

I N D E X

PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY OF THE PORTS OF HARRIS COUNTY, TEXAS May 20, 2025

Minute No.

Event/Action

General

Chairman Campo convened the in-person and virtual Port Commission meeting and provided opening remarks along with Port Commissioners

Minutes

2025-0520-01 Approve the minutes of the April 29, 2025 Port Commission meeting

Staff Reports

2025-0520-02 Charlie Jenkins, Chief Executive Officer, presented a summary of selected financial and operational matters

Appearances

2025-0520-03 Chairman Campo introduced Joe Jennings, Schiller Institute, who addressed the Port Commission

F. Executive

2025-0520-04 Staff Report – Selected agenda items – Jessica Shaver, Chief Administrative Officer

2025-0520-05 Amend the Barge Fleeting Leasing Policy to adopt exclusion zones

2025-0520-06 Enter into a Memorandum of Agreement with the Houston Maritime Museum

G. Channel Infrastructure

2025-0520-07 Staff Report – Selected agenda items - Lori Brownell, Chief Channel Infrastructure Officer

<u>Minute No.</u>	<u>Event/Action</u>
2025-0520-08	Approve the renewal of expiring Port Authority pipeline licenses for thirty-year terms for the following entities: Buffalo Marine Service Inc, BWC Terminals LLC, Covestro, LLC, Magellan Crude Oil Pipeline Company LP, and Magellan Pipeline Company LP; and approve the renewal of the expiring Port Authority pipeline license for a ten-year term for the following entity: LBC Houston LP.
2025-0520-09	Amend a pipeline easement for Explorer Pipeline Company for a 28-inch pipeline across the future Greens Bayou Terminal property

H. Commercial

2025-0520-10	Staff Report – Selected agenda items – John Moseley, Chief Commercial Officer
2025-0520-11	Amend an easement in favor of CenterPoint Energy Houston Electric, LLC, (successor to Houston Lighting and Power) for electric transmission and distribution lines across the Port Authority’s Woodhouse Terminal
2025-0520-12	Approve amendments to the lease with Portwall Partners, LTD. at Bayport Container Terminal extending the construction period, effective April 1, 2025, and forbearing the operational phase rent otherwise due, at a cumulative rent increase value of \$697,904, subject to annual base rent escalation of the greater of 2% or the increase in the Consumer Price Index and updating the rail operating provisions
2025-0520-13	Approve an amendment to the lease with AllTrans Port Services LLC for approximately 2.61 acres out of Block 23A at Industrial Park East to extend the term for three years, at an annual base rent of \$129,888.24, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index

I. Finance

2025-0520-14	Selected agenda items – Roland Gonzalez, Director, Treasury
2025-0520-15	Adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions
2025-0520-16	Adopt a revised Disclosure Policy for the Port Authority

<u>Minute No.</u>	<u>Event/Action</u>
2025-0520-17	Adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority's revised Internal Controls for Investments
	J. Infrastructure
2025-0520-18	Staff Report – Selected agenda items – Craig J. Kasper, Director, Project & Construction Management
2025-0520-19	Approve staff's ranking of vendors and award a construction contract for Industrial Park East drainage and yard improvements, to the top-ranked proposer AAA Asphalt Paving, Inc.
2025-0520-20	Award a contract to Orion Construction, LLC for the fabrication and coating of steel pipe for monopile mooring dolphin construction for Wharf 2 at CARE Terminal
2025-0520-21	Award a professional services contract to Halff Associates, Inc. for the design of the Turning Basin Terminal drainage system improvements
2025-0520-22	Amend the professional services contract with Hatch Associates Consultants, Inc., for the design of Stage 2 fiber optic cable relocation at Barbours Cut Terminal
2025-0520-23	Approve a change order with Indi Construction Partners, LLC to perform additional work associated with the construction of the maintenance building addition and canopy enclosure at Bayport Container Terminal
2025-0520-24	Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yards 6 and 7 for reconstruction of 87-acres of container yards at Barbours Cut Terminal
	K. Maintenance
2025-0520-25	Staff Report – Selected agenda items – Paulo Soares, Chief Port Maintenance Officer
2025-0520-26	Award a two-year contract to MARMAC, LLC dba McDonough Marine Service for the rental of a truckable push boat for Turning Basin Terminal
2025-0520-27	Award a two-year contract to Lockridge Packaging, LLC for the purchase of paper products for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal

<u>Minute No.</u>	<u>Event/Action</u>
2025-0520-28	Award a two-year contract to (i) Genuine Parts Company dba NAPA Auto Parts in an amount not to exceed \$300,000 using SourceWell, a cooperative purchase program, and (ii) O'Reilly Auto Enterprises, LLC dba O'Reilly Auto Parts in an amount not to exceed \$300,000, using Omnia Partners, a cooperative purchase program, for the purchase of auto parts for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal
2025-0520-29	Issue a three-year purchase order to Cintas Corporation for cleaning, rental, and purchase of uniforms for maintenance personnel at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard, a cooperative purchasing program
	L. Operations
2025-0520-30	Staff Report – Selected agenda item – Ryan Mariacher, Chief Port Operations Officer
2025-0520-31	Approve a four-month extension of the existing Marine Terminal Services Agreement between the Port Authority and Maersk Line A/S
	M. People
2025-0520-32	Staff Report – Selected agenda item – Carlecia Wright, Chief People Officer
2025-0520-33	Award a professional services contract to Durian Consultants LLC for change management advisory services using the United States General Services Administration purchasing program
	N. Security and Emergency Operations (no items)
	O. Strategy (no items)
	P. Technology
2025-0520-34	Staff Report – Selected agenda item – Charles Thompson, Chief Information Officer
2025-0520-35	Award a purchase order to CyberForce Q for purchase of the Next Generation (NXGEN) INFOSEC-selected Information and Operational Technology Cyber Risk Assessment and Penetration testing, using the BuyBoard cooperative purchase program, in an amount not to exceed \$250,000, with an estimated net cost after a 2024 Port Security Grant reimbursement of \$187,500

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2025-0520-36

Award a three-year purchase order to Carahsoft for the purchase of a NXGEN INFOSEC-selected network detection and response platform along with associated software subscriptions and support services, using the United States General Services Administration purchasing program, in an amount not to exceed \$450,000, with an estimated net cost after a Port Security Grant reimbursement of \$337,500

Q. Recess Open Meeting and Convene Executive Session

R. Reconvene Open Meeting

S. People

2025-0520-37

Authorize a professional services contract with Mercer (US) Inc. to provide compensation analysis services to the Port Authority

T. Closing Remarks by Chairman and Commissioners

U. Adjourn Meeting

C. APPROVAL OF MINUTES

Port of Houston Authority
Port Commission Public Meeting

Houston, Texas
May 20, 2025

A public meeting of the Port Commission of the Port of Houston Authority of Harris County, Texas was convened on May 20, 2025, at 9:15 a.m., at the Port of Houston Authority Executive Offices, Fourth Floor Boardroom, at 111 East Loop North, Houston, Texas 77029, and via Cisco WebEx. The following commissioners, staff, and counsel were present:

Ric Campo, Chairman
Wendy Cloonan, Commissioner
Stephen DonCarlos, Commissioner
Clyde Fitzgerald, Commissioner
Roland Garcia, Commissioner
Thomas Jones, Commissioner
Alan Robb, Commissioner
Charlie Jenkins, Chief Executive Officer
Erik Eriksson, Chief Legal Officer (via WebEx)
Jessica Shaver, Chief Administration Officer
David McNamara, Associate General Counsel
J. Kent Friedman, outside counsel

Chairman Campo began his remarks by noting that it was graduation season and congratulating graduates of the Port Authority's maritime education programs. Members of the Port Authority team had attended several graduation ceremonies over the past week, with the ceremony for maritime students at Austin High School scheduled for the following day. He reminded the Commission that Austin High School would be the site of the Port Authority's first-of-its-kind partnership with Chevron Shipping.

Chairman Campo expressed pride in the accomplishments of the students, emphasized the importance of developing a strong talent pipeline for the maritime industry, and reiterated the Port Authority's ongoing efforts to work with area schools and universities to build the future maritime workforce.

Chairman Campo also reported that the Army Corps of Engineers released its Fiscal Year 2025 workplan the previous Thursday. The plan included \$33 million for the deepening and widening project (Project 11) construction and \$98 million for operations and maintenance to ensure the channel remained fully dredged. He thanked everyone involved in securing the funding for their efforts, including industry partners, customers, and members of the congressional delegation, including specifically Congressman Wesley Hunt and Congressman Brian Babin.

Turning to federal policy, Chairman Campo noted that tariffs remained an active concern. He explained that the specifics continued to fluctuate and that such volatility created market uncertainty, and that the Port Authority would continue to monitor the issue and respond as needed.

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Chairman Campo noted that April 2025 volumes at the public terminals were strong and reiterated that the Port Authority would continue to track the situation over the coming months. He expressed confidence in the strength of the Houston market and region, pointing out that Houston had been in growth mode for many years, and over the past decade, the Port Authority's container volumes had grown faster than those of any other port in the country. He closed by stating that the Port Authority had served the region for over a century and would continue to do so in the future, noting that the organization had weathered uncertain times before and would do so again.

Commissioner Garcia congratulated Chairman Campo on receiving the 2025 Stephen L. Klineberg Award for outstanding civic leadership at the Kinder Institute luncheon.

(2025-0520-01) Chairman Campo called for a motion to approve the minutes of the April 29, 2025, Port Commission meeting. Commissioner Robb moved for approval, seconded by Commissioner Fitzgerald. The minutes were approved as written.

(2025-0520-02) Charlie Jenkins, Chief Executive Officer, presented a summary of selected financial and operational matters.

Mr. Jenkins reported that he had traveled to Washington, D.C. the previous day to testify before the Office of the United States Trade Representative. The hearing focused on tariffs related to ship-to-shore (STS) cranes and other cargo handling equipment manufactured in China.

Mr. Jenkins explained that under the proposed tariffs, STS cranes would be subject to a 270% duty. The Port Authority currently had eight cranes on order that were purchased prior to the tariff announcement, yet would still be subject to the new tariff. The tariff amount on those eight cranes alone would total \$302 million – more than half of the Port Authority's annual container operating revenue and equivalent to over one year of operating cash.

In his testimony, Mr. Jenkins urged the Administration to consider a grandfather provision for cranes that were ordered before the tariff announcement, which would include the Port Authority's eight units. While expressing support for the Administration's overall objective to reinvigorate U.S. manufacturing and reduce reliance on Chinese-made equipment, he emphasized that sufficient time would be needed for domestic manufacturing capacity to scale up and meet demand. He stated that the Port Authority would continue to engage in the policy discussion and advocate for thoughtful implementation of the proposed tariffs.

Mr. Jenkins also highlighted the upcoming grand opening of the Houston Maritime Museum at its new location adjacent to the Port Authority's East River Administration

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Building. He noted that the museum was under new leadership and would soon unveil a series of new exhibits focused on the maritime industry and the history of the Houston Ship Channel and the Port of Houston. Mr. Jenkins expressed enthusiasm for the museum's new presence in the area and noted that an item on the agenda would authorize support for the museum as the title sponsor of the new space. He underscored the importance of the museum's mission and its relevance to the industry and the Port Authority's ongoing community engagement efforts.

Chairman Campo noted that the Chief Executive Officer of the Port of Los Angeles had recently stated that volumes at the port were down by 30%.

Commissioner Fitzgerald asked if the larger ships were planning on staying in the rotations or if any of the services were downsizing their ships. Mr. Jenkins answered that typically in a slow economy, industry would start controlling supply to increase demand and make profit. It would be difficult to how it all balanced out, but ship downsizing was part of the normal activity in the market.

(2025-0520-03) Appearances

(a) Chairman Campo recognized Joe Jennings, Schiller Institute, who addressed the Port Commission.

Mr. Jennings announced an upcoming conference hosted by the Schiller Institute entitled *A Beautiful Vision for Humanity in Times of Great Turbulence*, to be held over Memorial Day weekend in Newark, New Jersey, with virtual attendance available. The conference would focus on global cooperation and economic development, featuring speakers such as former U.S. Ambassador Jack Matlock, international academics, and policy experts.

Mr. Jennings encouraged greater U.S. engagement in global development efforts – particularly with nations in the global south and “BRICS” countries – emphasizing industrial investment, youth engagement, and international collaboration as key to future prosperity. He concluded by expressing optimism that such initiatives would benefit the Port Authority and contribute to broader economic revitalization.

(2025-0520-04) Chairman Campo recognized Jessica Shaver, Chief Administrative Officer, to provide a report of selected Executive agenda items.

Ms. Shaver explained that Item FI was to amend the barge fleeting leasing policy to adopt exclusion zones. The Governance Committee reviewed and approved the policy at its March 2025 meeting. Commissioner DonCarlos had been a strong advocate of the changes in the policy and had done significant outreach.

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Ms. Shaver highlighted the adoption of exclusion zones in the policy. Public meetings with operators and residents living near the proposed zones were held, and the exclusion zones were outlined based on public comment.

Item F2 was to enter into a Memorandum of Agreement with the Houston Maritime Museum. The Port Authority wanted to become a title sponsor, given the museum's relevance to the Port Authority's industry, the new location of the museum, and the support received.

