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PORT COMMISSION MEETING

September 24, 2024 – AGENDA



Tuesday, September 24, 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 - July 22, 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 HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Project and to extend the contract through December 31, 2025 in an amount not to exceed \$250,000.
2. Amend a professional services contract with HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Expansion Improvement Project in an amount not to exceed \$528,000.

General

3. Approve a Memorandum of Agreement with the U.S. Army Corps of Engineers for the provision of technical assistance associated with the non-federal interest’s plans to seek Federal assumption of operations and maintenance for a turning basin at the east end of the Bayport Container Terminal in an amount not to exceed \$1,000,000.

Permits/Licenses/Pipeline Easements

4. Approve the renewal of thirteen expiring Port Authority distribution and transmission line licenses for new ten-year terms for CenterPoint Energy Houston Electric, LLC.

5. 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 Houston Ship Channel, L.P., Enterprise Products Operating LLC, Explorer Pipeline Company, Genesis Pipeline Texas, L.P., HSC Pipeline Partnership, LLC, Valero Refining-Texas, LP, and Watco Dock and Rail LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten- year term for the following entities: DCP Southern Hills Pipeline LLC and Enterprise Terminalling LLC.

6. Issue a pipeline license to OxyVinyls, LP for a 16-inch effluent diffuser pipeline under Santa Anna Bayou and adjacent to the Houston Ship Channel.

7. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association’s Northside Mainline railroad right-of-way near Federal Road.

Leases

8. Approve a submerged lands lease for a ten-year term with Jefferson Road Terminal, LLC for approximately 1.149 acres east of Jefferson Road along the Houston Ship Channel, at a total annual base rent of \$20,682, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

I. COMMERCIAL

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

Leases

1. Approve a lease for a ten-year term with Ranger Steel Services, LP for approximately 9.51 acres out of Block 20A at Industrial Park East, at an annual base rent of \$420,949.56, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

J. FINANCE

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

Awards, Amendments & Change Orders

1. Award a three-year contract to Mariner Institutional, LLC, to provide investment consulting and advisory services for the Port of Houston Authority Restated Retirement (Pension) Plan, the Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, the Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan, in an annual amount not to exceed \$162,500 with two one-year mutual extensions each in an annual amount not to exceed \$162,500.

General

2. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.
3. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).
4. Adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

K. INFRASTRUCTURE

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

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a professional services contract in the amount of \$1,331,252 for the design of west-end container yards for the Phase 1 northwest thirteen-acre yard at Barbours Cut Terminal to the top-ranked proposer Jacobs Engineering Group, Inc.
2. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$3,380,795 for the rehabilitation of Transit Sheds 18-19 at Turning Basin Terminal, to the top-ranked proposer Prestique, Inc. dba Ranger Roofing and Construction.
3. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$8,445,235 for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal, to the top-ranked proposer Orion Construction, LLC.
4. Amend the professional services contract with Jacobs Engineering Group, Inc. to perform construction phase services for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal in an amount not to exceed \$321,422.
5. Amend the professional services contract with Jacobs Engineering Group, Inc. to perform additional work for the passing vessel, mooring, and berthing analysis of Wharf 1 East and future Wharves 8 and 9 at Bayport Container Terminal in an amount not to exceed \$226,725.
6. Award a professional services contract to AECOM Technical Services, Inc. for analysis and development of repair options for the Facilities Inspection and Condition Assessment Program (FICAP) inspected Wharves 17, 18, 19, 22, 20, 31, and 32 at Turning Basin Terminal in an amount not to exceed \$284,153.
7. Approve a change order with George Hedge Contractors, Inc. to perform additional work associated with the construction of the rail spur at Bayport Container Terminal in an amount not to exceed \$878,089.
8. Approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with the construction of the Maintenance Complex at Barbours Cut Terminal in an amount not to exceed \$247,717.

General

9. Approve the assignment of the professional services contracts with DE Corp. to Gannett Fleming, Inc., for (i) the design of fender system at Wharf 1 at Turning Basin Terminal, (ii) rehabilitation and repair of Wharf 2 at Manchester Terminal, (iii) in-depth structural inspection and repair design of Wharves 47, 48, and 1E at Turning Basin Terminal, (iv) 2024 annual wharf crane and rubber-tired gantry crane painting at Barbours Cut Terminal and Bayport Container Terminal, and (v) 2024 annual fender system maintenance at Barbours Cut Terminal and Bayport Container Terminal.

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

L. 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 professional services contract in an amount not to exceed \$1,415,823 to perform inspection services for 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, Liftech Consultants, Inc.; second, APTIM Port Services International, LLC; and third, Laurence & Associates, LLC.

2. Approve staff’s ranking of vendors and award a contract in an amount not to exceed \$160,000 for the purchase of one 85-foot telescopic boom manlift for Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, Equipment Depot Texas, Inc.; second, Briggs Industrial Solutions, Inc.; and third, Associated Supply Company, Inc.

3. Award a two-year contract to World International Testing, Inc. for the purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$900,000.

4. Award a two-year contract to PetroChoice, LLC for the purchase of grease and miscellaneous engine, transmission, and hydraulic oils for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,300,000.

5. Award a three-year contract to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, in an amount not to exceed \$400,000.

6. Issue a purchase order to Rush Truck Center for the purchase of two 2025 Blue Bird 26-passenger shuttle buses for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$265,000.

7. Issue a purchase order to Ayr Data, Inc. dba Clean Ayr, the sole source provider, for the purchase of one truck equipped with a diesel exhaust fluid tank for Bayport Container Terminal in an amount not to exceed \$225,000.

M. OPERATIONS

Staff Report – Selected agenda items – Ryan Mariacher, Chief Port Operations Officer

Awards, Amendments & Change Orders

1. Award a contract to WCA Waste Systems, Inc. DBA GFL Environmental to provide trash disposal and recycling services for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Turning Basin Terminal South, Executive Building, and the Fireboat Barracks for a three-year term with two additional options years beginning December 1, 2024, in an amount not to exceed \$3,000,000.

General

2. Enter into the following Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal: Cooper/Ports America, LLC, Metroports, and Enstructure Richardson I LLC.

N. PEOPLE

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

Awards, Amendments & Change Orders

1. Authorize renewal of group insurance agreements with the following carriers to include coverage for calendar year 2025 in a total amount not to exceed \$2,519,176 for: (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage.

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 contract to Zetron, Inc., the sole source provider, for the replacement of the land mobile radio dispatch console system in Port Coordination Center Dispatch, Port Coordination Center Emergency Operations Center, and Mobile Command Center in an amount not to exceed \$970,000.

2. Award a contract to Integrated Towers Systems Inc., the sole source provider, to complete repairs and refurbishment on two Communication on Wheels (COWs) trailer units in an amount not to exceed \$192,000.

P. TECHNOLOGY

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

Awards, Amendments & Change Orders

1. Award a contract to Premier International Enterprises Inc. for consulting and professional services for implementation of and education regarding data governance, data conversion, data retention, archival and retrieval, in an amount not to exceed \$600,000.

2. Award a contract to One Diversified, LLC for purchase of audio, video, installation, and maintenance service to install new and retrofit all Port Authority conference rooms with consistent and standard technology, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$5,500,000 over a five-year period.

3. Award a three-year service agreement to CDW-G for the purchase of Next Generation (NXGEN) INFOSEC for email protection, email archive, and email DMARC services, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$353,200.

4. Issue a purchase order to Solid Border for the purchase of Next Generation (NXGEN) INFOSEC select updated firewalls along with software subscriptions and maintenance, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$228,000.

General

5. Authorize a Memorandum of Agreement with the Cybersecurity and Infrastructure Security Agency (CISA), a component of the United States Department of Homeland Security, for network traffic capture, monitoring, and detection services.

