority may have the need from time to time to open, maintain and close various accounts at various financial institutions, as well as to amend and update the authorized signatories on said accounts in conjunction with the conduct of its business and operations; and

WHEREAS, the Port Commission deems it to be in the best interest of the Authority to delegate its authority to open, maintain and close said accounts and amend and update the list of authorized signatories on said accounts;

NOW, THEREFORE, BE IT RESOLVED, that:

- (1) All prior inconsistent resolutions relating to authority granted by the Port Commission to certain individuals in connection with depository accounts, cash and treasury management services, investment agreements and signature authority at various financial institutions are hereby revoked in their entirety.
- (2) Any two of the individuals holding the following positions:
 - Chairman, Port Commission
 - Chief Executive Officer
 - Executive Director

Chief Operating Officer
Chief Financial Officer
Controller
Senior Director, Treasury
Director, Treasury
Harris County Treasurer

(collectively, the “Authorized Agents”) acting together in writing, are authorized and empowered:

- a) To open, maintain and close general and special accounts, including but not limited to regular checking accounts, savings accounts, safekeeping or custody accounts, money market accounts, investment brokerage accounts, and escrow accounts, with (i) any bank, trust company or financial institution currently holding such accounts of the Authority, (ii) any bank, broker-dealer, money market mutual fund or investment pool as may be approved by the Port Commission as shown on the Authority’s current Investment Policy, or (iii) any future depository as may be designated by the Port Commission;
- b) To cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of the Authority as such Authorized Agents deem necessary or advisable;
- c) From time to time to designate or change the designation of individuals (the “Authorized Signatories”) who will be authorized to sign or countersign checks, drafts or other orders, including without limitation wire transfer and other funds transfers for the payment of money issued in the name of the Authority against any funds deposited in any of such accounts, and to revoke any such designation;
- d) To authorize the use of facsimile signatures for the signing or countersigning of checks, drafts or other orders for the payment of money, and to enter into such agreements as banks and trust companies customarily require as a condition for

permitting the use of facsimile signatures;

- e) To act on behalf of the Authority and execute agreements relating to cash and treasury management services, foreign exchange, letters of credit, wire transfers and other funds transfers, as well as agreements for investment of the Authority's funds, and to designate names of persons authorized to give written or verbal orders or instructions to depositories of the Authority with respect to purchase, sale and delivery of securities and other transactions relating to cash and treasury management services, credit card and merchant services, foreign exchange, letters of credit, and investments; and
- f) To make such general and special rules and limitations with respect to such accounts and agreements as they may deem necessary or advisable, provided such rules and limitations comply with statutory and regulatory requirements.

BE IT FURTHER RESOLVED, that the Secretary or any Assistant Secretary of the Authority or the Chairman of the Port Commission may certify the signatures of any of the Authorized Agents and/or Authorized Signatories.

BE IT FURTHER RESOLVED, that any such depository to which a copy, certified by the Secretary or any Assistant Secretary of the Authority or the Chairman of the Port Commission, of these Resolutions shall have been delivered shall be entitled to rely thereon for all purposes until it shall have received written notice of the revocation or amendment of these Resolutions by the Port Commission of the Authority.

These Resolutions shall in no way affect the validity of current depository accounts and banking services contracts and agreements, but any new accounts, contracts and agreements, and changes or amendments relating thereto, shall comply with these Resolutions.

ADOPTED by the Port Commission of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, at a meeting duly called and held on the 22nd day of July, 2024.

Chairman, Port Commission

ATTEST:

Secretary, Port of Houston Authority

Minute 2024-0722-

J. FINANCE

Subject	2. 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.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority's revised Internal Controls for Investments as set forth in Exhibit "A", and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez/David DeLoach

Background:

In accordance with Chapter 2256 of the Texas Government Code (Public Funds Investment Act), the Port Commission must 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. 2023-1024-22, 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"
 - Add Huntington National Bank
 - Add Meeder Public Funds
 - Add Texas Connect

Internal Controls for Investment:

- None

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

Staff Evaluation/Justification:

Port Authority staff and the Authority's investment advisor Meeder Public Funds 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 July 22, 2024

Minute No. 2024-0722-xx

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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 22nd day of July 2024.