Commissioner DonCarlos commended staff for the implementation of the new policy. It was a project that sounded very easy but was in fact very complex to figure out, and staff got a flavor for how important the issue was to the residents along the shoreline.

(2025-0520-05) RCA F1 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA F1 PASSED.

(2025-0520-06) RCA F2 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA F2 PASSED.

(2025-0520-07) Chairman Campo recognized Lori Brownell, Chief Channel Infrastructure Officer, to provide a report of selected Channel Infrastructure agenda items.

Ms. Brownell began by announcing a major milestone related to Project 11: the Army Corps of Engineers had approved federal Assumption of Maintenance (AOM) for Segment 1B, which extends from Redfish Reef to the Bayport Ship Channel. This approval followed the earlier AOM approval for Segment 1C (Bayport to Barbours Cut Ship Channel), received in March 2022. Together, these approvals marked the successful conclusion of a nearly five-year effort to secure the federal government's commitment to maintain these Locally Preferred Plan (LPP) segments of Project 11.

With this action, the Port Authority was no longer responsible for the dredging costs of Segments 1B and 1C, resulting in projected net present value savings of approximately \$380 million over the next fifty years. Ms. Brownell recognized the significant efforts of several key contributors, including Best, Best, & Krieger (Lowry Crook); the "Joint Venture" team (Grady Bryant, Let Mon Lee, Dana Cheney); Cassidy and Associates (Charles Brittingham); Nelson Mullins (Michael Frazier); and Port Authority staff Charlie Jenkins, Cam Spencer, Jordan Frisby, and Leia Wilson.

Ms. Brownell reported that dredging for Segment 1B was completed in February 2025 and that Segment 1C was on schedule for completion by late second quarter or early third quarter of 2025. The final beneficial use features in Galveston Bay were expected to

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be completed by the fourth quarter, which would conclude all Port Authority-led portions of Project 11.

Ms. Brownell then introduced the two Channel Infrastructure items on the agenda. Item H1 concerned pipeline license renewals for varying terms of either ten or thirty years. Item H2 involved a 28-inch pipeline easement realignment for Explorer Pipeline Company across the Greens Bayou Terminal property. The upland realignment was necessitated by the adjacent and completed submerged pipeline relocation completed under Project 11.

Commissioner Fitzgerald asked if the assumed maintenance also included the dredging of the Port Authority's docks. Ms. Brownell clarified that the AOM only included the dredging of the channel.

(2025-0520-08) RCA G1 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA G1 PASSED.

(2025-0520-09) RCA G2 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA G2 PASSED.

(2025-0520-10) Chairman Campo recognized John Moseley, Chief Commercial Officer, to provide a report of selected Commercial agenda items.

Mr. Moseley began his remarks by providing a brief update on current trends in the regional industrial real estate market. Citing a recent report by CBRE, he noted that the Houston industrial market showed steady demand and stable leasing activity during the first quarter of 2025. Although the current construction pipeline had increased 24.3% year-over-year to approximately 15.3 million square feet, it was still down 48.5% compared to two years ago – an indication that developers were taking a more cautious approach.

Mr. Moseley reported that northwest Houston remained a hub of activity, with major projects underway, including Grainger's 1.3 million square foot distribution center and the first phase of H-E-B's multi-building campus at a 500-acre site in Hockley. Red Bull recently secured a 137,000 square foot distribution center in north Houston, and Francesca's renewed its lease for nearly 218,000 square feet in northwest Houston, signaling continued tenant confidence. He added that warehouse and distribution space continued to lead the market, and demand for manufacturing space had risen notably in the first quarter, likely in response to tariffs and reshoring efforts. Mr. Moseley noted that strong population growth and growing interest from Asia-Pacific customers had positioned the sector well for long-term resilience and growth. He added that continued expansion in

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cold storage, warehouse leasing, and new development could ultimately impact cargo throughput and port operations.

Mr. Moseley provided an update on conversations with major retailers that utilized the Port Authority's container terminals. One large retailer reported that, in response to ongoing tariff uncertainty, it had temporarily delayed shipments from China but had not suspended them altogether. While volumes had briefly shifted to the West Coast, the retailer began ramping back up operations ahead of the recent announcement regarding progress in U.S.-China trade negotiations. Although some lower volumes were expected in Houston over the next three weeks, the retailer had begun releasing delayed shipments, and volumes were anticipated to rebound as transit times allowed.

Mr. Moseley emphasized that in addition to serving public terminal customers, the Port Authority continued to work proactively with industry partners along the Houston Ship Channel, advocating in Houston, Austin, Washington D.C., and beyond. These collaborative efforts spanned across all elements of the Port Authority's mission, including government relations, community engagement, channel infrastructure, and safety.

Mr. Moseley concluded by welcoming Christine Schlenker as the Port Authority's new Director of Industry Relations. Ms. Schlenker was well known among the Port Authority's "Big 10" group and across key industries that supported the port's continued growth. Ms. Schlenker would focus in her role on engagement, support, alignment, and connection with the industry sectors critical to the port's long-term success.

Mr. Moseley then requested approval for agenda Items H1 through H4.

Commissioner DonCarlos asked why the rent escalation was only 2% for Item H2 – he thought the standard escalation was 3%. Mr. Moseley remarked that the escalation provisions of the lease were negotiated at the time of signing. The lease was for fifty years and the financials, including escalation, were based on the net present value, the level of investment, and the amount of throughput anticipated.

Commissioner DonCarlos also questioned why an agenda item had been pulled from the final agenda – he had seen it on successive preliminary agendas previously. Mr. Moseley answered that the lease being referenced had not been signed as of yet: while the basic lease terms were agreed to, the parties were still negotiating the "fine print."

Chairman Campo asked if retailers had been beefing up shipments recently to get ahead of the tariff implementation, or if the retailers were delaying shipments instead. Mr. Moseley stated that it was a mixed bag.

(2025-0520-11) RCA H1 was presented, moved by Commissioner Robb, seconded by Commissioner DonCarlos. Chairman Campo, and Commissioners DonCarlos,

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Fitzgerald, Garcia, Jones, and Robb voted Aye. Commissioner Cloonan recused herself. Nays none. RCA H1 PASSED.

(2025-0520-12) RCA H2 was presented, moved by Commissioner Robb, seconded by Commissioner DonCarlos. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA H2 PASSED.

(2025-0520-13) RCA H3 was presented, moved by Commissioner Robb, seconded by Commissioner DonCarlos. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA H3 PASSED.

(2025-0520-14) Chairman Campo recognized Roland Gonzalez, Director, Treasury, to provide a report of selected Finance agenda items.

Mr. Gonzalez began by providing a brief financial overview, noting that year-to-date operating revenues were up 12% compared to the same period in 2024. While growth in loaded units remained modest, revenues were tracking 5% ahead of the Port Authority's budget, and both liquidity and capital planning remained in line with expectations. He emphasized that staff continued to model various financial scenarios to ensure flexibility in the event of changes to capital needs.

Mr. Gonzalez also reported on recent developments in the municipal bond market. He referenced a January 2025 publication in *The Bond Buyer* that summarized proposals from the U.S. House Ways and Means Committee, including a previously discussed idea to eliminate the federal tax exemption for interest on state and local bonds. Although similar measures were considered – but ultimately excluded – during the run up to the 2017 Tax Cuts and Jobs Act, Mr. Gonzalez noted that the current version of proposed 2025 tax legislation did not include any language jeopardizing the tax-exempt status of municipal bonds. He concluded by stating that the Port Authority would continue to monitor the situation and advocate for the preservation of tax exemptions critical to public financing.

Mr. Gonzalez stated that Items 11 through 13 were administrative updates involving the Port Authority's financial policies and authorizations. Specifically, each item proposed to add the Deputy Chief Financial Officer as an authorized representative: Item 11 amended the Port Authority's banking resolution. Item 12 amended the Disclosure Policy, and Item 13 amended the Investment Policy.

Mr. Gonzalez concluded by requesting approval of Items 11 through 13.

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(2025-0520-15) RCA 11 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA 11 PASSED.

(2025-0520-16) RCA 12 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA 12 PASSED.

(2025-0520-17) RCA 13 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA 13 PASSED.

(2025-0520-18) Chairman Campo recognized Craig Kasper, Director, Project & Construction Management, to provide a report of selected Infrastructure agenda items.

Mr. Kasper began by providing a brief update on several ongoing infrastructure initiatives. He reported that the kickoff meeting for the new Sam Houston II tour boat had recently taken place, signaling the start of the vessel's development. The project remained on schedule.

Mr. Kasper also addressed recent repairs to docks that had sustained damage due to ship allisions. He noted that plans were underway to return Container Docks 8 and 9 to service.

Turning to capacity expansion efforts, Mr. Kasper gave a status update on several container terminal projects. He noted continued progress on Bayport West Berth 7, Bayport Container Yard 8 and 9, Barbours Cut West Berths 4 and 5, and the design of the Bayport South Access Road. Each project was contributing to the Port Authority's long-term strategy to enhance container capacity across the system.

Mr. Kasper then introduced the infrastructure agenda items for consideration and highlighted Item J3. This item involved the award of a professional services contract for the design of drainage system improvements at the Turning Basin Terminal. The project – commonly referred to as the “grain and drain” project – was supported in part by a Port Infrastructure Development Program (PIDP) grant and would improve terminal resiliency and water management.

Mr. Kasper concluded by requesting approval of Items J1 through J6.

Commissioner DonCarlos asked why there was a need for a change order in regard to Item J5. There were a number of change orders associated with the contract – it was substantial. Mr. Kasper answered that there were changes due to existing conditions that

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needed to be addressed, and there were also upgrades to help improve the facility for the maintenance group in terms of operations and use of space. Ms. Shaver added that an after-action deep dive would be performed on the contract once it was completed.

(2025-0520-19) RCA J1 was presented. Commissioner Fitzgerald moved for staff's ranking of vendors and award a construction contract to the top-ranked proposer: AAA Asphalt Paving, Inc., seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J1 PASSED.

(2025-0520-20) RCA J2 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J2 PASSED.

(2025-0520-21) RCA J3 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J3 PASSED.

(2025-0520-22) RCA J4 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J4 PASSED.

(2025-0520-23) RCA J5 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J5 PASSED.

(2025-0520-24) RCA J6 was presented, moved by Commissioner Fitzgerald, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA J6 PASSED.

(2025-0520-25) Chairman Campo recognized Paulo Soares, Chief Port Maintenance Officer, to provide a report of selected Maintenance agenda items.

Mr. Soares began by providing a brief overview of recent Maintenance Division activities. He reported that twenty clean diesel yard tractors had been commissioned at the Barbours Cut and Bayport Container Terminals, replacing twenty older non-Tier 4 units that were removed from service. Office remodeling efforts were also underway for U.S. Customs and Port Operations staff at 1515 Barbours Cut Boulevard.

Mr. Soares noted that the division was also collaborating with TxDOT, the Houston Pilots, and the Port Security and Emergency Operations Division to temporarily improve air draft markings on the 610 bridge. Preparations had begun for both Fleet Week and the

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upcoming hurricane season, and frame erection had commenced for the new ship-to-shore cranes at the Barbours Cut and Bayport terminals.

Mr. Soares then introduced Item L1 [sic],* which recommended awarding a two-year contract for the rental of a “truckable” push boat to be used at the Turning Basin Terminal in an amount not to exceed \$400,000. The Port Authority’s two previous work boats – the Vernon Bailey (commissioned in 1982) and the MV Capt. W. L. Farnsworth (commissioned in 1974) – had recently been decommissioned due to escalating maintenance costs.

Marine Maintenance staff at Central Maintenance relied on water access to perform essential infrastructure repairs, including work on fender systems, plumbing, fire protection systems, and other project-specific needs throughout the Port Authority. The rental of a push boat would ensure the continued performance of these critical marine operations until the planned acquisition of a new vessel in 2026.

Commissioner Fitzgerald asked where the new cranes were going. Mr. Soares answered that four would go to Barbours Cut Container Terminal while the other four would go to Bayport Container Terminal. Only one crane would be taken out of service.

Commissioner DonCarlos asked why Item L1* was exempt from small-, minority-, and woman-owned business goals. Mr. Soares answered that based on market research, there was no identifiable small business for this area, and Ms. Shaver added that staff would follow up and provide a detailed response to Commissioner DonCarlos.

Chairman Campo wondered if there was any new technology for diesel engines, or if tier 4 was still the best. Mr. Soares remarked that tier 4 were still the best engines but eventually there would be a tier 5.

(2025-0520-26) RCA K1 was presented, moved by Commissioner Cloonan, seconded by Commissioner Robb. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA K1 PASSED.

(2025-0520-27) RCA K2 was presented, moved by Commissioner Cloonan, seconded by Commissioner Robb. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA K2 PASSED.

(2025-0520-28) RCA K3 was presented, moved by Commissioner Cloonan, seconded by Commissioner Robb. Chairman Campo, and Commissioners Cloonan,

* Should be K1

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DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA K3 PASSED.

(2025-0520-29) RCA K4 was presented, moved by Commissioner Cloonan, seconded by Commissioner Robb. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA K4 PASSED.

(2025-0520-30) Chairman Campo recognized Ryan Mariacher, Chief Port Operations Officer, to provide a report of selected Port Operations agenda items.