Q. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding (a) 33 U.S.C.A. §§5(b) and 2236, (b) the Memorandum of Settlement Agreement with the City of Seabrook, Texas, (c) proposed amendments to the agreements for legal services with (i) Ewell, Brown, Blanke & Knight LLP, (ii) Copeland & Rice LLP, and (iii) Bracewell LLP, and (d) proposed agreement for legal support services with Anchor QEA, LLC

2. Real Estate (Section 551.072, Texas Open Meeting Act), including deliberations regarding disposition of Galveston Bay vicinity property

3. Economic Development Negotiations or Incentives (Section 551.087, Texas Open Meetings Act)

4. Employment and Evaluation of Public Officers and Employees (Section 551.074, Texas Open Meetings Act), including deliberations regarding employment of the former Executive Director of the Port Authority, and other matters related thereto

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 - October 22, 2024

2. Adjourn Port Commission Meeting

H. CHANNEL INFRASTRUCTURE

Subject	1. Amend a professional services contract with HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Project and to extend the contract through December 31, 2025 in an amount not to exceed \$250,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, amend the professional services contract with HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Project and to extend the contract through December 31, 2025 in an amount not to exceed a total of \$250,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Infrastructure Operations

Staff Contact:

Leiá Wilson

Background:

By Minute No. 2019-0423-24, the Port Commission authorized a contract with HDR Engineering, Inc. (HDR) to provide engineering, design, construction management, project coordination, and other general assistance for the Houston Ship Channel Project and beneficial use sites for a five-year term, in an amount not to exceed \$2,000,000.

The proposed amendment to the HDR contract would extend the term of the contract through December 31, 2025. Services thereunder would include work to improve the Port Authority's Geographic Information System (GIS) information relevant to the Houston Ship Channel and dredged material placement areas, and general assistance with maintenance dredging contracts. The additional funding of \$250,000 would result in a total contract amount not to exceed \$2,250,000.

Staff Evaluation/Justification:

The extension would now provide for a Small, Minority, and Women-owned Business Enterprise (SMWBE) target of 35%.

Staff has reviewed HDR's proposal for the services during the additional one-year term and found it to be fair and reasonable and recommends that the Port Commission approve the above amendment.

H. CHANNEL INFRASTRUCTURE

Subject	2. Amend a professional services contract with HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Expansion Improvement Project in an amount not to exceed \$528,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, amend the professional services contract with HDR Engineering, Inc. to provide continued engineering, design, project coordination, and other general assistance for the Houston Ship Channel Expansion Improvement Project (Project 11) in an amount not to exceed \$528,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Infrastructure Operations

Staff Contact:

Lori Brownell/Leia Wilson

Background:

The Port Authority is currently carrying out the Houston Ship Channel Expansion Improvement Project (Project 11), the eleventh major Houston Ship Channel (HSC) improvement project referred to as the Houston Ship Channel Expansion Channel Improvement Project (HSC-ECIP), which includes widening and deepening the HSC, Bayport Container Terminal, aids to navigation (ATON) relocation, and other general improvements. The work of the HSC-ECIP is divided into segments, and procurement of the pre-construction, engineering, design, construction, and other general services required for each segment is divided into packages.

Five of the HSC-ECIP segments and six associated packages that HDR Engineering, Inc. (HDR) are associated with are outlined below:

1. Segment 2, LBC ATON Relocation;
2. Segment 3, Package 7, Barbours Cut Channel;
3. Segment 4, Package 2, Beltway 8 site clearing and grubbing;
4. Segment 4, Package 9, Boggy Bayou to Sims Bayou;
5. Segment 5, Packages 10/11, Sims Bayou to IH 610; and
6. Segment 6, Packages 11/12, IH 610 to Turning Basin.

By Minute Nos. 2021-0427-25, 2022-1027-27, 2023-0523-10, and 2024-0521-26, the Port Commission awarded HDR a contract and thereafter approved amendments to provide additional construction management and engineering services for items 1 through 6 of the list above. HDR is the Engineer of Record for HSC-ECIP Project 11 Segments 2 through 4 and assisting Port Authority in reviewing the U.S. Army Corps of Engineers design and construction work for Segments 5 and 6.

Staff Evaluation/Justification:

In the judgment of Port Authority staff, HDR, as the design Engineer of Record for the aforementioned segments, is the most highly qualified firm to provide construction phase and related support services to continue work on these segments.

Staff recommends that the Port Commission authorize an amendment to the professional services contract with HDR as described above

H. CHANNEL INFRASTRUCTURE

Subject	3. Approve a Memorandum of Agreement with the U.S. Army Corps of Engineers for the provision of technical assistance associated with the non-federal interest's plans to seek Federal assumption of operations and maintenance for a turning basin at the east end of the Bayport Container Terminal in an amount not to exceed \$1,000,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize a Memorandum of Agreement with the U.S. Army Corps of Engineers for the provision of technical assistance associated with the non-federal interest's plans to seek Federal assumption of operations and maintenance for a turning basin at the east end of the Bayport Container Terminal in an amount not to exceed \$1,000,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Marine Regulatory Development

Staff Contact:

Kari Anne Sutton

Background:

The Port Authority, as non-federal interest, intends to request approval from the Assistant Secretary of the Army (Civil Works) for federal assumption of operation and maintenance for a turning basin to be constructed at the east end of the Bayport Container Terminal, under Section 204(f) of the Water Resources Development Act (WRDA) of 1986, as amended, 33 U.S.C. § 2232(f).

Accordingly, on July 10, 2024 the Port Authority's Executive Director requested that the U.S. Army Corps of Engineers (USACE) Galveston District work with the Port Authority to develop a scope and agreements for the USACE to provide technical assistance, inherently federal government activities, any additional permitting, and other matters relating to completing a Section 204(f) report and approval by the Assistant Secretary of the Army (Civil Works).

Under the Memorandum of Agreement (MOA), the Port Authority would provide to the government funds to pay all costs associated with the charette (kick-off meeting) participation and scope of work development for \$50,000. After the scope of work has been developed, the Deep Draft Navigation Planning Center of Expertise (DDNPCX) and Office of Water Project Review (OWPR) would provide technical assistance to support the development of the required 204(f) report, if the turning basin is economically justified. Once the scope of work is defined and economically justified, the activities identified in the scope of work would commence, at an estimated cost of \$950,000. The USACE would then request additional funding to support its effort for the project duration, if needed.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize entering into the MOA and funding for charette costs, the scope of work development, and for future DDNPCX, OWPR, and USACE expenditures for the 204(f) process and the scope of work, not to exceed \$1,000,000.

H. CHANNEL INFRASTRUCTURE

Subject	4. Approve the renewal of thirteen expiring Port Authority distribution and transmission line licenses for new ten-year terms for CenterPoint Energy Houston Electric, LLC.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize the renewal of thirteen expiring Port Authority distribution and transmission line licenses for new ten-year terms for CenterPoint Energy Houston Electric, LLC, and further authorize the Chief Executive Officer 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:
CenterPoint Energy Houston Electric, LLC, the distribution and transmission line licensee, applied to renew the licenses listed below:

10-Year Term

Company	File No.	License Fee*
CenterPoint Energy Houston Electric, LLC	1987-0026	\$1,902
CenterPoint Energy Houston Electric, LLC	2002-0115	\$4,948
CenterPoint Energy Houston Electric, LLC	2002-0146	\$4,804
CenterPoint Energy Houston Electric, LLC	2002-0147	\$1,902
CenterPoint Energy Houston Electric, LLC	2002-0180	\$1,902
CenterPoint Energy Houston Electric, LLC	2002-0182	\$2,474
CenterPoint Energy Houston Electric, LLC	2002-0240	\$1,902
CenterPoint Energy Houston Electric, LLC	2004-0039	\$1,902
CenterPoint Energy Houston Electric, LLC	2004-0121	\$1,902
CenterPoint Energy Houston Electric, LLC	2004-0158	***\$0
CenterPoint Energy Houston Electric, LLC	2004-0417	\$1,902
CenterPoint Energy Houston Electric, LLC	2004-0466	\$3,804
CenterPoint Energy Houston Electric, LLC	2012-0155	\$3,804
Total		\$33,148

*The fees were previously waived because this line services the Port Terminal Railroad Association.