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 July 22, 2024 (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 National Bank
IberiaBank
Jefferies, LLC
JPMorgan Chase Bank
Ladenburg Thalmann
Loop Capital Markets LLC
Meeder Public Funds, Inc.
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
Texas Connect
Local Government Investment Cooperative (“LOGIC”)
Lone Star Investment Pool
Texas CLASS

Commercial Paper – Direct Issuers:

Toyota Motor Credit Corp.
Exxon Mobil

* * *



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, Inc. (“***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 22nd day of July 2024.

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. 2024-0722-xx

J. FINANCE

Subject	3. Approve hiring Marilyn Bundage as a casual employee to provide financial services on an as-needed basis.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve hiring Marilyn Bundage as a casual employee to provide financial services on an as-needed basis, 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:

Accounting

Staff Contact:

Tim Finley/Curtis Duncan

Background:

Marilyn Bundage, former Accountant III, retired on December 15, 2023, after providing twenty-two years of service to the Port Authority. Based on her knowledge of the JD Edwards financial system, the audit process, and the monthly close process, staff believes she can be critical in helping the Port Authority achieve successful results in the audit process during the new Workday Enterprise Resource Planning (ERP) implementation. Ms. Bundage has expressed a willingness to work as a casual employee for up to 20 hours per week to assist with training and the annual audit cycle.

The Port Authority's Code of Ethics prohibits the Port Authority from entering into certain contracts with former employees who worked for the Port Authority in the preceding twelve months without the specific approval of the Port Commission. In accordance with the spirit of that requirement, the staff is seeking the Port Commission's approval before re-hiring Marilyn Bundage as a casual employee.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve hiring Marilyn Bundage as a casual employee to provide financial services on an as-needed basis.

K. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a one-year air quality consulting agreement in an amount not to exceed \$105,000 for the latest update of the Port Authority Clean Air Strategy Plan 2021 Update to the top-ranked proposer: staff ranking- first, Starcrest Consulting Group, LLC., second, Ramboll Americas Engineering Solutions, Inc., and third GHD, Inc.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, Starcrest Consulting Group, LLC. and second, Ramboll Americas Engineering Solutions, Inc.; (b) award a one-year air quality consulting agreement to Starcrest Consulting Group, LLC. for the latest update of the Port Authority Clean Air Strategy Plan (CASP) 2021 Update in an amount not to exceed \$105,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

Awards, Amendments & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

The Port Authority is seeking a qualified air quality consultant to assist the Environmental Affairs department (EAD) with preparing and updating the Port Authority Clean Air Strategy Plan 2021 Update (CASP). The CASP outlines goals and strategies to reduce emissions from heavy-duty diesel vehicles (drayage trucks), cargo handling equipment, locomotives, harbor vessels, and ocean-going vessels.

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

Staff Evaluation/Justification:

On June 18, 2024, five RFP responses were received and opened. Staff evaluated and ranked the proposals in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as providing best value to the Port Authority:

- Starcrest Consulting Group, LLC.
- Ramboll Americas Engineering Solutions, Inc.
- GHD, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award the contract to Starcrest Consulting Group, LLC., the most highly qualified provider, for the latest update of the Port Authority Clean Air Strategy Plan 2021 Update.

K. INFRASTRUCTURE

Subject	2. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$190,529 for design services for proposed additional Transportation Worker Identification Credential (TWIC) lanes at Bayport Container Terminal to the top-ranked proposer Hatch Associates Consultants, Inc.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve staff's ranking of vendor and award a professional services contract in an amount not to exceed \$190,529 for design services for proposed additional Transportation Worker Identification Credential (TWIC) lanes at Bayport Container Terminal to the top-ranked proposer Hatch Associates Consultants, Inc., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project would consist of the design of five additional lanes at the existing Transportation Worker Identification Credential (TWIC) Facility at the Bayport Entry Gate, which is planned to include approximately one acre of new concrete paving, gate processing infrastructure at the TWIC verification stage, and extension of the existing canopy structure.