Mr. Mariacher began by offering a brief market overview before he would introduce the single item on the agenda. He referenced a recent *FreightWaves* article titled "Pause and Effect," which he felt aptly characterized the current environment. Although a 90-day pause in trade tariff changes had been announced, uncertainty persisted in the market, with shippers responding in various ways: some remained cautious while others anticipated a surge in volume.

Mr. Mariacher reported that overall tonnage rebounded, improving from a 2% year-to-date decline in March 2025 to a 3% year-to-date increase through April 2025. April also marked a new record for container Twenty Equivalent Units (TEUs) handled across all public docks, surpassing the record previously set in March. Compared to April of the previous year, container volumes rose by 20%, with year-to-date totals up 4%. Both imports and exports saw double-digit growth, with loaded imports up 21% and loaded exports up 16%.

Multipurpose facility tonnage also turned positive for the year, with volumes up just under 0.5% compared to the same period last year. Growth in that sector was driven by strong performance in breakbulk cargo (18%), imported steel (17%), and both dry and liquid bulk (8%).

Mr. Mariacher noted that blank sailings forecasted for the next six weeks had increased to nine at the container terminals. However, given recent market developments and operational performance, he remained cautiously optimistic. He added that May 2025 had gotten off to a strong start.

Chairman Campo asked if Mr. Mariacher could explain blank sailings in more detail.

Mr. Mariacher noted that blank sailings were a difficult metric to track. At the end of the day, the Port Authority's container terminals serviced twenty weekly services. A weekly service was like a bus route of vessels calling the same ports and the same trade

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lanes over and over again. A standard service offered fifty-two calls in a year – one per week.

It was not unusual for a service to have occasional “blanks,” based on schedule recovery, volume capacity control, and other changes in the market. In the end, blank sailings were another indicator of the health of business. A good point of reference would be during the 2020 Covid-19 pandemic when the bottom completely fell out of the market, and the Port Authority had thirty blank sailings in the same timeline.

Mr. Mariacher then introduced Item L1, a request for a four-month extension of a Marine Terminal Services Agreement. The current agreement had been in place since 2015. While renewal discussions had been underway for over a year, they had recently gained momentum, and Mr. Mariacher expressed confidence that the additional time would allow both parties to reach a renewed long-term agreement that would support continued growth, economic development, and job creation in the region.

Chairman Campo asked if there was any change in import/export volumes. Mr. Mariacher responded that there was strong growth on both sides. Imports still outpaced exports, so the ratio had not changed, and was still 55%/45%.

(2025-0520-31) RCA L1 was presented, moved by Commissioner Robb, seconded by Commissioner Jones. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA L1 PASSED.

(2025-0520-32) Chairman Campo recognized Carlecia Wright, Chief People Officer, to provide a report of selected People agenda items.

Ms. Wright began by expressing her appreciation for the opportunity to address the Port Commission in her new role, noting that it was her first meeting as Chief People Officer and that she was honored to serve in the position. She looked forward to supporting the Port Authority’s continued growth through its people, culture, and organizational development initiatives.

Ms. Wright explained that the Port Authority had recently implemented a strategic organizational restructuring in alignment with the updated 2025 Strategic Plan. While the new structure formally took effect only on May 1, 2025, many teams had already begun transitioning over the past several weeks. She emphasized that the realignment was designed to support the Port Authority’s mission, respond to evolving industry demands, and foster a more agile and collaborative enterprise.

Ms. Wright then introduced the single People Division item on the agenda: Item M1 requested approval to award a professional services contract for Organizational Change

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Management (OCM) advisory services. She explained that the contract would support the Port Authority's major transformation initiatives, including the NXGen ERP implementation and other organizational and technological upgrades.

Ms. Wright emphasized that successful adoption of these initiatives depended on managing not only the technical aspects of change, but also the human elements. The contract would allow the Port Authority to implement a global change management framework tailored to its specific needs, ensuring consistent communication, training, stakeholder engagement, and support throughout the process.

(2025-0520-33) RCA MI was presented, moved by Commissioner Cloonan, seconded by Commissioner Garcia. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA MI PASSED.

Chairman Campo noted that there were no Security and Emergency Operations agenda items, and no Strategy agenda items.

(2025-0521-34) Chairman Campo recognized Charles Thompson, Chief Information Officer, to provide a report of selected Technology agenda items.

Mr. Thompson began by providing a brief update regarding a system outage that occurred on May 2, 2025, which impacted container operations. While the Port Authority's service providers were still investigating the root cause, Mr. Thompson expressed appreciation for the dedicated professionals who adhered to standard operating procedures during the outage. Their efforts helped sustain operations and minimize impacts to industry partners.

He noted that the 2024–2028 Information Technology Master Plan, specifically Workstream 7, emphasized the importance of the three R's: redundancy, reliability, and recoverability. While some types of disruption, such as vandalism, could be difficult to prevent, the Port Authority remained focused on improving system recovery capabilities moving forward.

Mr. Thompson then introduced the two Technology Division items on the agenda. Both items pertained to information and cybersecurity enhancements and were 75% funded through Port Security Grants, with a 25% Port Authority match, over a three-year period. He explained that the items specifically addressed concerns related to operational technology, an area of growing importance given the increasing threat landscape. The primary goal of both items was to strengthen the Port Authority's network defenses, both vertically and horizontally.

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Commissioner Jones asked where the point of the vandalism was, and if anything had been stolen. Mr. Thompson answered that there were two strategic parts of the vendor's network that were cut between Dallas and Houston, and it was intentional sabotage directed at the service provider – not at the Port Authority.

Commissioner Garcia asked if Dallas was affected as well by the sabotage. Mr. Thompson clarified that the service providers entire network was affected. The Port Authority was working on finding better ways to protect itself and recover.

Commissioner DonCarlos asked if there were backups in place to prevent such an outage, and Mr. Thompson replied that the backups were taken out as well.

Mr. Jenkins stressed that the Port Authority was very fortunate to communicate with the service provider's senior leadership immediately and get priority service so that it could get back up quickly.

(2025-0520-35) RCA P1 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA P1 PASSED.

(2025-0520-36) RCA P2 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA P2 PASSED.

At 10:08 a.m. Chairman Campo called for a brief recess, and at 10:15 a.m. called for an Executive Session and asked Mr. McNamara to make the following announcement:

It is now 10:15 a.m. The Port Commission of the Port of Houston Authority of Harris County, Texas will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code (1) Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding (i) Houston Ship Channel Expansion Channel Improvement Project and (ii) 33 U.S.C.A. §§5(b) and 2236; deliberate regarding (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); and (5) Security-Related Matters (Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act).

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The Port Commission will reconvene in public session after the closed meeting is adjourned.

At 11:06 a.m., Chairman Campo reconvened the open meeting with the following Commissioners, staff, and counsel in attendance:

Ric Campo, Chairman
Wendy Cloonan, Commissioner
Stephen DonCarlos, Commissioner
Clyde Fitzgerald, Commissioner
Roland Garcia, Commissioner
Thomas Jones, Commissioner
Alan Robb, Commissioner
Charlie Jenkins, Chief Executive Officer
Jessica Shaver, Chief Administration Officer
David McNamara, Associate General Counsel
J. Kent Friedman, outside counsel

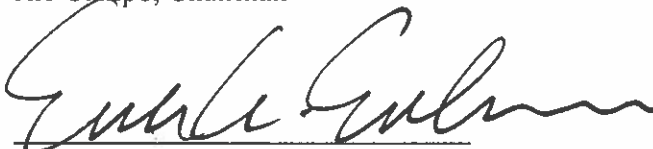
(2025-0520-37) RCA S1 was presented, moved by Commissioner DonCarlos, seconded by Commissioner Cloonan. Chairman Campo, and Commissioners Cloonan, DonCarlos, Fitzgerald, Garcia, Jones, and Robb voted Aye. Nays none. RCA S1 PASSED.

At 11:08 a.m., Chairman Campo adjourned the Port Commission meeting.

The above is a correct copy of the Minutes of the May 20, 2025 meeting of the Port Commission of the Port of Houston Authority.



Ric Campo, Chairman



Erik A. Eriksson, Secretary

F. EXECUTIVE

Subject	1. Amend the Barge Fleeting Leasing Policy to adopt exclusion zones.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, amend the Barge Fleeting Leasing Policy to identify exclusion zones, 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:

Executive

Staff Contact:

Rebecca Andrews/Garry McMahan

Background:

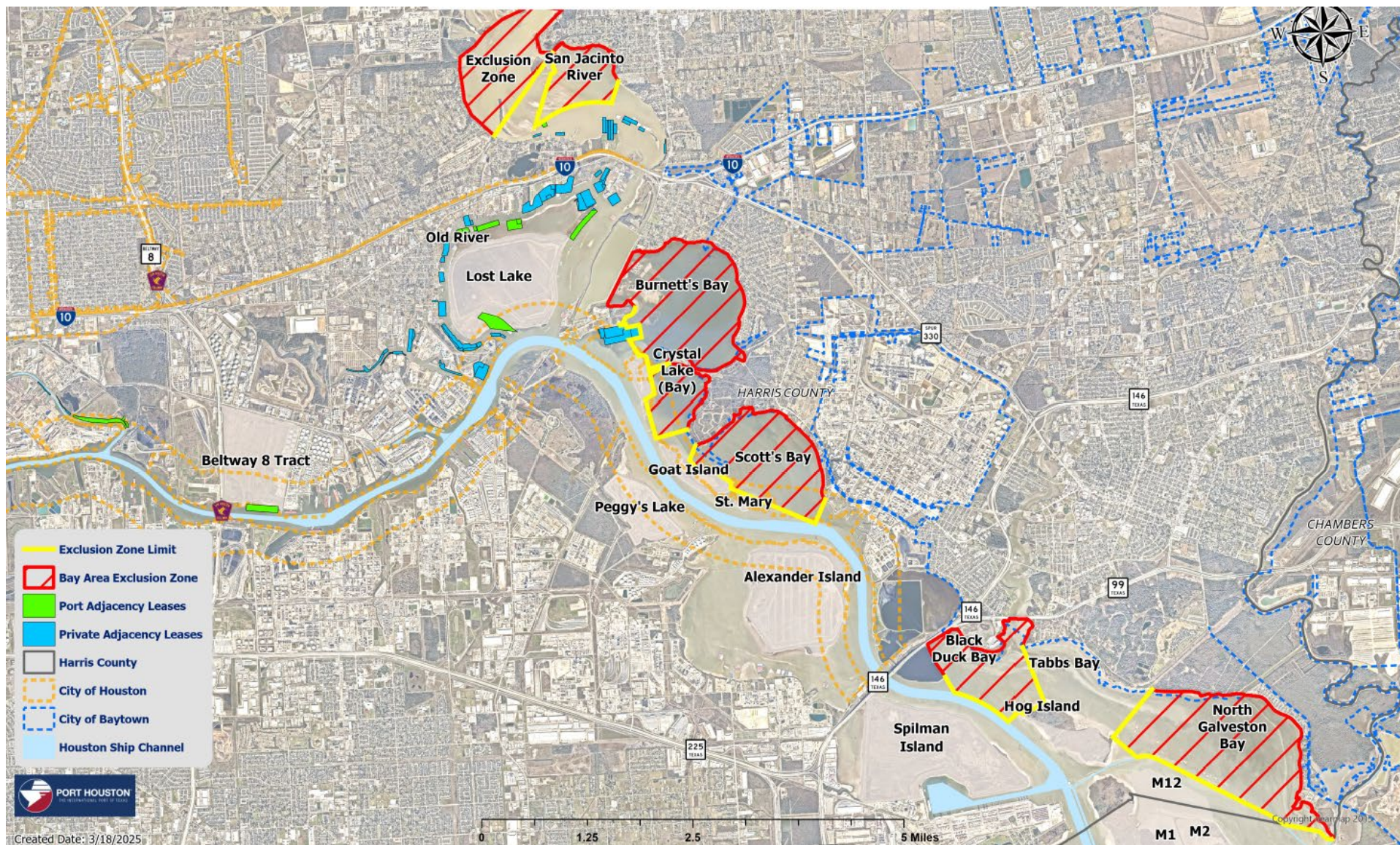
In June 2017, the Port Commission adopted a policy for leasing suitable Port Authority-owned and managed submerged lands in Harris County for barge fleeting and staging. This policy authorized the Port Commission to establish areas where no barge fleeting would be permitted. To provide consistency and transparency, staff now recommends the formal adoption of defined areas where barge fleeting would not be permitted – exclusion zones.

Public meetings have been held with both barge-fleeting operators and residents living near the proposed zones. These exclusion zones are proposed in bay areas adjacent to residential neighborhoods and other uses, such as hotels and parks, between such bay areas and the Houston Ship Channel or intermediate geographic features, within 225 feet of the edge of the Houston Ship Channel, and upstream of the Union Pacific Railroad crossing over the San Jacinto River, north of Interstate 10.

Staff Evaluation/Justification:

This proposed amendment establishes exclusion zones for barge fleeting leasing on Port Authority-owned and managed property.

Following its review of the proposed policy on March 25, 2025, the Governance Committee of the Port Commission voted to recommend that the Port Commission amend the Barge Fleeting Leasing Policy to include exclusion zones as described in Exhibit "A".



Proposed Barge Fleeting Exclusion Zones



F. EXECUTIVE

Subject	2. Enter into a Memorandum of Agreement with the Houston Maritime Museum in the amount of \$100,000.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve a Memorandum of Agreement with the Houston Maritime Museum in the amount of \$100,000, 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:

Executive

Staff Contact:

Charlie Jenkins

Background:

The Houston Maritime Museum, now known as the Houston Maritime Center and Museum (HMC) is a non-profit organization with the mission to navigate Houston's origin and maritime connections to the world through exhibits, education, and experience.