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.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	5. 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 Houston Ship Channel, L.P., Enterprise Products Operating LLC, Explorer Pipeline Company, Genesis Pipeline Texas, L.P., HSC Pipeline Partnership, LLC, Valero Refining-Texas, LP, and Watco Dock and Rail LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten-year term for the following entities: DCP Southern Hills Pipeline LLC and Enterprise Terminalling LLC.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize the Port Authority to approve the renewal of the following expiring Port Authority pipeline and transmission line licenses for thirty-year terms for the following entities: Chevron Phillips Chemical Company LP, Enterprise Houston Ship Channel, L.P., Enterprise Products Operating LLC, Explorer Pipeline Company, Genesis Pipeline Texas, L.P., HSC Pipeline Partnership, LLC, Valero Refining-Texas, LP, and Watco Dock and Rail LLC; and approve the renewal of the expiring Port Authority pipeline and transmission line license for a ten-year term for the following entities: DCP Southern Hills Pipeline LLC and Enterprise Terminalling LLC, and further authorize the Chief Executive Officer 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	2004-0229	\$11,454
Chevron Phillips Chemical Company LP	2004-0275	\$4,772
Enterprise Houston Ship Channel, L.P.	2004-0422	\$32,630
Enterprise Products Operating LLC	2014-0375	\$4,096
Explorer Pipeline Company	2004-0241	\$8,851
Explorer Pipeline Company	2004-0388	\$5,727
Explorer Pipeline Company	2004-0389	\$5,727
Genesis Pipeline Texas, L.P.	2003-0342	\$5,784
HSC Pipeline Partnership, LLC	2005-0003	\$24,077
HSC Pipeline Partnership, LLC	2006-0325	\$5,727

Valero Refining-Texas, LP	2014-0290	\$3,142
Valero Refining-Texas, LP	2014-0293	\$3,142
Valero Refining-Texas, LP	2014-0294	\$2,287
Valero Refining-Texas, LP	2014-0295	\$7,000
Valero Refining-Texas, LP	2014-0296	\$2,295
Valero Refining-Texas, LP	2014-0297	\$2,295
Valero Refining-Texas, LP	2014-0298	\$6,002
Valero Refining-Texas, LP	2014-0299	\$7,000
Valero Refining-Texas, LP	2014-0300	\$7,000
Watco Dock and Rail LLC	2004-0462	\$2,167
Watco Dock and Rail LLC	2004-0114	\$16,154
Total		\$167,329

*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
DCP Southern Hills Pipeline LLC	2012-0190	\$32,154
DCP Southern Hills Pipeline LLC	2012-0305	\$7,953
Enterprise Terminalling LLC	2014-0306	\$8,608
Enterprise Terminalling LLC	2014-0381	\$8,608
Total		\$57,323

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.

Staff recommends removal.

H. CHANNEL INFRASTRUCTURE

Subject	6. Issue a pipeline license to OxyVinyls, LP for a 16-inch effluent diffuser pipeline under Santa Anna Bayou and adjacent to the Houston Ship Channel.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize a pipeline license to OxyVinyls, LP for a 16-inch effluent diffuser pipeline under Santa Anna Bayou and adjacent to the Houston Ship Channel, and further authorize the Chief Executive Officer 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:
OxyVinyls, LP, Port Authority File No. 2024-0258, has applied for a 16-inch effluent diffuser pipeline under Santa Anna Bayou at a depth of approximately 34 feet and adjacent to the Houston Ship Channel at a depth of approximately 2.5 feet sloping downward to a depth of approximately 20 feet north of Peggy Lake, in the Arthur McCormick Survey, A-46.

The effluent diffuser would serve the Battleground Chlor-Alkali Plant in La Porte, Texas.

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 \$13,307 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	7. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association’s Northside Mainline railroad right-of-way near Federal Road.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize a transmission line license to Comcast of Houston, LLC for one fiber optic/communication line under the Port Terminal Railroad Association’s Northside Mainline railroad right-of-way near Federal Road, and further authorize the Chief Executive Officer 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:
Comcast of Houston, LLC, Port Authority File No. 2024-0211, has applied for a transmission line license for one fiber optic/communication line under the Port Terminal Railroad Association’s Northside Mainline railroad right-of-way near Federal Road, to provide service for the Harris County Toll Road Authority, in the William P Harris & Robert Wilson Survey, A-31.

Staff Evaluation/Justification:
The application was reviewed and approved by the Port Authority’s Channel Infrastructure Real Property department and the Port Terminal Railroad Association. The license is subject to the Port Authority’s usual terms and conditions for a ten-year license and at a fee of \$1,902. The \$1,000 application fee and the \$10,000 as-built deposit have been paid.

Staff recommends approval.

H. CHANNEL INFRASTRUCTURE

Subject	8. Approve a submerged lands lease for a ten-year term with Jefferson Road Terminal, LLC for approximately 1.149 acres east of Jefferson Road along the Houston Ship Channel, at a total annual base rent of \$20,682, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve a submerged lands lease for a ten-year term with Jefferson Road Terminal, LLC for approximately 1.149 acres east of Jefferson Road along the Houston Ship Channel, at a total annual base rent of \$20,682, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Chief Executive Officer 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:

Jefferson Road Terminal, LLC has requested that the Port Authority lease approximately 1.149 acres of filled submerged land east of Jefferson Road along the Houston Ship Channel for a ten-year term.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with Jefferson Road Terminal, LLC under the terms described above.

I. COMMERCIAL

Subject	1. Approve a lease for a ten-year term with Ranger Steel Services, LP for approximately 9.51 acres out of Block 20A at Industrial Park East, at an annual base rent of \$420,949.56, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve a lease for a ten-year term with Ranger Steel Services, LP for approximately 9.51 acres out of Block 20A at Industrial Park East, at an annual base rent of \$420,949.56, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Chief Executive Officer 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 W. Kyle/Ben Licata

Background:

Ranger Steel Services, LP has requested that the Port Authority lease approximately 9.51 acres out of Block 20A at Industrial Park East for a ten-year term. Ranger Steel Services, LP plans to use the property for import and export steel products.

Currently, Ranger Steel Services, LP is on a month-to-month lease with the Port Authority at this location, and this month-to-month lease would terminate at the commencement of the term lease.

The new ten-year term lease would include a financial shortfall payment if the Minimum Annual Guaranty (MAG) of 95,1000 tons of cargo crossing the Port Authority's docks is not met. The shortfall payment would be calculated at the tariff rate for every ton under the MAG for the leased area.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with Ranger Steel Services, LP under the terms described above.

J. FINANCE

Subject	1. Award a three-year contract to Mariner Institutional, LLC, to provide investment consulting and advisory services for the Port of Houston Authority Restated Retirement (Pension) Plan, the Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, the Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan, in an annual amount not to exceed \$162,500 with two one-year mutual extensions each in an annual amount not to exceed \$162,500.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a three-year contract to Mariner Institutional, LLC, to provide investment consulting and advisory services for the Port of Houston Authority Restated Retirement (Pension) Plan, the Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, the Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan, in an annual amount not to exceed \$162,500 with two one-year mutual extensions each in an annual amount not to exceed \$162,500, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

In accordance with the investment policies for the Pension Plan, OPEB Plan, Defined Contribution 401(a) Plan and the Deferred Compensation 457(b) Plan, the Port Authority engages a consultant to, among other things, assist with (i) review of asset allocation and investment policy matters, (ii) selecting and monitoring investment managers, (iii) the annual review of the Pension Plan Funding policy, (iv) measuring and evaluating investment performance, and (v) providing investment consulting services related to the Port Authority's Pension Plan, OPEB Plan, the Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan.

By Minute No. 2014-0923-16, the Port Commission awarded a five-year contract to Gregory W Group (later renamed AndCo Consulting, LLC following a merger and name change) for investment consulting services related to the Pension Plan and the OPEB Plan, with options to renew for two additional one-year periods.

By Minute Nos. 2019-0729-18 and 2020-0730-14, the Port Commission approved 2 one-year extensions of the contract with AndCo Consulting LLC for investment advisory services related to the Pension Plan, the OPEB Plan, Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan.

By Minute No. 2021-0928-14, the Port Commission awarded a three-year contract to AndCo Consulting, LLC for investment advisory services related to the Pension Plan, the OPEB Plan, Defined Contribution 401(a) Plan, and the Deferred Compensation 457(b) Plan.

By Minute No. 2024-0326-16, the Port Commission approved the change of control of AndCo Consulting, LLC, resulting from the acquisition of its equity interests by Mariner, LLC.

The Port Authority notified vendors regarding its request for proposal (RFP) for retirement plans investment consulting services, using the Port Authority's BuySpeed Eprocurement System. The project was advertised on the Port Authority's website and in a local newspaper. Ten vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On May 22, 2024, responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP.

- Mariner Institutional, LLC
- Avior Wealth Management
- Gallagher Fiduciary Advisors, LLC.
- Meketa Investment Group, Inc.
- Prime Capital Investment Advisors

Staff and the Pension and Benefits Committee recommend that the Port Commission award Mariner Institutional, LLC a new three-year contract, with two one-year extensions, for retirement plan investment consulting services for the Pension Plan, OPEB Plan, Defined Contribution 401(a) Plan, and Deferred Compensation Plan 457(b) Plan, at the total cost not to exceed \$487,500 for the three-year period, with two one-year extensions, and act as otherwise described above.