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

Staff Evaluation/Justification:

On April 10, 2024, two RFQ responses were received and opened. The response was 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 Hatch Associates Consultants, Inc., the most highly qualified provider, for the design services for proposed additional TWIC lanes at Bayport Container Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	3. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$508,000 for an entry intersection traffic signal at Barbours Cut Terminal, to the top-ranked proposer Jerdon Enterprise, L.P.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$508,000 for an entry intersection traffic signal at Barbours Cut Terminal, to the top-ranked proposer Jerdon Enterprise, L.P., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of the installation of mast arm signals, stand-alone traffic signals, and associated electrical and communication infrastructure at the intersection of East Barbours Cut Boulevard and the Transportation Worker Identification Credential (TWIC) Gate at Barbours Cut Terminal. The scope of work also includes modifying existing traffic islands, paving, curbs, striping, and relocation of an existing fire hydrant.

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. Eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On June 18, 2024, one CSP response was received, opened, and publicly read. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Jerdon Enterprise, L.P., to provide best value for the TWIC entry intersection traffic signal at Barbours Cut Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	4. Award a construction contract in an amount not to exceed \$200,000 for the 2024 annual Port Authority-wide perimeter security fence replacement to Four Seasons Development Company, Inc.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, award a construction contract in an amount not to exceed \$200,000 for the 2024 annual Port Authority-wide perimeter security fence replacement to Four Seasons Development Co., Inc., and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #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 replacing 6-foot fencing with 8-foot fencing with triple braided barbed wire at Turning Basing Terminal and Barbours Cut Terminal.

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

Staff Evaluation/Justification:

On June 12, 2024, two CSB 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 Four Seasons Development Company, Inc., the responsible bidder submitting the lowest and best bid for the 2024 annual Port Authority-wide perimeter security fence replacement, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	5. Amend the professional services contract with English + Associates Architects, Inc. to perform additional work associated with redesign of the new Port Coordination Center Facility at Turning Basin Terminal in an amount not to exceed \$256,263.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an amendment to the professional services contract with English + Associates Architects, Inc., to perform additional work associated with redesign of the new Port Coordination Center Facility at Turning Basin Terminal, in an amount not to exceed \$256,263, 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. 2022-0927-41, the Port Commission awarded a professional services contract to English + Associates Architects, Inc. for the design of the new Port Coordination Center (PCC) at Turning Basin Terminal.

This proposed amendment would consist of:

- Redesigning the PCC building for addition personnel;
- Providing fiber optic line location and mapping; and
- Accessibility plan review.

Staff Evaluation/Justification:

Staff has reviewed English + Associates Architects Inc.'s proposal and found it to be fair and reasonable and recommends that the Port Commission approve the proposed amendment.

K. INFRASTRUCTURE

Subject	6. Ratify an amendment to the professional services contract with Lloyd Engineering, Inc. to perform additional work associated with damage to Turning Basin Terminal Wharves 13, 14, and 23 due to the May 16, 2024 storm event in an amount not to exceed \$328,580.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, ratify an amendment to the professional services contract with Lloyd Engineering, Inc. to perform additional work associated with damage to Turning Basin Terminal Wharves 13, 14, and 23 due to the May 16, 2024 storm event in an amount not to exceed \$328,580, 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:

During the May 16, 2024 storm event, two vessels became loose at the Turning Basin City Docks. One vessel, the CL Xuchang, struck Wharves 13 and 14, located on the Turning Basin Terminal north side, and a second vessel, the Adasan, struck Wharf 23, also on the north side. Significant damage to all three wharves occurred, leaving sections of each inoperable until repairs are made.

As a navigation district, the Port Authority must remain functionally operational to maintain, operate, develop, and regulate the waterway, which also includes constructing, enlarging, and repairing wharves and docks, as necessary. Especially noteworthy is that Wharf 14 will be part of the proposed grain conveyor system planned with Hansen Metro Elevation serving Houston Public Grain Elevator No. 1.

To repair this critical infrastructure in a time-efficient manner, Port Authority staff considered three alternative options: (1) conducting a formal procurement for the repair design of the three docks; (2) pursuing a damage claim for insurance to then source a qualified engineer and contractor for repair; or (3) amending an existing contract with Lloyd Engineering Inc. (LEI) for design of the repair. LEI is a pre-qualified firm that was previously selected for an on-call services contract dated October 27, 2023 for design of repairs as needed.