The HMC's plans in 2025 aim towards the grand reopening of a new facility at the East River development, which will be in close proximity to the Port Authority's new administration building currently under construction.

The HMC and Port Authority recognize that this reopening of HMC's operations at a space near the Port Authority's offices would benefit each of the parties, as well as the public at large, with a family- and tourist-friendly attraction, which will also serve as a focal point of maritime industry education, support, and activity.

Staff Evaluation/Justification:

Staff proposes that the Port Authority enter into a Memorandum of Agreement with the HMC. The Memorandum of Agreement would provide for the Port Authority's commitment of \$100,000 towards the HMC's Setting Sail 2025 Capital Campaign.

Staff believes that this funding would help foster the promotion of maritime commerce, maritime education, and economic development, in support of the general welfare of the Port Authority, and moreover, this sponsorship would be emblematic of the Port Authority's leadership of Houston's maritime community.

G. CHANNEL INFRASTRUCTURE

Subject	1. Approve the renewal of expiring Port Authority pipeline licenses for thirty-year terms for the following entities: Buffalo Marine Service Inc, BWC Terminals LLC, Covestro, LLC, Magellan Crude Oil Pipeline Company LP, and Magellan Pipeline Company LP; and approve the renewal of the expiring Port Authority pipeline license for a ten-year term for the following entity: LBC Houston LP.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, authorize the Port Authority to renew expiring Port Authority pipeline licenses for thirty-year terms for the following entities: Buffalo Marine Service Inc, BWC Terminals LLC, Covestro, LLC, Magellan Crude Oil Pipeline Company LP, and Magellan Pipeline Company LP; and approve the renewal of the expiring Port Authority pipeline license for a ten-year term for the following entity: LBC Houston LP; 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/Mollie Powell

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

30-Year Term		
Company	File No.	License Fee*
Buffalo Marine Service Inc	2004-0279	\$1,902
BWC Terminals LLC	2006-0385	\$16,589
BWC Terminals LLC	2012-0386	\$52,909
BWC Terminals LLC	2013-0327	\$138,914
Covestro, LLC	2001-0052	\$105,474
Magellan Crude Oil Pipeline Company LP	2012-0105	\$12,896
Magellan Crude Oil Pipeline Company LP	2014-0012	\$28,635
Magellan Pipeline Company LP	2002-0256	\$331,936
Magellan Pipeline Company LP	2003-0321	\$4,772
Total		\$694,027

*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
LBC Houston LP	2014-0232	\$40,078
Total		\$40,078

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.

G. CHANNEL INFRASTRUCTURE

Subject	2. Amend a pipeline easement for Explorer Pipeline Company for a 28-inch pipeline across the future Greens Bayou Terminal property.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, amend a pipeline easement for Explorer Pipeline Company for a 28-inch pipeline across the future Greens Bayou Terminal property, 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/Chris Gossett

Background:

As part of the Houston Ship Channel Expansion Project (Project 11), several pipelines required relocation. One such relocation involves Explorer Pipeline Company, which holds an easement within the Port Authority's future Greens Bayou Terminal property. The relocation affects the placement of the pipeline within the upland area covered by an existing pipeline corridor, and to accommodate the revised pipeline alignment, an amendment to the upland easement is necessary.

This amended easement across Port Authority property would ensure proper legal access for the new alignment and maintain consistency with Project 11 requirements.

This amended easement across the Port Authority's property for a 28-inch pipeline is to be issued to Explorer under Port Authority File No. 2025-0085.

Staff Evaluation/Justification:

The relocation has been coordinated with the Port Authority's Channel Infrastructure Real Property department. The amended easement is to be issued with substantially the same terms as the original easement.

Staff recommends approval.

H. COMMERCIAL

Subject	1. Amend an easement in favor of CenterPoint Energy Houston Electric, LLC, (successor to Houston Lighting and Power) for electric transmission and distribution lines across the Port Authority's Woodhouse Terminal.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, amend an easement in favor of CenterPoint Energy Houston Electric, LLC, for electric transmission and distribution lines across the Port Authority's Woodhouse 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.

Category:

General

Department:

Real Estate

Staff Contact:

Jared Atabuatsi

Background:

1. CenterPoint Energy Houston Electric, LLC (CenterPoint) currently holds an easement on the west side of the Port Authority's Woodhouse Terminal (Woodhouse), which serves private industry to the west.
2. The lines within said easement are aging, and CenterPoint is currently replacing them.
3. The Port Authority's tenant at Woodhouse, The Andersons, Inc. (The Andersons), has proposed placing a spur rail track within said easement, but Centerpoint declined such a request as it would hinder its access.
4. CenterPoint has agreed to move its lines further east, further into Woodhouse, and to allow The Andersons to place the spur track over the current easement alignment.
5. Therefore, the easement will need to be amended to accommodate the proposed new route.

Staff Evaluation/Justification:

The relocation has been coordinated with the Port Authority's Real Estate, Operations, and Channel Infrastructure departments. The amended easement is to be issued with substantially the same terms as the original easement.

Staff recommend approval.

H. COMMERCIAL

Subject	2. Approve amendments to the lease with Portwall Partners, LTD. at Bayport Container Terminal extending the construction period, effective April 1, 2025 and forbearing the operational phase rent otherwise due, at a cumulative rent increase value of \$697,904, subject to annual base rent escalation of the greater of 2% or the increase in the Consumer Price Index and updating the rail operating provisions.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting approve amendments to the lease with Portwall Partners, LTD. at Bayport Container Terminal extending the construction period, effective April 1, 2025 and forbearing the operational phase rent otherwise due, at a cumulative rent increase value of \$697,904, subject to annual base rent escalation of the greater of 2% or the increase in the Consumer Price Index and updating the rail operating provisions, 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	<p>Strategic Objective MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness</p> <p>Strategic Objective MARITIME ECONOMIC DEVELOPMENT - CHANGE Enhance Enterprise Agility</p>
Category: Leases	
Department: Real Estate	
Staff Contact: Isaac W. Kyle/Jared Atabuatsi	
Background:	<p>By Minute No. 2021-0323-10, the Port Commission approved a fifty-year lease and sublease with Portwall Partners, Ltd., as tenant (Portwall), and Packwell, Inc. (Packwell), as subtenant, respectively, for approximately 55.89 acres located outside of the Bayport Container Terminal, to finance, construct, and operate two industrial warehouses totaling approximately 750,000 square feet, rail trackage, and related improvements for resin receiving and packaging. The lease commenced on April 1, 2021.</p> <p>By Minute No. 2022-0927-13, the Port Commission approved an amendment to the lease to extend the feasibility period and development/construction commencement date.</p> <p>By Minute No. 2024-0722-14, the Port Commission approved a subordination agreement and consent and estoppel with Portwall, Packwell, and the Export-Import Bank of the United States, in connection with financing the construction of tenant improvements under the Portwall Lease.</p> <p>Portwall now has requested that the Port Authority approve an amendment to the construction term due to a delay in permitting, weather, and other construction factors. The new operational base rent payment would commence January 2026.</p>

To compensate the Port Authority for the delayed receipt of operational phase rent, the proposed amendment incorporates a forbearance factor methodology. This methodology evaluates the operational rate loss and applies a future value to the balance, utilizing the current weighted average cost of capital. The adjusted balance is prorated over the term of the lease and added to the base operation's monthly base rent, subject to escalation of the greater of 2% or the increase in the Consumer Price Index.

Finally, staff contemplates updating certain rail-related provisions of the lease to reflect current conditions.

Staff Evaluation/Justification:

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

H. COMMERCIAL

Subject **3. Approve an amendment to the lease with AllTrans Port Services LLC for approximately 2.61 acres out of Block 23A at Industrial Park East to extend the term for three years, at an annual base rent of \$129,888.24, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.**

Meeting May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2025 meeting, approve an amendment to the lease with AllTrans Port Services LLC for approximately 2.61 acres out of Block 23A at Industrial Park East to extend the term for three years, at an annual base rent of \$129,888.24, 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 Objective PARTNERSHIPS - CONNECTION Drive Regional Impact Projects](#)
[MARITIME ECONOMIC DEVELOPMENT Facilitate safe navigation and grow maritime commerce within the Houston Ship Channel complex.](#)
[PARTNERSHIPS Expand regional maritime opportunities and enhance collaboration with stakeholders.](#)

Category:

Leases

Department:

Real Estate

Staff Contact:

Isaac W. Kyle/Diana Sechler

Background:

By Minute No. 2019-0423-16, the Port Commission approved a three-year lease with one three-year mutual option with AllTrans Port Services LLC for approximately 2.61 acres out of Block 23A at Industrial Park East. The property is currently used for the storage and handling of steel and pipe products.

In May 2022, AllTrans Port Services LLC exercised its three-year mutual option to renew effective July 1, 2022.

In July 2022, an amendment to the lease with AllTrans Port Services LLC amended the permitted use restricting the permitted materials to quantities equal to at least the minimum annual guaranty.

AllTrans Port Services LLC has now requested that the Port Authority extend the lease term for an additional three years and intends to continue to use the property for the purpose described above.

Staff Evaluation/Justification:

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

I. FINANCE

Subject **1. Adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions.**

Meeting May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2025 meeting, adopt amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions, and further authorize the 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. 2024-0722-16, the Port Commission adopted amended banking resolutions to designate authorized agents who may act on behalf of the Port Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions.

Staff Evaluation/Justification:

Port Authority staff reviewed the current banking resolutions and now proposes modifying the list of authorized agents by the following:

Add

- Deputy Chief Financial Officer

Remove

- Chief Operating Officer

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

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

AMENDED BANKING RESOLUTIONS
DESIGNATING CERTAIN AUTHORIZED AGENTS
TO ACT ON BEHALF OF THE
PORT OF HOUSTON AUTHORITY
May 20, 2025

WHEREAS, by Minute No. 2024-0722-16, the Port Commission, as governing body of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS (the “Authority”), last adopted amended banking resolutions to designate Authorized Agents who may act on behalf of the Authority in connection with depository accounts and banking and investment agreements, and who may designate names of persons authorized to sign checks and give written or verbal orders or instructions to financial institutions; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that:

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

Chairman, Port Commission
Chief Executive Officer
Executive Director
Chief Financial Officer
Deputy Chief Financial Officer
Controller
Senior Director, Treasury
Director, Treasury
Harris County Treasurer

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

- a) To open, maintain and close general and special accounts, including but not limited to regular checking accounts, savings accounts, safekeeping or custody accounts,

money market accounts, investment brokerage accounts, and escrow accounts, with (i) any bank, trust company or financial institution currently holding such accounts of the Authority, (ii) any bank, broker-dealer, money market mutual fund or investment pool as may be approved by the Port Commission as shown on the Authority's current Investment Policy, or (iii) any future depository as may be designated by the Port Commission;

- b) To cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of the Authority as such Authorized Agents deem necessary or advisable;
- c) From time to time to designate or change the designation of individuals (the "Authorized Signatories") who will be authorized to sign or countersign checks, drafts or other orders, including without limitation wire transfer and other funds transfers for the payment of money issued in the name of the Authority against any funds deposited in any of such accounts, and to revoke any such designation;
- d) To authorize the use of facsimile signatures for the signing or countersigning of checks, drafts or other orders for the payment of money, and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures;
- e) To act on behalf of the Authority and execute agreements relating to cash and treasury management services, foreign exchange, letters of credit, wire transfers and other funds transfers, as well as agreements for investment of the Authority's funds, and to designate names of persons authorized to give written or verbal orders or instructions to depositories of the Authority with respect to purchase, sale and delivery of securities and other transactions relating to cash and treasury management services, credit card and merchant services, foreign exchange, letters of credit, and investments; and
- f) To make such general and special rules and limitations with respect to such accounts and agreements as they may deem necessary or advisable, provided such rules and limitations comply with statutory and regulatory requirements.

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

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

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

ADOPTED by the Port Commission of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, at a meeting duly called and held on the 20th day of May, 2025.

Chairman, Port Commission

ATTEST:

Secretary, Port of Houston Authority

Minute 2025-0520-

I. FINANCE

Subject	2. Adopt a revised Disclosure Policy for the Port Authority.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, adopt a revised Disclosure Policy for the Port of Houston 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 PEOPLE AND ORGANIZATION - CAPITAL Ensure Fiscal Responsibility

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

By Minute Nos. 2009-1215-27, 2011-0823-10, 2015-0623-19, 2018-0517-13, and 2020-0520-15, the Port Commission approved orders authorizing the sale of Port of Houston Authority of Harris County, Texas Unlimited Tax Refunding Bonds.

By Minute Nos. 2021-1026-15 and 2023-0725, the Port Commission approved orders authorizing the sale of Port of Houston Authority of Harris County, Texas \$322.2 million and \$393.6 million first lien revenue bonds, respectively.

The current principal outstanding for all remaining Port of Houston Authority of Harris County, Texas Unlimited Tax Refunding Bonds is \$406.5 million, and \$693.5 million principal is outstanding for its First Lien Revenue Bonds.