J. FINANCE

Subject	2. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2023-0926-21, the Port Commission last adopted an amended investment policy for the Other Post-Employment Benefit (OPEB) Plan, which states:

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

Staff Evaluation/Justification:

The proposed administrative revisions include:

- Removing an obsolete responsibility of the Port Commission;
- Adding new investment manager selection criteria; and
- Changing the "Full Market Cycle" reference regarding measurement of investment manager performance to a specific, five to ten year period.

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

The Pension and Benefits Committee, staff, and Mariner Institutional, LLC (the Port Authority's retirement plans investment consultant) recommend that the Port Commission adopt an amended investment policy for the OPEB plan, as proposed.

**PORT OF HOUSTON AUTHORITY
OPEB PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED SEPTEMBER 24, 2024

MINUTE 2024-0924-XX

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I. PREAMBLE

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

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

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

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

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

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

II. FIDUCIARY RESPONSIBILITIES

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

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

III. PURPOSE

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

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

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

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

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

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

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

7. Developing and enacting proper control procedures (e.g., replacing Investment Manager(s) due to fundamental changes in investment management process, investment results, or failure to comply with established guidelines, etc.).

Responsibility of the Pension and Benefits Committee

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

Responsibility of the Investment Consultant

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

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

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

Responsibility of the Investment Manager(s)

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

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

V. DELEGATION OF AUTHORITY

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

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

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

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

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

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

VI. ASSET ALLOCATION

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

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

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

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

VII. INVESTMENT OBJECTIVES

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

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

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

- 500 Index by 1.0%, net of expenses, over rolling five- and ten-year periods..
- (f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over rolling five- and ten-year periods.
 - (g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over rolling five- and ten-year periods.
 - (h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over rolling five- and ten-year periods.
 - (i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over rolling five- and ten-year periods.
 - (j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg US Aggregate Bond Index over rolling five- and ten-year periods.
 - (k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over rolling five- and ten-year periods.
 - (l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over rolling five- and ten-year periods.
 - (m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index over rolling five- and ten-year periods.

- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US Aggregate Bond Index over **rolling five- and ten- year periods.**
- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

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

VIII. INVESTMENT GUIDELINES

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

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

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

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

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

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

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

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

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

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

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

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

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

equity allocation of the portfolio after accounting for price appreciation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IX. PORTFOLIO EVALUATION

On a quarterly basis:

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

X. DEFINITIONS

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

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

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

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

XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on September 24, 2024 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2024-0924-xx

J. FINANCE

Subject	3. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2023-0926-20, the Port Commission last adopted an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), which states:

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

Staff Evaluation/Justification:

the proposed administrative revisions include:

- Removing an obsolete responsibility of the Port Commission;
- Adding new investment manager selection criteria; and
- Changing the "Full Market Cycle" reference regarding measurement of investment manager performance to a specific, five to ten year period.

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

The Pension and Benefits Committee, staff, and Mariner Institutional, LLC (the Port Authority's retirement plans investment consultant) recommend that the Port Commission adopt an amended investment policy for the Pension plan, as proposed.

Draft

**PORT OF HOUSTON AUTHORITY
RESTATED RETIREMENT PLAN**

STATEMENT OF INVESTMENT OBJECTIVES AND POLICY



ADOPTED SEPTEMBER 24, 2024

MINUTE 2024-0924-XX

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I. PREAMBLE

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

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

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

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

II. FIDUCIARY RESPONSIBILITIES

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

In accordance with Section 802.203, Texas Government Code:

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

III. PURPOSE

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

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

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

IV. ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Commission

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

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

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

7. Developing and enacting proper control procedures (e.g., replacing Investment Manager(s) due to fundamental changes in investment management process, investment results or failure to comply with established guidelines, etc.).

Responsibility of the Pension and Benefits Committee

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

Responsibility of the Pension Consultant

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

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

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

Responsibility of the Investment Manager(s)

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

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

V. DELEGATION OF AUTHORITY

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

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

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

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

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

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

VI. ASSET ALLOCATION

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

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

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

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

VII. INVESTMENT OBJECTIVES

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

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

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

500 Index by 1.0%, net of expenses, over rolling five- and ten-year periods.

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

- (n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US Aggregate Bond Index over rolling five- and ten-year periods.
- (o) **Cash and short term securities** should achieve relative performance better than 91-day U. S. Treasury Bills.

General Investment Principles

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

VIII. INVESTMENT GUIDELINES

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

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

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

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

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

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

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

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

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

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

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

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

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

equity allocation of the portfolio after accounting for price appreciation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IX. PORTFOLIO EVALUATION

On a quarterly basis:

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

X. DEFINITIONS

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

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

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

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

XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on September 24, 2024 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2024-0924-xx

J. FINANCE

Subject	4. Adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute No. 2023-0926-22, the Port Commission last adopted a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

Staff Evaluation/Justification:

The proposed administrative revision includes:

- Adding, under the investment option selection process; to
 - include the investment consultant's qualitative assessments of each investment option, in addition to the existing quantitative measurements.

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

The Pension and Benefits Committee, staff, and Mariner Institutional, LLC (the Port Authority's retirement plans investment consultant) recommend that the Port Commission adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, as proposed.

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

STATEMENT OF OBJECTIVES AND POLICY



**PORT COMMISSION
ADOPTED SEPTEMBER 24, 2024**

MINUTE 2024-0924-XX

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I. PREAMBLE

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

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

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

II. **PURPOSE OF POLICY STATEMENT**

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

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

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

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

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

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

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

Overview of the Plans

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

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

Overview of the Plans' Investment Structures

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

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

Objectives of Plans' Investment Structure

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

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

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

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

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

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

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

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

IV. RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

V. **INVESTMENT OPTION SELECTION & EVALUATION**

In addition to the Investment Consultant's qualitative assessment, the following characteristics may be considered in selecting and monitoring Options, whether offered as a stand-alone Option, and/or as a fund included in a portfolio Option:

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

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

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

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

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

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

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

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

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

VI. INVESTMENT OPTION REMOVAL & MAPPING

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

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

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

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

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

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

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

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

VII. **ADDITIONAL PROVISIONS**

Interpreting the Policy

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

Amending the Policy

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

Plan Document Controls

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

VIII. DEFINITIONS

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

Pension and Benefits
Committee

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

Qualified Default Investment
Alternative ("QDIA")

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

[Exhibit A follows.]

EXHIBIT A – INVESTMENT OPTIONS

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

Fund Option	Style Objective	Peer Group	Benchmark
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Domestic Equity Funds

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

International / Global Equity Funds

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

Fixed Income / Stable Value Funds

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

Target Date Funds (QDIA Option)

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

Fund Option	Style Objective	Peer Group	Benchmark
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Domestic Equity Funds

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

International / Global Equity Funds

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

Fixed Income / Stable Value Funds

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

Target Date Funds (QDIA Option)

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

K. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a professional services contract in the amount of \$1,331,252 for the design of west-end container yards for the Phase 1 northwest thirteen-acre yard at Barbours Cut Terminal to the top-ranked proposer Jacobs Engineering Group, Inc.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve staff's ranking of vendors and award a professional services contract in the amount of \$1,331,252 for the design of west-end container yards for the Phase 1 northwest thirteen-acre yard at Barbours Cut Terminal to the top-ranked proposer Jacobs Engineering Group, Inc., and further authorize the Chief Executive Officer 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 west-end container yards for the Phase 1 northwest thirteen-acre yard at Barbours Cut Terminal.

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

Staff Evaluation/Justification:

On June 18, 2024, nine RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Jacobs Engineering Group, Inc., the most highly qualified provider, for the design of west-end container yards at Barbours Cut Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	2. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$3,380,795 for the rehabilitation of Transit Sheds 18-19 at Turning Basin Terminal, to the top-ranked proposer Prestique, Inc. dba Ranger Roofing and Construction.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$3,380,795 for the rehabilitation of Transit Sheds 18-19 at Turning Basin Terminal, to the top-ranked proposer Prestique, Inc. dba Ranger Roofing and Construction, and further authorize the Chief Executive Officer 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 replacing the existing roof of Transit Sheds 18-19 at Turning Basin Terminal by adding an additional protective layer. The selection of the protective overlay allows terminal operations to proceed without taking the sheds or portions of the sheds out of service during construction.