In all cases, any delay of the work would result in sections of these wharves to remain in unsafe and inoperable conditions.

Staff Evaluation/Justification:

Port Authority staff determined to amend the existing contract with LEI for design of these repairs. This work would consist of inspection, design, construction phase services, and facility inspection and condition assessment program (FICAP) updates for Turning Basin Terminal Wharves 13, 14, and 23.

The Port Authority is permitted to make emergency purchases and contracts as set forth in Water Code Section 60.4035 to, among other circumstances, "repair unforeseen damage to the property of the district."

Staff believed that this emergency justified immediately moving forward with this contract amendment and Port Authority legal staff determined that the above-described circumstances applied in this instance. Accordingly, the Chief Operating Officer timely notified the Port Commission of this proposed action on July 12, 2024 and staff awarded the contract to LEI on July 15, 2024.

Staff respectfully requests that the Port Commission ratify the action as described above.

K. INFRASTRUCTURE

Subject	7. Approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with construction of the maintenance and repair building at Barbours Cut Terminal in an amount not to exceed \$373,664.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024, meeting, approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with the Maintenance and Repair Building at Barbours Cut Terminal in an amount not to exceed \$373,664, 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 would include the following:

- Adding additional card readers to multiple doors;
- Adding receptacles for shop equipment and welders;
- Adding contractor-extended "general conditions" charges;
- Adding additional power, data, and communications wiring and conduits;
- Replacing undersized breakers found during Arc Flash study; and
- Replacing missed specified uninterruptable power supply plug.

This is the sixth change order to this contract, for a total change order value to date of \$2,045,188.15, which is 4.74% 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	8. Approve an entry license agreement with International Paper Company and McGinnes Industrial Maintenance Corporation for a seven-year term for remediation activities associated with the San Jacinto River Waste Pits.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve an entry license agreement with International Paper Company and McGinnes Industrial Maintenance Corporation for a seven-year term for remediation activities associated with the San Jacinto River Waste Pits, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

General

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

On October 11, 2017, the Environmental Protection Agency (EPA) approved a remediation plan for the San Jacinto Waste Pits to include removal of the dioxin-containing material from the site and off-site disposal.

Since that time, remedial designs for the waste impoundments at the site have been submitted to EPA by the parties designated as responsible for the clean-up of the site, providing plans to implement the remedy selected in the October 2017 Record of Decision. These documents have been reviewed by EPA Region 6 and EPA Headquarters in coordination with the Texas Commission on Environmental Quality, U.S. Army Corps of Engineers, Harris County, and the Port Authority. The design contractor is now finalizing plans and specifications.

Once plans are approved by the EPA, remediation work would commence on site. Since a part of the work is to be carried out on Port Authority submerged lands, the responsible parties have requested permission to enter the property to do the specified work. The overall term for the project is estimated to be seven years from the start date. The Port Authority would also continue to monitor the work being done for the duration of the project.

Staff Evaluation/Justification:

The Legal and Environmental Affairs departments have determined that an entry license is necessary for the responsible parties to complete the remediation work for the San Jacinto River Waste Pits. The term limit for the license would be seven years with an opportunity to reevaluate anytime prior to and up to the term-end date.

Staff recommends that the Port Commission approve the entry license agreement with International Paper Company and McGinnes Industrial Maintenance Corporation.

L. MAINTENANCE

Subject	1. Approve staff's ranking of vendors and award a contract in the amount not to exceed \$113,664,000 for the purchase of eight dockside electric container cranes for Wharves Nos. 4 and 5 at Barbours Cut Terminal and Wharves Nos. 2, 4, and 7 at Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Shanghai Zhenhua Heavy Industries Co., Ltd. (ZPMC); and second, Konecranes Finland Corporation; (b) award a contract to the top-ranked proposer for the purchase of eight dockside electric container cranes for Wharves Nos. 4 and 5 at Barbours Cut Terminal and Wharves Nos. 2, 4, and 7 at Bayport Container Terminal in the amount not to exceed \$113,664,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns fifteen wharf cranes in operation at Bayport Container Terminal and fourteen at Barbours Cut Terminal. Additionally, three units are expected to be delivered to Wharves Nos. 2 and 6 at Bayport Container Terminal, in August 2024.