In connection with these debt instruments, by Minute No. 2021-0427-19, the Port Commission adopted a Disclosure Policy defining procedures to ensure compliance with Security and Exchange Commission Rule 15c2-12, and governing certain ongoing disclosure requirements and responsibilities of the Port Authority. The Port Commission last adopted an amended Disclosure Policy by Minute No. 2023-0725-26.

Staff tracks, reports, and files disclosure events as provided and delegated by the Disclosure Policy and required by public finance regulations.

Staff Evaluation/Justification:

Revisions to the policy include the following ministerial matters:

- Include the Deputy Chief Financial Officer as a member of the Disclosure Working Group.

Staff recommends that the Port Commission adopt the revised Disclosure Policy.

Port of Houston Authority

Disclosure Policy



Port Commission
Adopted on May 20, 2025

Minute No. 2025-0520-

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DISCLOSURE POLICY

This Disclosure Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective May 20, 2025.

PURPOSE AND INTENT

It is the stated policy and objective of the Authority to (i) ensure that the Authority’s financial disclosures are fair and accurate, and comply with all applicable securities laws, (ii) satisfy in a timely manner all contractual obligations undertaken pursuant to the Authority’s Continuing Disclosure Undertakings (as defined herein), and (iii) promote best practices relating to financial disclosures by the Authority.

The Port Commission has approved this Policy for the purpose of establishing, maintaining, and evidencing compliance with internal procedures, promoting compliance with securities laws, documenting the process for preparing and reviewing Disclosure Documents, and assisting the Authority in complying with its Continuing Disclosure Undertakings.

DEFINITIONS

Capitalized terms used in this Policy shall have the meanings set forth below:

“*ACFR*” means the annual comprehensive financial reports of the Authority.

“*Audited Financial Statements*” means the audited financial statements of the Authority.

“*Auditor*” means the independent outside auditor retained by the Authority to conduct an annual audit of the Authority and prepare a report thereon.

“*Bond Counsel*” means an attorney or law firm retained to provide an opinion regarding the validity of the bonds or other municipal securities described in the Offering Documents.

“*Continuing Disclosure Undertakings*” means the Authority’s contractual obligations relating to its outstanding securities entered into to permit the underwriters of such securities to comply with the Rule.

“*Continuing Disclosure Undertakings Master List*” means a current list of each Continuing Disclosure Undertaking of the Authority, for both ad valorem tax bonds and revenue bonds, identified by name of the issue covered and the CUSIP numbers associated therewith, for which the Authority remains obligated to advance funds to pay or support the municipal securities covered, together with a description of the annual financial information and operating data for such Continuing Disclosure Undertaking (which tables are typically included in the ACFR), the date on or before which the annual financial information and operating data and Audited Financial Statements must be filed, a description of information required in any notice of a failure to file the annual financial information and operating data and Audited Financial Statements, and a description of each event for which notice must be filed and whether the event must be filed in a timely manner or within ten business days of the occurrence of the event.

“Contributors” means those Authority staff members and officials involved in preparing or approving the Disclosure Documents or additional staff members assigned by the DWG Chair or identified to the DWG Chair by a director or manager of a department, or other unit of the Authority, to assist with the review or preparation of one or more sections of a Disclosure Document.

“Disclosure Counsel” means any law firm retained by the Authority to provide advice to the Authority with respect to the Authority’s obligations under federal securities law.

“Disclosure Document” means any of the Authority’s documents and materials prepared, issued, or distributed in connection with the Authority’s disclosure obligations under applicable federal securities laws or that could potentially subject the Authority to liability under applicable federal securities laws, and shall include, but not be limited to, the following: the Offering Documents; the ACFR (or a separate filing of annual financial information and operating data); any filing made by the Authority with EMMA pursuant to Continuing Disclosure Undertakings, including an Event Notice; any voluntary filing made by the Authority that is filed on EMMA; rating agency presentations; and any other document that is reviewed and approved in accordance with this Policy.

“Disclosure Working Group” or “DWG” means the Authority’s (i) Chief Financial Officer, (ii) Chief Legal Officer, (iii) Deputy Chief Financial Officer, (iv) Director, Treasury, (v) Manager, Treasury, (vi) Controller, and (vii) Assistant Controller, or the designee of any of the foregoing.

“Disclosure Working Group Chair” or “DWG Chair” means the Chief Financial Officer (or the person acting in the capacity of the Chief Financial Officer), or a designee authorized by the Chief Financial Officer to act on his or her behalf.

“EMMA” means the Electronic Municipal Market Access system maintained by the MSRB.

“Event Notice” means a notice for any of the events listed in the Rule.

“Financial Advisor” means an individual or firm providing financial advice to the Authority, including a municipal advisor.

“Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term Financial Obligation does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The terms used in the definition of Financial Obligation have the meanings ascribed to them in 83 F.R. 44700 (Aug. 31, 2018).

“Financial Obligations Master List” means a list of the Authority’s existing Financial Obligations. The Financial Obligations Master List should include for each Financial Obligation listed such terms of the Financial Obligation as may be necessary to comply with the information reporting requirements of event (15) under the Rule and monitoring requirements of event (16) under the Rule. The Financial Obligations Master List should be updated on a continuing basis upon incurrence of each new Financial Obligation or modification of an existing Financial Obligation.

“Financing Group” means the members of the DWG, Bond Counsel, Disclosure Counsel, the Financial Advisor, the Underwriter, counsel to the Underwriter, and any other party engaged by the Authority to assist in the offer, placement, and sale of the bonds or municipal securities described in an Offering Document.

“MSRB” means the Municipal Securities Rulemaking Board.

“Offering Documents” means all preliminary and final official statements, offering memoranda and other materials prepared by or for the Authority, together with any amendments or supplements thereto, for use in connection with the offering of notes, bonds, other municipal securities, or other obligations of the Authority subject to the antifraud provisions of federal securities law.

“Periodic Training” means periodic disclosure training for staff and officials of the Authority involved in preparing or approving the Disclosure Documents.

“Port Commission” means the governing body of the Authority.

“Required Date” means the latest date or dates after the end of the Authority’s fiscal year when the Audited Financial Statements and ACFR are required to be filed with the MSRB under the Authority’s Continuing Disclosure Undertakings, as identified by the Continuing Disclosure Undertakings Master List.

“Rule” means Securities and Exchange Commission Rule 15c2-12, adopted pursuant to the Securities Exchange Act of 1934, 17 CFR § 240.15c2-12, as amended from time to time.

“Underwriter” means the broker, dealer, or municipal securities dealer offering or placing the bonds or other municipal securities described in the Offering Documents to or with investors.

DISCLOSURE WORKING GROUP

A. DWG CHAIR RESPONSIBILITIES

The DWG Chair is responsible for oversight of compliance with this Policy. The DWG Chair is the leader of the DWG.

The DWG Chair may designate staff or consult or engage the Financial Advisor, Bond Counsel, Disclosure Counsel, or other professional to assist in the execution of his or her responsibilities under this Policy.

B. DWG RESPONSIBILITIES

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The DWG shall meet (which meeting may be by phone or electronic means) upon the request of the DWG Chair in order to fulfill its obligations under this Policy. The DWG shall also meet (which meeting may be by phone or electronic means) prior to the posting of any Disclosure Document relating to the issuance of bonds. The DWG is encouraged to provide suggestions to

improve this Policy and the Disclosure Documents. The DWG may consult with Bond Counsel, Disclosure Counsel, the Financial Advisor, and the Auditor as necessary in connection with carrying out their obligations under this Policy.

Contributors, staff, and officials must cooperate with the DWG and provide the DWG with any information, assurances or certifications that it deems necessary to ensure that the Disclosure Documents are accurate and complete in all material respects.

DISCLOSURE

A. PRIMARY DISCLOSURE

The following process will be used in connection with reviewing the form and content of Offering Documents and any supplements thereto.

1. DWG CHAIR

- The DWG Chair will coordinate with the members of the DWG to: (i) ensure that all appropriate members of the DWG are included on the distribution lists of the Financing Group, (ii) assign portions of the Offering Documents, including appendices, to members of the DWG or Contributors with responsibility for the financial information or operating data described therein, and (iii) assign relevant portions of the Offering Document to Bond Counsel (such as disclosure describing the bond order or bond resolution) for review.

2. OFFERING DOCUMENT REVIEW PROCESS

- Unless the Authority has contracted with another party to provide such services, the Disclosure Counsel will prepare the initial draft of the Offering Document for review by the DWG and Financing Group and manage the incorporation of comments to the Offering Document received from the DWG, Contributors and the Financing Group.
- The Director, Treasury, with the assistance of the Financial Advisor, if necessary, will be responsible for compiling the financial information and operating data contained in the tables in the Offering Document and assigning such information and operating data to the members of Authority's staff with responsibility for such financial information or operating data for review and comment.
- If the Offering Document will be a "final official statement" as defined in the Rule, the Director, Treasury will be responsible for coordinating a review of the Authority's compliance with its Continuing Disclosure Undertakings for the past five years and reviewing the information regarding the same in the Offering Document. Such review shall include a review of the Continuing Disclosure Master List, the Financial Obligation Master List, and the Authority's filings with EMMA for the preceding five years to determine whether any failures to comply have occurred. The DWG will consider any identified failures to comply and may consult with Bond Counsel and/or Disclosure Counsel, if necessary, regarding whether the disclosure of any such failures is required in the Offering Document and the contents of any such disclosure. To the extent practicable, remedial filings with respect to any such failures to file shall be prepared and filed in accordance with this Policy.

- The Authority's Chief Legal Officer, or his or her designee, will review and, if necessary, consult with Authority staff and other consultants or attorneys regarding disclosures contained in the Offering Document related to litigation, ongoing investigations and other general legal matters affecting the Authority.
- The Chief Financial Officer, or his or her designee, with the assistance of the DWG, will be available to respond to diligence questions during the preparation of the Offering Documents.
- Bond Counsel will review and comment on disclosures related to the bond order or bond resolution authorizing the debt obligations, the description of the continuing disclosure undertaking, and federal income tax considerations contained in the Offering Document.
- The DWG will consult with Contributors and other appropriate Authority officials, the Auditor, the Financial Advisor, Bond Counsel, Disclosure Counsel and other outside consultants, if necessary, regarding the disclosure in the Offering Documents.
- The DWG must approve the final version of an Offering Document prior to the approval or execution of the Offering Document by the DWG Chair or other Authority Official or the posting or distribution of the Offering Document when such approval or execution is not required. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the Offering Document (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.
- Approval of an Offering Document shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the Offering Document. The DWG Chair should retain the written sign-offs received from such members of the DWG in accordance with the Authority's records retention policy. In circumstances in which approval or execution by the Authority or an Authority official other than the DWG Chair is not required, the DWG Chair will authorize the distribution of the Offering Document.
- If requested by the Port Commission or any Authority official signing the Offering Document or approving its use, the DWG Chair will certify that (i) the Offering Document has been prepared in accordance with this Policy and (ii) to the knowledge of the DWG and the DWG Chair, the Offering Document is accurate and complete in all material respects and does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading. This process may occur with respect to: (1) posting or other distribution of (i) a preliminary Offering Document, and the deeming final thereof, (ii) a final Offering Document, and (iii) any supplement or amendment to a preliminary or final Offering Document, and (2) execution of (i) any purchase agreement or (ii) closing document by an Authority official containing a representation, warranty, or certification that the Offering Document is accurate and complete in all material respects and does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading.

B. CONTINUING DISCLOSURE

In connection with the issuance of municipal securities, the Authority has entered into (and in the future may enter into) Continuing Disclosure Undertakings for the benefit of the holders and beneficial owners of the municipal securities of each such issuance, as required by the Underwriters in accordance with the Rule. The Authority is required to comply with these Continuing Disclosure Undertakings for so long as it remains obligated to advance funds to pay or support the municipal securities covered by the respective Continuing Disclosure Undertaking.

Under the Continuing Disclosure Undertakings, the Authority is obligated to provide (1) annual financial information consisting of (i) Audited Financial Statements and (ii) the annual financial information and operating information identified in the Continuing Disclosure Undertakings on or before the dates specified in the Continuing Disclosure Undertakings, and notice of any failure to provide such annual financial information, and (2) in a timely manner, notice of any of the events specified in the Continuing Disclosure Undertaking to the MSRB by means of the EMMA system. The Authority typically provides the identified annual financial information and operating data in tables included in the ACFR rather than a separate annual report.

The Director, Treasury (or individual executing the responsibilities of the Director, Treasury) will maintain the Continuing Disclosure Undertakings Master List of the Authority.

1. Audited Financial Statements

- The Chief Financial Officer, or his or her designee, will work with relevant officials of the Authority to assure that the engagement letter with the Auditor requires completion and delivery by the Auditor of the Authority's annual Audited Financial Statements with sufficient time to permit the presentation to and acceptance by the Authority of the Audited Financial Statements and for the DWG to review and incorporate data and other information provided therein into the annual financial information and operating data prior to the respective Required Date.
- The Chief Financial Officer, or his or her designee, will arrange for the filing of the Audited Financial Statements with EMMA upon availability or together with the annual financial information and operating data, (which is typically incorporated in the ACFR), provided such filing occurs on or before the respective Required Date. The Chief Financial Officer or his or her designee shall be responsible for confirming that such filings have been made.
- If the Audited Financial Statements are not available by the Required Date, the Chief Financial Officer will (i) if required under the Authority's Continuing Disclosure Undertakings, arrange for the review by the DWG and filing of unaudited financial statements with such cautionary statements and disclaimers as may be appropriate on or before the Required Date or as soon as practicable thereafter, and (ii) coordinate – with the assistance of Bond Counsel, Disclosure Counsel, and the Financial Advisor, if necessary – for the drafting of and the filing of an Event Notice, in conformity with the failure to file notice provisions of the Continuing Disclosure Undertakings, stating that the Audited Financial Statements are not yet available and will not be filed by the Required Date. When the Audited Financial Statements become available, the

Chief Financial Officer shall make arrangements for the filing of such Audited Financial Statements on EMMA and confirm that such filing was made.