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

Staff Evaluation/Justification:

On August 14, 2024, two CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Prestique, Inc. dba Ranger Roofing and Construction, the proposer providing best value for the rehabilitation of Transit Sheds 18-19 at Turning Basin 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 \$8,445,235 for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal, to the top-ranked proposer Orion Construction, LLC.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve staff’s ranking of vendors and award a construction contract in an amount not to exceed \$8,445,235 for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal, to the top-ranked proposer Orion Construction, LLC., and further authorize the Chief Executive Officer 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 repairs to the steel sheet pile bulkhead and installation of 24-inch drilled piers for stabilization at Wharf 16 at Turning Basin Terminal.

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. Eighteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 27, 2024, two CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Orion Construction, LLC., the proposer providing best value for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	4. Amend the professional services contract with Jacobs Engineering Group, Inc. to perform construction phase services for the bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal in an amount not to exceed \$321,422.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve an amendment to the professional services contract with Jacobs Engineering Group, Inc., to perform construction phase services for bulkhead repairs and stabilization at Wharf 16 at Turning Basin Terminal in an amount not to exceed \$321,422, and authorize the Chief Executive Officer 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. 2022-05-24-21, the Port Commission awarded a professional services contract to Jacobs Engineering Group, Inc. for the Engineering Evaluation of Wharves 9, 16, 17, 23, 24, 25, 26, 29, 30, 31, and 32 at Turning Basin Terminal. There have been five amendments to date for geotechnical borings and full design of stabilization and bulkhead repair features to Turning Basin North Wharves 9 and 16, and a detailed inspection of Turning Basin North Wharf 16.

This proposed amendment would consist of construction phase services. The original contract amount to conduct the global stability study of Turning Basin Terminal wharves was \$342,825, and five amendments have been made for additional costs of \$1,008,608, resulting in the current contract amount of \$1,672,855.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	5. Amend the professional services contract with Jacobs Engineering Group, Inc. to perform additional work for the passing vessel, mooring, and berthing analysis of Wharf 1 East and future Wharves 8 and 9 at Bayport Container Terminal in an amount not to exceed \$226,725.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve an amendment to the professional services contract with Jacobs Engineering Group, Inc. to perform additional work for the passing vessel, mooring, and berthing analysis of Wharf 1 East and future Wharves 8 and 9 at Bayport Container Terminal in an amount not to exceed \$226,725, and further authorize the Chief Executive Officer 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:

The proposed scope of services would consist of performing a passing vessel study, and mooring and berthing analysis, to verify the use of Wharf 1 East and Wharves 8 and 9 for container vessel berthing and provide supporting information needed as part of the Port Authority's Wharves 8 and 9 development.

The study would include passing vessel effects from both the Bayport Channel and Houston Ship Channel. The study would also include 1,368 permutated simulations to address the expected design and passing vessel range.

Accordingly, the Phase 3 Amendment No. 3 includes:

- Coastal Modeling
- Hydrodynamic and Passing Vessel Studies

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	6. Award a professional services contract to AECOM Technical Services, Inc. for analysis and development of repair options for the Facilities Inspection and Condition Assessment Program (FICAP) inspected Wharves 17, 18, 19, 22, 20, 31, and 32 at Turning Basin Terminal in an amount not to exceed \$284,153.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a professional services contract to AECOM Technical Services, Inc. for analysis and development of repair options for the Facilities Inspection and Condition Assessment Program (FICAP) inspected Wharves 17, 18, 19, 22, 29, 31, and 32 at Turning Basin Terminal in an amount not to exceed \$284,153, and further authorize the Chief Executive Officer 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 following:

- Condition assessment verification of critical structural defects identified in the 2022/2023 Facilities Inspection and Condition Assessment Program (FICAP) reports as needed to perform repair designs;
- Preparation of preliminary repair concepts and design options for damaged structural components identified in the FICAP reports verified from the condition assessment; and
- Preparation of design repair cost as construction estimates.

When the design repair cost has been presented, staff anticipates that it would request that the Port Commission approve an amendment to the consultant's contract to include the full design of these wharves.

Staff Evaluation/Justification:

Staff recommends that the Port Commission award a contract to AECOM Technical Services, Inc., the most highly qualified provider, for the analysis and development of repair options for the FICAP-inspected Wharves 17, 18, 19, 22, 29, 31, and 32 at Turning Basin Terminal, and act as otherwise described above.

K. INFRASTRUCTURE

Subject	7. Approve a change order with George Hedge Contractors, Inc. to perform additional work associated with the construction of the rail spur at Bayport Container Terminal in an amount not to exceed \$878,089.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve a change order with George Hedge Contractors, Inc. to perform additional work associated with the construction of the rail spur at Bayport Container Terminal in an amount not to exceed \$878,089, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2023-0221-39, the Port Commission awarded a contract to George Hedge Contractors, Inc. for the construction of the rail spur at Bayport Container Terminal.

This proposed change order addresses:

- Improvements to GEON Performance Solution's infrastructure after installation of new track configurations;
- Removal and disposal of materials stockpiled within the Texas Department of Transportation's right-of-way;
- Installation of signal infrastructure and pre-emptive warning signal;
- Pavement markings and signage associated with each at-grade crossing and the associated roadways;
- Delay claims; and
- A damage claim because of a vandalized piece of railroad equipment.

This is the ninth change order to this contract, for a total change order value currently of \$3,674,284.61, which is 284% of the total contract value.

Staff Evaluation/Justification:

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

K. INFRASTRUCTURE

Subject	8. Approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with the construction of the Maintenance Complex at Barbours Cut Terminal in an amount not to exceed \$247,717.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, approve a change order with David E. Harvey Builders, Inc. to perform additional work associated with the construction of the Maintenance Complex at Barbours Cut Terminal in an amount not to exceed \$247,717, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

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

This proposed change order addresses the following matters:

- Maintenance shop 480v receptacle neutral line;
- Custom cable tap box for new transformers;
- Diesel fuel tanks self-leveling siphon system;
- Additional lunchroom receptacle;
- Mounting kits at uninterrupted power supply rack;
- MAX Link Auto-Dialer at the elevator;
- 3-ton air conditioning unit at the drive rebuild room in Area E;
- Indicator light at receiving cage sliding gate light;
- Two 6-foot gates to access the transformer enclosure;
- 480V forklift chargers;
- Three thermostats in conflict with cubicles; and
- Key lock to Hazmat building overhead door.

This is the seventh change order to this contract, for a total change order value currently of \$2,292,905, which is 5.57% 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	9. Approve the assignment of the professional services contracts with DE Corp. to Gannett Fleming, Inc., for (i) the design of fender system at Wharf 1 at Turning Basin Terminal, (ii) rehabilitation and repair of Wharf 2 at Manchester Terminal, (iii) in-depth structural inspection and repair design of Wharves 47, 48, and 1E at Turning Basin Terminal, (iv) 2024 annual wharf crane and rubber-tired gantry crane painting at Barbours Cut Terminal and Bayport Container Terminal, and (v) 2024 annual fender system maintenance at Barbours Cut Terminal and Bayport Container Terminal.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, Approve the assignment of the professional services contracts with DE Corp. to Gannett Fleming, Inc., for (i) the design of fender system at Wharf 1 at Turning Basin Terminal, (ii) rehabilitation and repair of Wharf 2 at Manchester Terminal, (iii) in-depth structural inspection and repair design of Wharves 47, 48, and 1E at Turning Basin Terminal, (iv) 2024 annual wharf crane and rubber-tired gantry crane painting at Barbours Cut Terminal and Bayport Container Terminal, and (v) 2024 annual fender system maintenance at Barbours Cut Terminal and Bayport Container Terminal, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

General

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2018-0925-27, the Port Commission awarded a professional services contract to DE Corp. for rehabilitation and repair of Wharf 2 at Manchester Terminal in the amount not to exceed \$850,290. This contract was subsequently amended two times, as authorized by Minute Nos. 2020-0428-17 and 22-0524-23, raising the total not to exceed amount of the contract to \$1,169,881.

By Minute No. 2020-0623-17, the Port Commission awarded a professional services contract to DE Corp. for the design of a fender system at Wharf 1 at Turning Basin Terminal in an amount not to exceed \$179,760. The contract was subsequently amended two times, raising to total not to exceed amount of the contract to \$259,544.

By Minute No. 2021-0126-14, the Port Commission awarded a professional services contract to DE Corp. for in-depth structural inspection and repair design of Wharves 47, 48, and 1E at Turning Basin Terminal in an amount not to exceed \$299,895. The contract was subsequently amended five times, raising to total not to exceed amount of the contract to \$356,925.

Another professional services contract was issued to DE Corp. for the 2024 annual wharf crane and rubber-tired gantry crane painting at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$18,430.