This project consists of design, fabrication, delivery, and commissioning of new wharf cranes that would be similar in speeds and capacity to units recently delivered at Bayport Container Terminal to meet current and future terminal demands given the increasing size of container vessels.

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

Staff Evaluation/Justification:

On June 20, 2024, two RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required product:

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

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

L. MAINTENANCE

Subject	2. Award a two-year contract to Turtle & Hughes Inc. for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,750,000.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, award a two-year contract to Turtle & Hughes Inc. for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,750,000, 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. 2021-0928-44, the Port Commission awarded a two-year contract to Wesco Distribution in an amount not to exceed \$1,750,000 for the purchase of electrical and lighting components for maintenance of facilities and equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. These electrical and lighting components are necessary for the routine maintenance and component replacement of wharf cranes, rubber-tired gantry (RTG) cranes, and all facilities at the Port Authority. Less than 4% of the funds for this contract remain.

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

Staff Evaluation/Justification:

On June 13, 2024, five CSB responses were received, opened, and publicly read. These 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 two-year contract to Turtle & Hughes Inc., the responsible bidder submitting the lowest and best bid, for the purchase of electrical and lighting components for maintenance at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

L. MAINTENANCE

Subject	3. Award a three-year contract to Turtle & Hughes Inc. for the purchase of new and repaired J.R. Merritt master operator controls for wharf and rubber-tired gantry cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, award a three-year contract to Turtle & Hughes Inc. for the purchase of new and repaired J.R. Merritt master operator controls for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$350,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments, & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2021-0720-28, the Port Commission awarded a three-year contract to Cole Technology in an amount not to exceed \$350,000 for the purchase of new and repaired J.R. Merritt master operator controls for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. These master controls are necessary for the routine operation of all wharf and RTG cranes at the container terminals. Funds for this contract have been depleted.

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

Staff Evaluation/Justification:

On June 24, 2024, two CSB responses were received and opened. These 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 three-year contract to Turtle & Hughes Inc., the responsible bidder submitting the lowest and best bid, for the purchase of new and repaired J.R. Merritt master operator controls for wharf and RTG cranes at Barbours Cut Terminal and Bayport Container Terminal.

L. MAINTENANCE

Subject	4. Award a contract to Konecranes, Inc., the sole source provider, for the purchase and installation of hybrid retrofit drives for eight rubber-tired gantry cranes at Barbours Cut Terminal in an amount not to exceed \$6,800,000.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, award a contract to Konecranes, Inc., the sole source provider, for the purchase and installation of hybrid retrofit drives for eight rubber-tired gantry (RTG) cranes, in an amount not to exceed \$6,800,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments, & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

This procurement is for the purchase and installation of upgrade kits for eight of the Port Authority's non-hybrid rubber-tired gantry (RTG) cranes, to convert them to hybrid operation. This project is funded in part by a grant of the Texas Commission on Environmental Quality's Seaport and Rail Yard Areas Emissions Reduction (SPRY) Program in the amount of \$950,443. This procurement is additionally funded by the Diesel Emissions Reduction Act (DERA) grant in the amount of \$3,000,000 resulting in a net Port Authority-funded amount of \$2,849,557.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the services described above as a sole-source is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

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

L. MAINTENANCE

Subject	5. Award a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed \$800,000.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, award a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed \$800,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2022-0628-34, the Port Authority awarded a two-year contract to EVCO Partners, LP dba Burgoon Company in the amount not to exceed \$600,000 for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule (TXMAS). These funds have been depleted.

The Port Authority operates a total of thirteen maintenance shops at these facilities. These shops provide daily support to port operations by maintaining equipment and facilities, and supplies such as plumbing, electrical, and hydraulic components, pumps, small motors, and valves are needed to properly maintain Port Authority assets.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the two-year purchase agreement for miscellaneous shop supplies through TXMAS is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The Maintenance Department has determined that the best availability, price, and contract term for the items needed are provided by EVCO Partners, LP dba Burgoon Company under the pricing schedule obtained from that vendor's contract with TXMAS and is therefore recommending this purchase.