2. ANNUAL FINANCIAL INFORMATION AND OPERATING DATA – ACFR TABLES

- The Chief Financial Officer will schedule with the DWG the preparation and drafting of the annual financial information and operating data required to be presented on an annual basis in time for the incorporation of such information into the ACFR so that the ACFR may be filed on or before the Required Date.
- The Chief Financial Officer will assign portions of the draft financial information and operating data, as appropriate, to DWG members and Contributors with responsibility for the financial information or operating data described therein.
- The DWG will review, comment on, and revise the initial and any subsequent drafts of the annual financial information and operating data and the ACFR; check, confirm and include or incorporate by reference, as appropriate, information contained in the Audited Financial Statements, and such other reports as required; and consult with appropriate staff and officials, the Auditor, Bond Counsel, Disclosure Counsel, the Financial Advisor and other outside consultants, if necessary, regarding the disclosure in the annual financial information and operating data presented in the ACFR.
- The DWG will confirm that all of the financial information and operating data required under the Authority's Continuing Disclosure Undertakings is included in the ACFR and must approve of the final version of the ACFR (unless the Authority chooses to provide such information in a separate report to be filed on EMMA, in which case the information must be approved and filed in the same manner as if it were included in the ACFR). Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the ACFR (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.
- Prior to releasing the ACFR, the DWG Chair must receive written sign-off (which may be delivered by email) from each member of the DWG with responsibility for the disclosure provided in the ACFR. The DWG Chair should retain the written sign-offs received from such members of the DWG in accordance with the Authority's records retention policy.
- If the annual financial information and operating data required to be filed under the Continuing Disclosure Undertakings is not available by the Required Date (for example, if the ACFR is not ready to be filed by the Required Date and tables with the required annual financial information and operating data are not separately filed), the Chief Financial Officer shall coordinate – with the assistance of Bond Counsel, Disclosure Counsel and the Financial Advisor, if necessary – for the drafting of and the filing of an Event Notice, in conformity with the failure to file notice provisions of the Continuing Disclosure Undertakings, stating that the annual financial information and operating data is not yet available and will not be filed by the

Required Date. When the annual financial information and operating data becomes available, the Chief Financial Officer shall make arrangements for the filing of such Audited Financial Statements on EMMA and confirm that such filing was made.

3. Event Notices

In its Continuing Disclosure Undertakings, the Authority is obligated to file notices of certain events on EMMA in a timely manner (in certain undertakings within ten business days) after the occurrence of the event, as set forth in the Continuing Disclosure Undertakings Master List. While the list of required event notices required under the Authority's Continuing Disclosure Undertakings has varied with changes in the Rule, a copy of the events for which event notices are required under the Authority's most recent Continuing Disclosure Undertakings and reflecting the amendments to the Rule that became effective in 2019 is attached hereto as **Exhibit A**.

A. Event Notices – General

- Each member of the DWG is expected to have an understanding of the events listed in the Continuing Disclosure Undertakings, as described in the Continuing Disclosure Undertakings Master List.
- At all times a DWG member is required to notify the DWG Chair if he or she becomes aware of any event or potential for the occurrence of an event described in the Continuing Disclosure Undertakings Master List that may require the filing of an Event Notice.
- The DWG shall identify Authority departments responsible for information relating to the Authority's Continuing Disclosure Undertakings and Event Notices. The DWG shall require all departments in the Authority to promptly notify the DWG regarding the occurrence of any event or the potential occurrence of an event triggering a requirement to file an Event Notice.
- Upon notification of the occurrence of an event or potential occurrence of an event that may require filing of an Event Notice, the DWG Chair will confer with members of the DWG – and may additionally confer with Authority staff, Bond Counsel, Disclosure Counsel, the Financial Advisor and other outside consultants, if necessary – to determine whether an event has occurred and, if necessary, draft or assign the drafting of the Event Notice in sufficient time to allow the Authority to meet its continuing disclosure obligations described in the Continuing Disclosure Undertakings Master List.
- The DWG Chair will provide the DWG with a draft of the Event Notice and the DWG will review, revise, and comment on initial and revised drafts of the Event Notice. The DWG will consult with Contributors and other appropriate Authority staff and officials, the Auditor, Bond Counsel, the Financial Advisor and/or other outside consultants they deem necessary regarding the Event Notice.
- Before final approval, the DWG must determine that the material facts described in the Event Notice are consistent with those known to the DWG, and that the final version of the Event Notice (1) does not make any untrue statement of a material fact or omit any material fact

necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

- Prior to releasing the Event Notice, the DWG Chair must receive written sign-off (which may be delivered by email) from each member of the DWG with responsibility for the disclosure provided in the Event Notice. The DWG Chair should retain the written sign-offs received from such members of the DWG in accordance with the Authority's records retention policy.
- If the DWG becomes aware of an Event Notice that was not filed, the DWG Chair will follow the process described above to promptly file such Event Notice.

B. Event Notices – Financial Obligations

Beginning February 27, 2019, in connection with any primary offering subject to the Rule, the Authority will be required to include in Continuing Disclosure Undertakings an agreement to file, not in excess of ten business days, an Event Notice for: (15) incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties. The terms used in events (15) and (16) shall have the meanings ascribed to them in 83 F.R. 44700 (Aug. 31, 2018).

- Each member of the DWG is expected to have an understanding of new events (15) and (16) under the Rule.
- The DWG will be responsible for: (i) identifying existing material Financial Obligations; (ii) tracking new material Financial Obligations, including amendments thereto; and (iii) monitoring Financial Obligations for events which may reflect financial difficulties. The DWG may, as it deems appropriate, consult with Bond Counsel, Disclosure Counsel, the Auditor, and other outside consultants in connection with such activities.
- To assist in monitoring compliance with new events (15) and (16), the DWG Chair and the DWG will create the Financial Obligations Master List. The DWG may, as it deems appropriate, consult with Bond Counsel, Disclosure Counsel, the Auditor and other outside consultants in connection with the preparation of the Financial Obligations Master List.
- The Director, Treasury, or his or her designee, will maintain and update the Financial Obligations Master List, and may retain a Financial Advisor or other outside consultants, as may be necessary, to effectively maintain and continuously update such Master List as well as to make all filings required to be made by the Authority under the Continuing Disclosure Undertakings.
- The Director, Treasury, or his or her designee, shall review Authority agenda items in order to identify potential Financial Obligations (or a modification of an existing Financial Obligation) and shall follow-up with the individual responsible for the agenda item to determine if the item rises to the level of disclosure. For purposes of this section, at a minimum, items to be

considered by the DWG as a potential “Financial Obligation” shall include, but are not limited to:

1. A debt obligation;
 2. A derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation;
 3. A guarantee of (1) or (2);
 4. A financing agreement, financing lease or energy savings performance contract where the Authority effectively borrows money at a rate of interest for the purchase of vehicles and equipment and pays back such borrowing over a number of years;
 5. A line of credit, credit agreement or commercial paper program; and
 6. Any other instrument that contains “debt-like” features or terms.
- The DWG shall review all potential Financial Obligations for materiality and recommend to the DWG chair whether filing is required. For purposes of this section, a determination as to the materiality of a potential Financial Obligation involves a determination as to whether a financial obligation or the terms of a financial obligation, if they affect security holders, would be important, to the total mix of information made available to a reasonable investor when making an investment decision.
 - At all times the DWG members are required to notify the DWG Chair if they become aware of the occurrence or potential occurrence of events, amendments or new agreements, or other items that would constitute new events (15) and (16) under the Rule. If a DWG member provides such notice or the DWG Chair otherwise becomes aware of such actual or potential event, the DWG Chair will follow the steps under “Section IV(B)(3)(A) Event Notices – General” of this Policy in determining whether an event has occurred and, if necessary, the drafting and filing of the Event Notice and related record-keeping.

C. VOLUNTARY FILINGS WITH EMMA

- If Authority staff or officials desire to file a voluntary disclosure filing on EMMA, the staff or officials must make a request to the DWG Chair describing the reason for providing a voluntary disclosure. The DWG Chair will coordinate with the DWG – and may additionally consult with Bond Counsel, Disclosure Counsel, and the Financial Advisor, if necessary – to determine whether a voluntary filing is appropriate and, if so, draft or assign the drafting of the voluntary disclosure filing.
- The DWG Chair will provide the DWG with a draft of the voluntary filing and the DWG will review, revise, and comment on initial and revised drafts of the voluntary filing. The DWG will consult with Contributors and other appropriate Authority staff and officials, the Auditor, the Financial Advisor, Bond Counsel, Disclosure Counsel, and other outside consultants, if necessary, regarding the voluntary filing.
- The DWG must approve of the final version of the voluntary filing. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the voluntary filing (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made

therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.

- Approval of a voluntary filing shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the voluntary filing. Upon receipt of sign-off from such members of the DWG, the DWG Chair shall file the voluntary filing with EMMA. The DWG Chair should retain the written sign-offs received from members of the DWG in accordance with the Authority's records retention policy.

D. RATING AGENCY PRESENTATIONS

- In the event officials of the Authority are to make a presentation to a rating agency relating to the rating of outstanding or proposed municipal securities, the DWG Chair will assign portions of the draft rating agency presentation to DWG members and Contributors with responsibility for the financial and other information to be provided therein.
- The DWG will consult with Contributors and other appropriate Authority staff and officials regarding the disclosure in the rating agency presentation. The DWG may also consult with the Auditor, the Financial Advisor, Bond Counsel, Disclosure Counsel, and other outside consultants, if necessary, regarding the disclosure in the rating agency presentation.
- The DWG must approve the final version of any rating agency presentation prior to delivery to a rating agency. Before final approval, the DWG must determine that the material facts described therein are consistent with those known to the DWG, and that the final version of the rating agency presentation (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects.
- Approval of a rating agency presentation shall be evidenced by written sign-off (which may be delivered by e-mail) from each member of the DWG with responsibility for the disclosure provided in the rating agency presentation. Upon receipt of sign-off from such members of the DWG, the DWG Chair shall provide the rating agency presentation to the rating agency. The DWG Chair should retain the written sign-offs received from members of the DWG in accordance with the Authority's records retention policy.

E. INVESTOR PRESENTATIONS

- In the event a presentation is to be made to prospective investors with respect to an offering of municipal securities of the Authority or to investors with respect to outstanding municipal securities of the Authority, the DWG Chair will assign portions of the draft investor presentation to DWG members and Contributors with responsibility for the financial and other information to be provided therein and to Bond Counsel, Disclosure Counsel, Underwriter, and the Financial Advisor, as the DWG deems appropriate.

- The DWG will consult with Contributors and other appropriate Authority staff and officials, the Auditor and other outside consultants, if necessary. The DWG will review, revise, and comment on initial and revised drafts of the investor presentation.
- Before final approval, the DWG must determine (A) that the material facts described therein are consistent with those known to the DWG, and that the final version of the investor presentation (1) does not make any untrue statement of a material fact or omit any material fact necessary to make the statements made therein, in light of the circumstances in which they are made, not misleading, and (2) is accurate and complete in all material respects, and (B), in the case of (1) an investor presentation to potential investors in an offering of municipal securities of the Authority, that the presentation is limited to information provided in the Offering Document and (2) an investor presentation to investors of outstanding municipal securities of the Authority, that the presentation is limited to information about the Authority available on EMMA.
- The DWG must approve the final version of any investor presentation prior to presentation to investors. Approval of an investor presentation shall be evidenced by written sign-off (which may be delivered by e-mail) from each Representative with responsibility for the disclosure provided in the investor presentation. The DWG Chair should retain the written sign-offs received from members of the DWG in the in accordance with the Authority's records retention policy.

F. WEBSITE DISCLOSURES

- If the Authority is posting financial and operating information to the Authority's website, the Chief Financial Officer will assign portions of such information to the members of Authority staff or consultants with responsibility for the Authority's financial information or operating data described therein for review and comment prior to posting such materials unless such materials have previously been reviewed in accordance with this Policy.
- Disclosure Documents should only be posted on areas of the Authority's website designed and approved by DWG for posting of such documents. The areas of the Authority's website where Disclosure Documents may be posted should include appropriate disclaimers and warnings that the information has not and will not be updated. The DWG may also consider the inclusion of viewer acknowledgements or other limiting features to the extent they deem such features useful or necessary. The DWG may consult with Bond Counsel or Disclosure Counsel in connection with any such designations or determinations.
- Routine information and data, including financial, budgetary, and operating data generally made available to the public by the Authority may be posted on a portion of the Authority's website allocated to such information, provided the portion of the website clearly provides a disclaimer, approved by DWG, warning viewers that the information presented has not been prepared for and is not presented for consideration as disclosure to investors, and directs viewers seeking investor disclosure to the Authority's information available on EMMA.