A final professional services contract was issued to DE Corp. for 2024 annual fender system maintenance at Barbours Cut and Bayport Container Terminal in an amount not to exceed \$22,940.

On July 18, 2024, DE Corp. and Gannett Fleming, Inc. informed Port Authority staff that effective March 11, 2024, Gannett Fleming, Inc. had purchased a one hundred percent ownership interest in DE Corp. and that as of July 1, 2024, DE Corp.'s operations had been fully integrated into Gannett Fleming, Inc's company.

Staff Evaluation/Justification:

All assets required to serve the Port Authority under the above-described agreements (Agreements) have been transferred to Gannett Fleming, Inc., and the staff performing services under the Agreements with A-Affordable are currently assigned to perform the services under the Agreements.

Port Authority staff recommends that DE Corp., Gannett Fleming, Inc., and the Port Authority enter into an Assignment and Consent to Assignment (Assignment) for DE Corp. to assign and delegate all interests, rights, duties, obligations, and titles held by DE Corp. in the Agreements to Gannett Fleming, Inc. This Assignment would reflect the business reality that the employees and properties necessary to service the Agreements are now with Gannett Fleming, Inc., and would ensure the continuity of service to the Port Authority under the agreements.

Staff recommends the Port Commission approve the assignment under the terms described above.

K. INFRASTRUCTURE

Subject	10. Enter into an Interlocal Agreement with Harris County to provide wage rate compliance services for a one-year term in an amount not to exceed \$98,905.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize the Port Authority to enter into an Interlocal Agreement with Harris County to provide wage rate compliance services for a one-year term in an amount not to exceed \$98,905, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
General

Department:
Technical & Business Analytics

Staff Contact:
Jordan Frisby

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

Since 2008, in connection with those efforts, the Port Commission has authorized annual Interlocal Agreements with Harris County to provide these wage rate compliance services. This proposed agreement would be for a one-year term, in an amount not to exceed \$98,905, from October 1, 2024 through September 30, 2025.

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

Staff recommends that the Port Commission approve the agreement.

L. MAINTENANCE

Subject	1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed \$1,415,823 to perform inspection services for 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, Liftech Consultants, Inc.; second, APTIM Port Services International, LLC; and third, Laurence & Associates, LLC.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting: (a) approve staff’s ranking of vendors, based on the selection criteria, in the following order – first, Liftech Consultants, Inc.; second, APTIM Port Services International, LLC; and third, Laurence & Associates, LLC.; (b) award a contract to the top-ranked proposer for inspection services for 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 an amount not to exceed \$1,415,823; (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 Chief Executive Officer 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. 2024-0722-29, the Port Commission awarded a contract to Shanghai Zhenhua Heavy Industries Co., Ltd (ZPMC) 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.

This project requires manufacturing inspection on a full-time basis. Inspection of overseas fabrication of these cranes is beyond the current manpower capabilities of Port Authority staff, and therefore staff believes an inspection services consultant is required.

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

Staff Evaluation/Justification:

On August 14, 2024, three RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Liftech Consultants, Inc.
- APTIM Port Services International, LLC
- Laurence & Associates, LLC

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Liftech Consultants, Inc., the most qualified provider, for the inspection services 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, and act as otherwise described above.

L. MAINTENANCE

Subject	2. Approve staff’s ranking of vendors and award a contract in an amount not to exceed \$160,000 for the purchase of one 85-foot telescopic boom manlift for Barbours Cut Terminal to the top-ranked proposer: staff ranking - first, Equipment Depot Texas, Inc.; second, Briggs Industrial Solutions, Inc.; and third, Associated Supply Company, Inc.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting: (a) approve staff’s ranking of vendors, based on the selection criteria, in the following order – staff ranking – first, Equipment Depot Texas, Inc.; second, Briggs Industrial Solutions, Inc.; third Associated Supply Company, Inc.; (b) award a contract to the top-ranked proposer and issue a purchase order to Equipment Depot Texas, Inc. for one 85-foot telescopic boom manlift for Barbours Cut Terminal in an amount not to exceed \$160,000; (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 Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns five telescopic boom manlifts in operation at its Barbours Cut Terminal. These units are utilized daily by Maintenance and Information Technology (IT) personnel to service and maintain fourteen wharf cranes, sixty-four rubber-tired gantry (RTG) cranes, IT hardware, and terminal lights on high mast poles. Additionally, five RTG cranes are scheduled to be delivered in November 2024.

Staff has determined that acquisition of an additional manlift is now merited.

The Port Authority notified vendors regarding its request for proposals (RFP) for the purchase of one 85-foot telescopic boom manlift for Barbours Cut Terminal using the Port Authority’s BuySpeed Eprocurement System and the project was advertised on the Port Authority’s website and in a local newspaper. Fourteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 22, 2024, six RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Equipment Depot Texas, Inc.
- Briggs Industrial Solutions, Inc.
- Associated Supply Company, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Equipment Depot Texas, Inc. for the purchase of one 85-foot telescopic boom manlift for Barbours Cut Terminal, and act as otherwise described above.

L. MAINTENANCE

Subject	3. Award a two-year contract to World International Testing, Inc. for the purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$900,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a two-year contract to World International Testing, Inc. for the purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$900,000, and further authorize the Chief Executive Officer 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. 2021-1207-40, the Port Commission awarded a two-year contract to World International Testing, Inc., in the amount not to exceed \$793,500 for the purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal. This contract has expired.

The Port Authority owns a total of twenty-nine wharf cranes currently operating at Barbours Cut Terminal and Bayport Container Terminal that must undergo periodic structural inspections as recommended by the manufacturers (Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC), IMPSA, Morris, and Konecranes). These inspections are intended to ensure crane structural integrity and readiness for container-handling operations. A total of twenty-nine cranes would be inspected twice with an additional three wharf cranes in 2025 during this contract term.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSP) for structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 14, 2024, one CSP response was received and opened. The response was reviewed and evaluated by staff in accordance with the selection criteria published in the CSP.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to World International Testing, Inc., for structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal, and act as otherwise described above.

L. MAINTENANCE

Subject	4. Award a two-year contract to PetroChoice, LLC for the purchase of grease and miscellaneous engine, transmission, and hydraulic oils for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,300,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a two-year contract to PetroChoice, LLC for the purchase of grease and miscellaneous engine, transmission, and hydraulic oils for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$1,300,000, and further authorize the Chief Executive Officer 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:

Hugh Moore

Background:

By Minute No. 2022-0426-26, the Port Commission awarded a two-year contract to Apache Oil Company in the amount not to exceed \$850,000, for the purchase of grease and miscellaneous engine, transmission, and hydraulic oils for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Contract funds are depleted.

The Port Authority owns numerous light and heavy equipment that require grease and miscellaneous oils for daily operations. A reliable supply of these commodities ensures adequate performance and reliability thus minimizing equipment downtime.

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

Staff Evaluation/Justification:

On August 14, 2024, five CSB responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to PetroChoice, LLC, the company submitting the lowest and best bid, for the purchase of grease and miscellaneous engine, transmission, and hydraulic oils for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

L. MAINTENANCE

Subject	5. Award a three-year contract to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, in an amount not to exceed \$400,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a three-year contract to Darr Equipment Company for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, in an amount not to exceed \$400,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2020-0520-32, the Port Commission awarded a three-year contract to Darr Equipment Company in the amount not to exceed \$200,000 for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal and Bayport Container Terminal. This contract has now expired.

The Port Authority currently owns a total of forty forklifts, and sixteen empty and five loaded container handling machines that would be covered under this three-year contract. These units require numerous spare parts for preventative maintenance and repairs, and they are used daily to move various objects, load and unload trucks, and transport heavy objects around Port Authority properties.

The Local Government Purchasing Cooperative is an administrative agency of cooperating local governments and its BuyBoard purchasing program may be used for this purchase.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring these spare and replacement parts through the BuyBoard program 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 Darr Equipment Company under the pricing schedule obtained from that vendor's contract with Buyboard Program and is therefore recommending this purchase.