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

O. SECURITY AND EMERGENCY OPERATIONS

Subject	1. Award a purchase order to Genasys Corporation, the sole source provider, for the purchase of replacement parts and installation services for the existing Long-Range Acoustic Device Mass Notification outdoor siren system in an amount not to exceed \$970,000.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, authorize staff to issue a purchase order to Genasys Corporation, the sole source provider, for the purchase of replacement parts and installation services for the existing Long-Range Acoustic Device Mass Notification outdoor siren system in an amount not to exceed \$970,000, 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) Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

The Long-Range Acoustic Device (LRAD) mass notification system is the outdoor siren component of Port Authority's PortAlert emergency notification system. The LRAD system was originally installed in 2017 and is comprised of fifteen sirens that provide outdoor emergency notifications at Port Authority terminals. This system is capable of broadcasting warning alerts and voice messages in the event of an emergency, such as shelter-in-place or terminal evacuation notifications. The current siren control systems are at end-of-life and replacement parts are no longer available. This project would replace all legacy siren equipment with new advanced siren control systems.

Staff Evaluation/Justification:

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Genasys Corporation is the sole authorized source for these outdoor siren components in the United States.

Staff recommends the Port Commission authorize this purchase order to Genasys Corporation for the purchase of replacement parts and installation services for the existing LRAD Mass Notification outdoor siren system.

O. SECURITY AND EMERGENCY OPERATIONS

Subject	2. Approve the assignment of the agreement for hazardous materials incident response services with E3 OMI, LLC to Enhanced Environmental & Emergency Services, Inc. (d/b/a E3 Environmental).
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve the assignment of the agreement for hazardous materials incident response services with E3 OMI, LLC to Enhanced Environmental & Emergency Services, Inc. (d/b/a E3 Environmental), 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:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

By Minute No. 2021-0928-58, the Port Commission approved a professional services contract with Oil Mop LLC (d/b/a OMI Environmental Solutions) for hazardous materials incident response services in an amount not to exceed \$100,000 for an initial term of two years commencing November 1, 2021, with a mutual option to extend the term for two years (the Agreement). The Agreement was subsequently amended to increase the contract amount by an additional \$100,000.

By Minute No. 2022-1206-56, the Port Commission approved the assignment of the Agreement from Oil Mop to E3 OMI, LLC (E3 OMI) following E3 OMI's purchase of assets of Oil Mop. At the time, E3 OMI was 90% owned by Enhanced Environmental & Emergency Services, Inc. (d/b/a E3 Environmental) (E3 Environmental) and 10% owned by Virgil Blanchard.

By Minute No. 2023-0926-56, the Port Commission approved to extend the term of the Agreement for two years and to increase the contract amount by an additional \$300,000.

Recently, the Port Authority received notice that E3 Environmental merged with E3 OMI, resulting in an internal reorganization and the assignment of the Agreement from E3 OMI to E3 Environmental (the Assignment). As stated above, prior to this merger, E3 OMI was a subsidiary of E3 Environmental.

Staff is requesting the Port Commission to approve the Assignment.

Staff Evaluation/Justification:

Staff was informed by E3 Environmental that there would be a seamless transition following the Assignment. Additionally, the services and terms under the Agreement would remain the same.

Therefore, staff recommends that approve the assignment of the Agreement from E3 OMI to E3 Environmental.

P. TECHNOLOGY

Subject	1. Approve the purchase of extended software subscription and support services for Cognos budgeting software from Mark III Systems, using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed \$275,467.
Meeting	Jul 22, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its July 22, 2024 meeting, approve the purchase of extended software subscription and support services for Cognos budgeting software from Mark III Systems, using a State of Texas Department of Information Resources (TXDIR) cooperative purchase contract, for eighteen months in an amount not to exceed \$275,467, find that this purchasing method provides the best value to the Port Authority for this item, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

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

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

Staff Evaluation/Justification:

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

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