- Posting information to the Authority's website alone is not sufficient to comply with the Authority's Continuing Disclosure Undertakings described herein; such information must also be filed on EMMA.

UPDATING

It is the intention of the Authority to modify or amend this Policy in the future in order to comply with any changes in legal or regulatory requirements to the extent such changes may apply to the Authority and its obligations, or improve the realization of the purpose and intent of this Policy. In addition, the DWG, the DWG Chair, and any official or staff involved in preparing or approving the Disclosure Documents may at any time recommend an amendment to the Policy.

PERIODIC TRAINING

- The Authority will provide Periodic Training for members of the DWG participating in the preparation or approval of any Offering Document or the dissemination of any Disclosure Documents.
- The Periodic Training should generally include an overview of this Policy, the disclosure obligations of the Authority under federal and state securities laws, and the responsibilities and potential liabilities of the staff and officials involved in preparing or approving the Disclosure Documents.
- The DWG Chair will keep a record of those that attend the Periodic Training and maintain such record in accordance with this Policy.

INTERNAL USE ONLY

This Policy is intended for internal use only and are not intended to establish any duties in favor of or rights of any person other than the Authority.

Exhibit A

Example Event Notice Requirements (Reflecting Amendments to the Rule that Became Effective on February 27, 2019)

Event Notices.

(a) The Authority shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of the holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Authority;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

- (13) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of successor or additional trustee or the change of name of a trustee, if material;

- (15) Incurrence of a Financial Obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties.

Note to paragraphs (15) and (16): For purposes of the events identified in paragraphs (15) and (16) of this section and in the definition of Financial Obligation, the Authority intends the words used in such paragraphs to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the “2018 Release”) and any further written guidance provided by the SEC or its staff with respect to the amendments to the Rule effected by the 2018 Release.”

The Authority shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the Authority to provide financial information and operating data (i.e. the annual financial information and operating data and Audited Financial Statements) in accordance with the requirements of the applicable Order or Resolution. All documents provided to the MSRB should be accompanied by identifying information as prescribed by the MSRB.

Additionally, if the Authority changes its fiscal year, it must notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Authority otherwise would be required to provide its annual financial information and operating data and Audited Financial Statements.

I. FINANCE

Subject	3. Adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority's revised Internal Controls for Investments.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, adopt a revised Investment Policy for Port Authority funds, including operating, construction, project, debt service, and debt service reserve funds, and approve the Port Authority's Internal Controls for Investments as set forth in Exhibit "A", 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:

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

By Minute No. 2024-0722-17, the Port Commission last reviewed and approved the Investment Policy, investment strategies, and Internal Controls for Investments.

Staff Evaluation/Justification:

Staff now proposes the following changes:

Investment Policy:

- Add the position of Deputy Chief Financial Officer as an authorized Investment Officer Designee of the Port Authority in Exhibit "A" to the Investment Policy.

Internal Controls for Investment:

- Add the position of Deputy Chief Financial Officer as an authorized Investment Officer Designee of the Port Authority.

Staff recommends that the Port Commission adopt the revised Investment Policy, which includes the investment strategies, and approve the Internal Controls for Investments, as proposed.

Port of Houston Authority

Investment Policy



Adopted May 20, 2025

Minute No. 2025-0520-

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INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective May 20, 2025, pursuant to Chapter 2256 of the Texas Government Code, as amended (the “Public Funds Investment Act” or the “Act”).

ARTICLE I PURPOSE AND SCOPE

Section 1.1. Purpose

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

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

Section 1.2. Scope

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

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

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

ARTICLE II DEFINITIONS

Section 2.1. Definitions

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

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

as amended from time to time.

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

ARTICLE III INVESTMENT OFFICER

Section 3.1. Investment Officer

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

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

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

Section 3.2. Training

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

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

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

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

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

Section 3.4. Solicitation of Offers or Bids

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

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

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

Section 3.5. Certifications from Sellers of Investments

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

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

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

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

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

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

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

Section 3.6. Reporting by the Investment Officer

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

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

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

Section 3.7. Assistance with Investment Procedures

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

Section 3.8. Settlement Basis

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

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

ARTICLE IV INVESTMENT OBJECTIVES

Section 4.1. Provisions Applicable to All Funds

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

Section 4.2. Objectives

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

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

- (i) Preservation and safety of principal;
 - (ii) Suitability of the investment for the financial requirements of the Authority;
 - (iii) Liquidity;
 - (iv) Marketability of the investment, if the need arises to liquidate the investment before maturity;
 - (v) Diversification of the investment portfolio; and
 - (vi) Yield, without compromising the first five objectives.
- B. Safety of principal is the foremost objective of the Authority. Each investment transaction shall seek first to ensure that capital losses are avoided, whether from securities defaults or erosion of market value.
- C. Investment decisions should also favor stability of principal over income.
- D. The Authority's investment portfolio shall be structured so as to be sufficiently liquid to enable the Authority to meet all operating requirements which might be reasonably anticipated. This need for investment liquidity may be tempered to the extent that the Authority is allowed and able to borrow under a short-term basis to meet its operating requirements if needed, taking into consideration the net cost to the Authority.

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

Section 4.3. Authorized Investment Instruments

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

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

principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Act; or

- (iii) secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for deposits of the Authority.

G. Certificates of deposit that meet the requirements of Section 2256.010(b) of the Public Funds Investment Act, namely:

- (i) the funds are invested through: (A) a broker that has its main office or a branch office in this State as selected by the Investment Officer from Exhibit "C", the list of approved financial institutions adopted by the Authority as required by Section 2256.025; or (B) a depository institution that has its main office or a branch office in this State as selected by the Investment Officer;
- (ii) the broker or the depository institution selected by the Investment Officer arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority;
- (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
- (iv) the Investment Officer appoints the depository institution, an entity described by Section 2257.041(d) of the Public Funds Collateral Act, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority secured in any other manner and amount provided by law for deposits of the Authority.

H. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act under a master repurchase agreement which includes appropriate provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations, and governing law.

I. Commercial paper with a stated maturity of 365 days or fewer from the date of issuance as authorized by Section 2256.013 of the Public Funds Investment Act. All commercial paper purchased must be rated not less than "A-1", "P-1", or the equivalent by at least two nationally recognized credit rating agencies or must be rated at least "A-1", "P-1" or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued

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

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

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

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

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

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

Section 4.5. Internal Controls for Investments

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

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

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

Section 4.6. Maturity

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

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

Section 4.7. Diversification

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

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

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

Section 4.8. Risk Tolerance

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

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

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

Section 4.9. Safekeeping and Custody

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

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

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

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

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

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

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

ARTICLE V

INVESTMENT STRATEGIES FOR PARTICULAR FUNDS

Section 5.1. Investment Strategy for the Operating Fund

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

Section 5.2. Investment Strategy for the Debt Service Fund

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

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

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

Section 5.4. Investment Strategy for the Debt Service Reserve Fund

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

ARTICLE VI MISCELLANEOUS

Section 6.1. Superseding Clause

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

Section 6.2. Annual Review

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

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

Section 6.3. Conflicts

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

Section 6.4. Review and Adoption at Open Meeting

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

Adopted on the 20th day of May 2025.

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

ATTEST:

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

EXHIBIT “A”

**Port of Houston Authority
Authority Designees**

Authority Designees employed by the Authority

Chief Financial Officer
Deputy Chief Financial Officer
Director, Treasury
Controller
Treasury Manager

* * *

EXHIBIT “B”

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS

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

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

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

Date: _____, 20____

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

1. I am an individual offering to enter into an investment transaction with the Authority or a “qualified representative” of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments (collectively referred to herein as the “Investments”) that comply with the Public Funds Investment Act and the Authority’s Investment Policy dated May 20, 2025 (the “Investment Policy”).
3. I or a registered investment professional that services the Authority’s account, as applicable, have/has received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. I or the Business Organization, as applicable, shall comply with such Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy, in which case I or the Business Organization, as applicable, shall comply with the amended or newly adopted Investment Policy.

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

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

By: _____

Name: _____

Title: _____

EXHIBIT “C”

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

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

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

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

Money Market Mutual Funds:

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

Investment Pools:

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

Commercial Paper – Direct Issuers:

Toyota Motor Credit Corp.
Exxon Mobil

* * *

1.0 Purpose

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

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

2.0 Scope

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

3.0 Guidelines

3.1.0 Investment Objectives and Categories

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

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

3.2.0 Mitigating Risk

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

3.3.0 Responsibilities

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

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

3.4.0 Executing Investment Transactions

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

shall be maintained in the Authority's files. The Investment Officer may recommend termination of a relationship with a broker-dealer in case of serious violations or sanctions imposed by a regulatory agency or governmental entity.

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

3.5.0 Safekeeping of Securities

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

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

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

3.6.0 Competitive Bidding Process

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

3.7.0 Accounting

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

3.8.0 Reporting

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

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

3.9.0 Collateral

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

4.0 Review and Adoption

4.1.0 Periodic Review

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

4.2.0 Adoption at Open Meeting

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

Adopted on the 20th day of May 2025.

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

ATTEST:

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

Minute No. 2025-0520-

J. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$974,885 for Industrial Park East drainage and yard improvements, to the top-ranked proposer AAA Asphalt Paving, Inc.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$974,885 for Industrial Park East drainage and yard improvements, to the top-ranked proposer AAA Asphalt Paving, 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 Objective MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project involves improving Industrial Park East's drainage systems and yard to ensure better functionality and efficiency. The drainage improvements include regrading, stormwater cleaning, asphalt patching, reinforced concrete piping installation, and rip-rap grading. The yard improvements focus on surface repairs, geotextile installation, clearing and grubbing, and hydro-mulching.

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 vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On April 23, 2025, three CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to AAA Asphalt Paving, Inc., the proposer providing best value for the Industrial Park East drainage and yard improvements, and act as otherwise described above.

J. INFRASTRUCTURE

Subject	2. Award a contract to Orion Construction, LLC for the fabrication and coating of steel pipe for monopile mooring dolphin construction for Wharf 2 at CARE Terminal in an amount not to exceed \$281,893.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a contract to Orion Construction, LLC for the fabrication and coating of steel pipe for monopile mooring dolphin construction for Wharf 2 at CARE Terminal in an amount not to exceed \$281,893, 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The Port Authority currently leases Wharves 1 and 2 of the CARE Terminal to Coastal Cargo of Texas, Inc. The Port Authority seeks to improve the property by expanding and deepening the berth pocket in front of Wharf 2, allowing for two large ships to moor at Wharves 1 and 2 simultaneously. To support this expansion, the construction of a new mooring monopile dolphin will be necessary. This project intends to mitigate the long lead time associated with the fabrication and coating of the steel pile needed for the construction of the new monopile mooring dolphin.

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

Staff Evaluation/Justification:

On April 23, 2025, two CSB responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Orion Construction, LLC, the responsible bidder submitting the lowest and best bid, for the fabrication and coating of steel pipe for monopile construction for Wharf 2 at CARE Terminal, and act as otherwise described above.

J. INFRASTRUCTURE

Subject	3. Award a professional services contract to Halff Associates, Inc. for the design of the Turning Basin Terminal drainage system improvements in an amount not to exceed \$391,152.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a professional services contract to Halff Associates, Inc. for the design of the Turning Basin Terminal drainage system improvements in an amount not to exceed \$391,152, 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project will improve Turning Basin Terminal drainage structure with the goal to facilitate future City of Houston improvements within the Pleasantville Community. The scope of this contract includes the following:

- Project management and coordination with required stakeholders;
- Preparation of preliminary documents needed for National Environmental Policy Act (NEPA) and Maritime Administration (MARAD) approval, including but not limited to the preparation of a MARAD risk registry, NEPA application, 30% design level package, and any other planning and permitting requirements;
- Required environmental coordination and documentation needed for NEPA approvals;
- Topographical survey and subsurface utility engineering as needed;
- Wharf assessment and waterside structural design; and
- Preliminary engineering report and route analysis.

Staff Evaluation/Justification:

Staff has reviewed Halff Associates, Inc.'s proposal and found it to be fair and reasonable and recommends that the Port Commission approve the proposed contract.

J. INFRASTRUCTURE

Subject	4. Amend the professional services contract with Hatch Associates Consultants, Inc., for the design of Stage 2 fiber optic cable relocation at Barbours Cut Terminal, in an amount not to exceed \$94,346.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve an amendment to the professional services contract with Hatch Associates Consultants, Inc., for the design of Stage 2 fiber optic cable relocation at Barbours Cut Terminal, in an amount not to exceed \$94,346, 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

On August 5, 2024, the Port Authority entered into a professional services contract with Hatch Associates Consultants, Inc. for the site investigation and planning to relocate stage 2 fiber optic cable at Barbours Cut Terminal.

This proposed amendment would amend the scope of detailed design engineering services, bid phase services, and construction phase services to relocate existing fiber at the Stage 2 Lane Boss Building to the Transportation Worker Identification Credential (TWIC) Entry Gate Building at Barbours Cut Terminal. This is the second amendment to this contract for a total amendment value of \$104,246.