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

L. MAINTENANCE

Subject	6. Issue a purchase order to Rush Truck Center for the purchase of two 2025 Blue Bird 26-passenger shuttle buses for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$265,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, issue a purchase order to Rush Truck Center for the purchase of two 2025 Blue Bird 26-passenger shuttle buses for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchasing Program, in an amount not to exceed \$265,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Award, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns four shuttle buses in operation at its Bayport Container Terminal to transport longshoremen to and from parking lots and wharves. Given growing operational demands and the commissioning of additional cranes at this facility, two additional shuttle buses are needed to continue to improve service levels.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring these vehicles through the Houston-Galveston Area Council (H-GAC) cooperative purchase program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

Staff has compared prices for passenger shuttle buses obtained from non-H-GAC local dealerships and H-GAC providers. The H-GAC website lists several pre-approved vendors. Staff has reviewed shuttle bus specifications from H-GAC providers and determined that Rush Truck Center is the vendor with the best price for these units that meets the Port Authority's requirements. Rush Truck Center pricing for the selected model was reviewed and approved by H-GAC.

Staff recommends that the Port Commission approve this best value determination and issuance of a purchase order to Rush Truck Center for the purchase of two 2025 Blue Bird twenty-six passenger shuttle buses for Bayport Container Terminal.

L. MAINTENANCE

Subject	7. Issue a purchase order to Ayr Data, Inc. dba Clean Ayr, the sole source provider, for the purchase of one truck equipped with a diesel exhaust fluid tank for Bayport Container Terminal in an amount not to exceed \$225,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, issue a purchase order to Ayr Data, Inc. dba Clean Ayr, the sole source provider, for the purchase of one truck equipped with a diesel exhaust fluid (DEF) tank for Bayport Container Terminal in an amount not to exceed \$225,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer 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:

In 2008 the U.S. Environment Protection Agency (EPA) mandated the use of diesel exhaust fluid (DEF) to lower concentration of nitrogen oxides (NOX) in exhaust emissions from a diesel engine. As the number of rubber-tired gantry cranes and heavy equipment operating with Tier 4 final diesel engines increases, 2-gallon containers and 375-gallon totes of DEF are no longer adequate to meet Port Authority demand, which is averaging over 1,000 gallons of DEF per month. A more permanent solution is needed to ensure personnel safety and operational efficiency.

DEF is a heavy and corrosive liquid that needs special ring gaskets and tanks to haul and store it. This proposed truck would be so equipped, and would be small and narrow enough to navigate tight areas throughout this facility.

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 Ayr Data, Inc. dba Clean Ayr is the sole authorized provider for a truck equipped with a DEF tank truck in the United States.

Staff recommends that Port Commission approve issuing a purchase order to Ayr Data, Inc. dba Clean Ayr for the purchase of one truck equipped with a DEF tank truck for Bayport Container Terminal.

M. OPERATIONS

Subject	1. Award a contract to WCA Waste Systems, Inc. DBA GFL Environmental to provide trash disposal and recycling services for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Turning Basin Terminal South, Executive Building, and the Fireboat Barracks for a three-year term with two additional options years beginning December 1, 2024, in an amount not to exceed \$3,000,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a contract to WCA Waste Systems, Inc. DBA GFL Environmental to provide trash disposal and recycling services for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Turning Basin Terminal South, Executive Building, and the Fireboat Barracks for a three-year term with two one year options beginning on December 1, 2024 in an amount not to exceed \$3,000,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Operations

Staff Contact:

Randy Stiefel

Background:

By Minute No. 2021-1026-30, Waste Corporation of Texas LP DBA GFL Environmental was awarded a contract to provide trash disposal and recycling services for a three-year term for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Woodhouse Terminal, and Fireboat Barracks. The term of this contract is set to expire November 30, 2024. Continuing trash disposal services is necessary to maintain efficient, clean, and safe facilities, and the recycling program furthers the Port Authority's environmental stewardship efforts.

The goal of the recycling program component is to recycle dunnage and other materials collected from wharves that may be economically and efficiently segregated off-site and recycled.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSB) to provide trash disposal and recycling services for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Turning Basin Terminal South, Executive Building, and the Fireboat Barracks for a three-year term with two additional option years beginning December 1, 2024 using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eleven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 15, 2024, three 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 three-year contract to WCA Waste Systems, Inc. DBA GFL Environmental, the responsible bidder submitting the lowest and best bid, to provide trash disposal and recycling services for the Turning Basin Terminal, Barbours Cut Terminal, Bayport Container Terminal, Turning Basin Terminal South, Executive Building, and the Fireboat Barracks.

M. OPERATIONS

Subject	2. Enter into the following Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal: Cooper/Ports America, LLC, Metroports, and Enstructure Richardson I LLC.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize entering into the following Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal: Cooper/Ports America, LLC, Metroports, and Enstructure Richardson I LLC, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Operations

Staff Contact:

Randy Stiefel

Background:

The cargo handling services at the public facilities in the Turning Basin Terminal are performed by stevedores working in assigned locations under Freight Handling Assignment Agreements (Agreements) with the Port Authority.

By Minute No. 2021-0928-53, the Port Commission last granted authority to enter into Freight Handling Assignment Agreements (Agreements) for terminal services at Turning Basin Terminal. The cargo handling services at the public facilities in the Turning Basin terminal are performed by stevedores working in assigned locations under these Agreements with the Port Authority, which set forth the terms and conditions under which the stevedores perform these services. Under the Agreements, the stevedores also guarantee handling minimum tonnages or pay specified revenue amounts, based on the square footage of the assigned areas.

Port Authority staff considers the projected cargo volumes of the stevedores in evaluating and recommending stevedores for assignment to particular facilities.

Staff Evaluation/Justification

Staff has reviewed and evaluated the current freight handling assignments and future needs of the Port Authority and recommends entering into Freight Handling Assignment Agreements for the handling of cargo at its facilities for terms of three years with guaranteed tonnage of ½ ton per square foot assigned at the Turning Basin Terminal, effective October 1, 2024.

N. PEOPLE

Subject **1. Authorize renewal of group insurance agreements with the following carriers to include coverage for calendar year 2025 in a total amount not to exceed \$2,519,176 for: (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage.**

Meeting Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its September 24, 2024 meeting:
(a) award group insurance agreements to the following carriers for coverage for the calendar year 2025 in a total amount not to exceed \$2,519,176;
(i) Aetna Life Insurance Company, for dental coverage, in an amount not to exceed \$754,170;
(ii) Aetna Life Insurance Company, for vision coverage, in an amount not to exceed \$102,476;
(iii) Aetna Life Insurance Company, for Medicare Advantage medical coverage, in an amount not to exceed \$929,504;
(iv) Minnesota Life Insurance Company, for basic life coverage and Accidental Death and Dismemberment for eligible active employees, in an amount not to exceed \$172,863;
(v) Minnesota Life Insurance Company, for voluntary life coverage for eligible active employees and dependents, in an amount not to exceed \$376,906;
(vi) Minnesota Life Insurance Company, for basic life coverage for eligible retirees, in an amount not to exceed \$183,257;
(b) authorize the Port Authority to continue to pay fifty percent of the cost of dental premiums for eligible active employees; one hundred percent of the cost of the Medicare Advantage medical premiums for eligible retirees and dependents; and one hundred percent of the cost of basic life premiums for active employees and retirees.
(c) determine that Port Authority employees shall continue to reimburse the Port Authority for the full cost of any vision or voluntary life premiums;
(c) authorize contract renewal negotiations with insurance carriers prior to contract expiration; and
(e) further authorize the Chief Executive Officer to do any and all things in his opinion reasonable and necessary to give effect to all of the foregoing.

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

Category:
Awards, Amendments & Change Orders

Department:
Human Resources

Staff Contact:
Roger Walter

Background:

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

By Minute No. 2023-0926-52, the Port Commission awarded agreements for calendar year 2024 to (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage medical coverage and (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, and retiree life coverage. This action also authorized contract renewal negotiations with the insurance carriers prior to contract expiration. Accordingly, Gallagher and Port Authority staff began negotiations with the incumbents for 2025 coverages.

In addition, on May 1, 2024, the Port Authority, through its Broker of Record, Gallagher, issued a request for proposals (RFP) soliciting proposals for Medicare Advantage retiree medical, dental, and life insurance coverages. All other benefits are on annual rate guarantee pricing for 2025.

Staff Evaluation/Justification:

Gallagher and Port Authority staff reviewed and evaluated the proposals and proposed 2025 renewal rates and determined that the incumbent carriers offer the best value to the Port Authority.

The renewals were discussed at the Pension and Benefits Committee meeting on September 24, 2024. Staff recommends, and the Pension and Benefits Committee concurs, that group insurance contracts be awarded to the following incumbent carriers for calendar year 2025, as providing the best value to the Port Authority:

- (a) Aetna Life Insurance Company, for dental, vision, and Medicare Advantage medical coverage; and
- (b) Minnesota Life Insurance Company, for basic life, voluntary and dependent life, basic accidental death & dismemberment and retiree life coverage; and

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

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

Staff estimates that approximately \$856,467 of the \$2,519,176 total amount requested would be reimbursed to the Port Authority by employees, leaving a total cost to the Port Authority of approximately \$1,662,709 for these benefits.

The individual not-to-exceed amounts in this recommended action are based on current participant levels with adjustments for additional 2025 staffing levels. The total amount requested by staff allows for an increase in participation in 2025 based on current open positions and new 2025 headcount additions but may be subject to amendment in order to account for actual participation levels.

O. SECURITY AND EMERGENCY OPERATIONS

Subject	1. Award a contract to Zetron, Inc., the sole source provider, for the replacement of the land mobile radio dispatch console system in Port Coordination Center Dispatch, Port Coordination Center Emergency Operations Center, and Mobile Command Center in an amount not to exceed \$970,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a contract to Zetron, Inc., the sole source provider, for the replacement of the land mobile radio dispatch console system in Port Coordination Center Dispatch, Port Coordination Center Emergency Operations Center, and Mobile Command Center in an amount not to exceed \$970,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact

Category:

Award, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

The current land mobile radio (LMR) dispatch console system is outdated technology that was originally installed in 2012. Most of the system is comprised of equipment that has been discontinued or is no longer supported by the manufacturer. The Port Authority has exhausted the inventory of spare parts for the system and has recently resorted to taking parts from the Emergency Operations Center (EOC) and Mobile Command Center (MCC) to keep the primary dispatch system operational.

The LMR dispatch consoles require a unique product, as the Port Authority utilizes multiple different communications systems that must be integrated into a single dispatch platform due to the critical nature of dispatch and emergency radio communications.

Zetron ACOM console system consists of a fully redundant core system for the primary dispatch center and a non-redundant core system for the MCC. These two systems combine to provide local hot standby redundancy within the system preventing a single point of failure from compromising mission-critical communications.

The Zetron ACOM console system is the only LMR dispatch console that seamlessly connects directly to the Stratus deployable repeater units that are in use at the Port Authority and has full integration with the Motorola P25 Model 6500 radios. This connectivity would provide full functionality through the radio console to both radio platforms dynamically and instantaneously without any other third party systems that could be prone to failure. This system also allows the ability to display and acknowledge

emergency button alerts from all radios used by the division which greatly enhances first responder safety. The Zetron ACOM consoles also provide channel steering, advanced encryption standard, and other features that are available for use with the dispatch console workstations.

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.

O. SECURITY AND EMERGENCY OPERATIONS

Subject	2. Award a contract to Integrated Towers Systems Inc., the sole source provider, to complete repairs and refurbishment on two Communication on Wheels (COWs) trailer units in an amount not to exceed \$192,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a contract to Integrated Tower Systems Inc., the sole source provider, to complete repairs and refurbishment on two Communication on Wheels (COWs) trailer units in an amount not to exceed \$192,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact

Category:

Award, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

The Port Authority purchased two Communications on Wheels (COWs) trailer tower units in 2017 to provide digital radio coverage at Barbours Cut Terminal and Bayport Container Terminal until permanent radio towers could be constructed.

Once the permanent radio towers were constructed and all radios were reprogrammed, the Barbours Cut Terminal COW was taken down and stowed. However, Bayport Container Terminal COW remained set up, to provide a tower for the rubber-tired gantry (RTG) autosteer system. Since COWs are generally designed for temporary operations for short periods of time, because of their continuous use for years, both COWs have now significant corrosion and minor damage that require refurbishment by the manufacturer. Additionally, the Bayport Container Terminal COW was significantly damaged during Hurricane Beryl and would require an entire replacement of the tower system.

Integrated Tower Systems is the only manufacturer of the type of COWs owned and operated by the Port Authority and the only company capable of making repairs that meet the original specifications of the tower systems on the COW units.

As part of the Port Authority's agreement with Harris County, the Port Authority is a System Owner on the TXWaRN radio system. This agreement requires the Port Authority to maintain two permanent towers on the system as well as maintain the two COWs to be used as a regional resource if needed. This agreement allows the Port Authority to use radios on the system without any monthly airtime fees.

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.

P. TECHNOLOGY

Subject	1. Award a contract to Premier International Enterprises Inc. for consulting and professional services for implementation of and education regarding data governance, data conversion, data retention, archival and retrieval, in an amount not to exceed \$600,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a contract to Premier International Enterprises Inc. for consulting and professional services for implementation of and education regarding data governance, data conversion, data retention, archival and retrieval, in an amount not to exceed \$600,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain consulting and professional services for a three-part data management workstream in support of the Next Generation Enterprise Resource Planning program (NXGEN ERP): data governance, data conversion, and data retention. Each part would be critical to ensure the overall accuracy and quality for data that is migrated from multiple Port Authority legacy systems and its organization and governance by rules that ensure the Port Authority has reliable data management.

Staff Evaluation/Justification:

The Information Technology department has determined that the best availability, price, and contract term for the item needed is provided by Premier International Enterprises Inc. and is therefore recommending this purchase.

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

P. TECHNOLOGY

Subject	2. Award a contract to One Diversified, LLC for purchase of audio, video, installation, and maintenance service to install new and retrofit all Port Authority conference rooms with consistent and standard technology, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$5,500,000 over a five-year period.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a contract to One Diversified, LLC for purchase of audio, video, installation, and maintenance service to install new and retrofit all Port Authority conference rooms with consistent and standard technology, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$5,500,000 over a five-year period, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain audio, video, installation, and maintenance service for all new and existing Port Authority conference rooms. This would also follow the Port Authority's audio/visual standards and would be used in all new buildings going forward.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring audio, video, installation, and maintenance services to install new and retrofit all Port Authority conference rooms through the United States General Services Administration (GSA), an agency of the United States, is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority. The Port Authority, as a political subdivision of the State of Texas, is authorized to use GSA for the procurement of certain items (primarily technology, security, and fire/police items)

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

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

P. TECHNOLOGY

Subject	3. Award a three-year service agreement to CDW-G for the purchase of Next Generation (NXGEN) INFOSEC for email protection, email archive, and email DMARC services, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$353,200.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, award a three-year service agreement to CDW-G for the purchase of Next Generation (NXGEN) INFOSEC for email protection, email archive, and email DMARC services, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$353,200, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain Next Generation (NXGEN) INFOSEC email protection, email archive, and email DMARC services.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring NXGEN INFOSEC email protection, email archive, and email DMARC services through the Texas Department of Information Resources (DIR) purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

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

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

P. TECHNOLOGY

Subject	4. Issue a purchase order to Solid Border for the purchase of Next Generation (NXGEN) INFOSEC select updated firewalls along with software subscriptions and maintenance, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed \$228,000.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, issue a purchase order to Solid Border for the purchase of Next Generation (NXGEN) INFOSEC select updated firewalls along with software subscriptions and maintenance, using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$228,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Technology Division

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain NXGEN INFOSEC firewalls along with software subscriptions, and maintenance services. The Texas Department of Information Resources (DIR) is a department of the State of Texas and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

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

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

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

P. TECHNOLOGY

Subject	5. Authorize a Memorandum of Agreement with the Cybersecurity and Infrastructure Security Agency (CISA), a component of the United States Department of Homeland Security, for network traffic capture, monitoring, and detection services.
Meeting	Sep 24, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its September 24, 2024 meeting, authorize a Memorandum of Agreement with the Cybersecurity and Infrastructure Security Agency (CISA), a component of the United States Department of Homeland Security, for network traffic capture, monitoring, and detection services, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Information Technology

Staff Contact:

James O'Brien

Background:

The Port Authority seeks to contract with the Cybersecurity and Infrastructure Security Agency (CISA), a component of the United States Department of Homeland Security, for network traffic capture, monitoring, and detection services, whereby CISA would examine Port Authority network traffic for indicators of known or suspected malicious cyber activity.

These services are conducted by CISA pursuant to Title XXII of the Homeland Security Act of 2002 (6 U.S.C. §§ 651 - 674, esp. § 2220C of the Homeland Security Act (6 U.S.C. § 665i), which establishes the CyberSentry Program within CISA to "provide continuous monitoring and detection of cybersecurity risks to critical infrastructure entities that own or operate industrial control systems that support national critical functions."

No expenditure of funds is contemplated by the Memorandum of Agreement.

Staff Evaluation/Justification:

Staff recommends that Port Commission approve this item.