Staff Evaluation/Justification:

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

J. INFRASTRUCTURE

Subject	5. Approve a change order with Indi Construction Partners, LLC to perform additional work associated with the construction of the maintenance building addition and canopy enclosure at Bayport Container Terminal in an amount not to exceed \$103,937.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve a change order with Indi Construction Partners, LLC to perform additional work associated with the construction of the maintenance building addition and canopy enclosure at Bayport Container Terminal in an amount not to exceed \$103,937, 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2022-0927-40, the Port Commission awarded a contract to Indi Construction Partners, LLC to perform additional work associated with the construction of the maintenance building addition and canopy enclosure at Bayport Container Terminal.

This proposed change order is for:

- Installation of additional mat for reinforcement of rebar;
- Replacement of electrical feeder;
- Updated lighting to new light-emitting diode (LED) style to match maintenance upgrades;
- Replacement of gas line regulator; and
- Breaker changes and additions to a new panel.

This is the fourth change order to this contract, for a total change order value to date of \$307,603.67, which is 8.32% of the total contract value.

Staff Evaluation/Justification:

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

J. INFRASTRUCTURE

Subject	6. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yards 6 and 7 for reconstruction of 87-acres of container yards at Barbours Cut Terminal in an amount not to exceed \$109,897.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yards 6 and 7 for reconstruction of 87-acres of container yards at Barbours Cut Terminal in an amount not to exceed \$109,897, 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2024-0521-27, the Port Commission awarded a contract to McCarthy Building Companies, Inc for \$152,681,864.

This proposed change order addresses:

- Waterline adjustment;
- Roller-compacted concrete to jointed-reinforced concrete pavement change and reinforced concrete piping encasement; and
- Unforeseen reinforced concrete piping plug and abandonment.

This is the fifth change order to this contract, for a total change order value to date of \$601,046.65, which is .3936% of the total contract value.

Staff Evaluation/Justification:

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

K. MAINTENANCE

Subject	1. Award a two-year contract to MARMAC, LLC dba McDonough Marine Service for the rental of a truckable push boat for Turning Basin Terminal in an amount not to exceed \$400,000.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a two-year contract to MARMAC, LLC dba McDonough Marine Service for the rental of a truckable push boat for Turning Basin Terminal in an amount not to exceed \$400,000, 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 Objective MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Mike Gignac

Background:

The Port Authority owned two workboats that were used for repairs to fenders, plumbing, and fire protection systems, as well as project-specific needs, Port Authority-wide. The Vernon Bailey was commissioned in 1982, and the M.V. Capt. W. L. Farnsworth was commissioned in 1974. These assets were decommissioned recently due to maintenance costs and performance needs.

Staff is seeking to rent a truckable push boat to assist in these activities, with an emphasis on reliability, performance, and full compliance with applicable marine safety standards. The short-term rental of a push boat is necessary to support the Port Authority's operational needs by providing a temporary solution while awaiting the procurement of a replacement vessel.

The Port Authority notified sixty-eight vendors regarding its request for competitive sealed proposals (CSP) for the rental of a truckable push boat for Turning Basin Terminal using the Port Authority's Buyspeed E-procurement System and the project was also advertised on the Port Authority's website and in a local newspaper. One vendor downloaded the project materials from Buyspeed.

Staff Evaluation/Justification:

On April 16, 2025, 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. Staff identified MARMAC, LLC dba McDonough Marine Service as a qualified provider of services requested by the Port Authority.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to MARMAC, LLC dba McDonough Marine Service, and act as otherwise described above.

K. MAINTENANCE

Subject	2. Award a two-year contract to Lockridge Packaging, LLC for the purchase of paper products for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$750,000.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a two-year contract to Lockridge Packaging, LLC for the purchase of paper products for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$750,000, 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:

Maintenance

Staff Contact:

Mike Gignac

Background:

By Minute No. 2023-0627-35, the Port Commission awarded a two-year contract to Lockridge Packaging, LLC in the amount not to exceed \$500,000 for the purchase of paper products for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. This contract is set to expire on July 1, 2025, but funds have been depleted.

Paper products include paper towels, bathroom tissue, shop towels, napkins, toilet seat covers, plastic cups, and trash can liners. These products are used at Port Authority locations, including the Executive Office Building, Port Police, and Fire Department facilities, and all marine terminals.

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

Staff Evaluation/Justification:

On April 9, 2025, three CSB responses were received and opened. These responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSB.

Following staff Executive Committee review, staff recommends that the Port Authority award a two-year contract to Lockridge Packaging, LLC, the responsible bidder submitting the lowest and best bid, for the purchase of paper products for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

K. MAINTENANCE

Subject	3. Award a two-year contract to (i) Genuine Parts Company dba NAPA Auto Parts in an amount not to exceed \$300,000 using SourceWell, a cooperative purchase program, and (ii) O'Reilly Auto Enterprises, LLC dba O'Reilly Auto Parts in an amount not to exceed \$300,000, using Omnia Partners, a cooperative purchase program, for the purchase of auto parts for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a two-year contract to (i) Genuine Parts Company dba NAPA Auto Parts in an amount not to exceed \$300,000 using SourceWell, a cooperative purchase program, and (ii) O'Reilly Auto Enterprises, LLC dba O'Reilly Auto Parts in an amount not to exceed \$300,000, using Omnia Partners, a cooperative purchase program, for the purchase of auto parts for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, determine that this procurement method provides 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 MARITIME ECONOMIC DEVELOPMENT - CARGO Maximize Capacity and Regional Competitiveness

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Hugh Moore

Background:

By Minute No. 2024-1022-32, the Port Commission awarded two-year contracts to Advanced Stores Company Incorporated dba Advance Auto Parts in the amount not to exceed \$300,000, and Auto Zone Parts, Inc. in the amount not to exceed \$300,000 for the purchase of auto parts for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

The Port Authority owns 834 vehicles, including 591 light and heavy-duty trucks, 26 cars and vans, 32 forklifts, and 185 machines operating at these terminals. Staff is seeking to obtain suppliers to provide the auto parts needed to service and repair these units for the next two years.

OMNIA Partners, Public Sector (OMNIA) is a cooperative purchasing program that the Port Authority is authorized to use. SourceWell is a local government and service cooperative offering cooperative purchasing program to eligible participating government entities that the Port Authority is authorized to use.

Staff Evaluation/Justification:

The Port Authority reviewed cooperative contracts and recommended one from the OMNIA cooperative and one from SourceWell for a split award. The Procurement Services Department has determined that procuring auto parts through these programs is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Maintenance department has determined that the best value for these items are obtained from these vendors' contracts with OMNIA and SourceWell.

Accordingly, staff recommends that the Port Commission award two-year contracts; one in an amount not to exceed \$300,000 to Genuine Parts Company dba NAPA Auto Parts; and the second in an amount not to exceed \$300,000 to O'Reilly Auto Enterprises, LLC dba O'Reilly Auto Parts for the best value, purchase of auto parts for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, and approve this best value determination.

K. MAINTENANCE

Subject	4. Issue a three-year purchase order to Cintas Corporation for cleaning, rental, and purchase of uniforms for maintenance personnel at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard, a cooperative purchasing program, in an amount not to exceed \$1,200,000.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, issue a three-year purchase order to Cintas Corporation for cleaning, rental, and purchase of uniforms for maintenance personnel at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard, a cooperative purchasing program, in an amount not to exceed \$1,200,000, determine that this procurement method provides 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:

Maintenance

Staff Contact:

Mike Gignac

Background:

By Minute No. 2023-0221-27, the Port Commission issued a three-year purchase order to Cintas Corporation for cleaning, rental, and purchase of uniforms for maintenance personnel at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in the amount not to exceed \$900,000. These funds have been depleted.

The Port Authority provides fire-retardant uniforms to staff electricians and crane technicians to comply with the National Electrical Code (NEC) and National Fire Protection Association (NFPA) standards. As mechanics and tradesmen are exposed to similar workplace hazards, they are also issued comparable protective uniforms.

The uniforms feature high-visibility reflective stripes, eliminating the need for separate safety vests and reducing potential hazards when working near rotating equipment. Additionally, the Port Authority supplies maintenance employees with reflective safety vests, hats, steel-toe shoes, and protective gloves.

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 Procurement Services Department has determined that procuring uniforms through the BuyBoard Cooperative Purchasing Program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The BuyBoard website lists several pre-approved uniform providers. Staff reviewed several vendors and determined that Cintas Corporation is the vendor that best meets the Port Authority's requirements and offers the best price for uniforms. Cintas Corporation's pricing was reviewed and approved by BuyBoard. The increase in contract amount is due to additional headcount, replacement of worn work jackets, and annual price adjustments.

Staff recommends that the Port Commission approve this best value determination and a three-year purchase order to Cintas Corporation for cleaning, rental, and purchase of uniforms for maintenance personnel.

L. OPERATIONS

Subject	1. Approve a four-month extension of the existing Marine Terminal Services Agreement between the Port Authority and Maersk Line A/S.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, approve a four-month extension to the Marine Terminal Services Agreement between the Port Authority and Maersk Line A/S, 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:

Ryan Mariacher

Background:

The Port Authority has previously entered into Marine Terminal Services Agreements (MTSA) with a number of its major container carriers, requiring them to commit for a specified term to handle their cargoes moved through the region at the Port Authority's public container terminals. In connection with such agreements, the Port Authority provides volume incentives for using these facilities.

Maersk Line A/S (Maersk) has been a customer of the Port Authority for many years and is party to an Amended and Restated Marine Terminal Services Agreement dated effective June 11, 2015 with a term of ten years. The parties seek to extend the existing MTSA for an additional term of four months to enable continued negotiations with respect to a potential new MTSA following the expiration of the existing MTSA.

Staff Evaluation/Justification:

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

M. PEOPLE

Subject	1. Award a professional services contract to Durian Consultants LLC for change management advisory services using the United States General Services Administration purchasing program in an amount not to exceed \$281,894.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a professional services contract to Durian Consultants LLC for change management advisory services using the United States General Services Administration purchasing program in an amount not to exceed \$281,894, determine that this procurement method provides 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:

Change Management

Staff Contact:

Carlecia Wright

Background:

The Port Authority is seeking assistance in creating a holistic change management framework to drive employee/stakeholder adoption of critical technologies, systems, and organizational initiatives, in support of the 2025 Strategic Plan. Creation and implementation of a global change management framework would support the success and return on investment for key initiatives, such as the Next Generation (NXGEN) Enterprise Resource Planning (ERP) relocation of staff to the new Port Authority Administration Building, and more. This work would be essential for “enhancing organizational culture through employee experience and change management initiatives” – a strategic target included in the 2025 Incentive Awards Plan – and for building a foundation for success with future organizational initiatives.

Staff Evaluation/Justification:

The Procurement Services Department has determined that procuring professional advisory services 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 Procurement Service department has determined that procuring these services in this manner both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The People Division has determined the best value for the services needed is provided by Durian Consultants LLC under the pricing schedule obtained from that vendor’s contract with GSA.

Staff recommends that the Port Commission authorize this agreement to secure Change Management

advisory services with Durian Consultants, based on the performance of this vendor to date and for the sake of continuity with work in progress under an existing task order, and approve this best value determination.

P. TECHNOLOGY

Subject	1. Award a purchase order to CyberForce Q for purchase of the Next Generation (NXGEN) INFOSEC-selected Information and Operational Technology Cyber Risk Assessment and Penetration testing, using the BuyBoard cooperative purchase program, in an amount not to exceed \$250,000, with an estimated net cost after a 2024 Port Security Grant reimbursement of \$187,500.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025 meeting, award a purchase order to CyberForce Q for purchase of the Next Generation (NXGEN) INFOSEC-selected Information and Operational Technology Cyber Risk Assessment and Penetration testing, using the BuyBoard cooperative purchase program, in an amount not to exceed \$250,000, with an estimated net cost after a 2024 Port Security Grant reimbursement of \$187,500, 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:

James O'Brien/Charles Thompson

Background:

In 2024, the Port Authority received a Port Security Grant from the Department of Homeland Security to support an initiative that would significantly strengthen its cybersecurity posture by conducting the Information Technology (IT) and Operational Technology (OT) cyber risk assessment and penetration testing solutions. The Port Authority's commitment to proactive security measures such as these is intended to enhance maritime operational resilience, and aligns with regulatory expectations.

More particularly, the Port Authority upholds compliance with the U.S. Coast Guard Cybersecurity Rule by conducting structured cyber risk assessments and penetration testing aligned with the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF) 2.0. The cyber risk assessment process includes identifying critical IT and OT assets, evaluating cyber threats, and developing a prioritized roadmap for improvements. Conducted annually, these assessments enhance cybersecurity resilience. Penetration tests validate defenses through reconnaissance, vulnerability exploitation, and remediation planning, reinforcing the Port Authority's cybersecurity posture against evolving threats.

The Port Authority is seeking to contract with CyberForce|Q for the purchase of the Next Generation (NXGEN) INFOSEC-selected IT-OT Cyber Risk Assessment and Penetration Testing. The Local Government Purchasing Cooperative (LGPC) is a Texas nonprofit association that performs cooperative government procurement services. BuyBoard is LGPC's electronic cooperative procurement system administered by the Texas Association of School Boards. The Port Commission authorized the Port Authority to become a member in 2006.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring NXGEN INFOSEC IT-OT cyber risk assessment and penetration testing services through the BuyBoard purchasing program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The IT department has determined that the best availability, price, and contract term for the item needed is provided by CyberForce|Q under the pricing schedule obtained from that vendor's contract with BuyBoard, 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 three-year purchase order to Carahsoft for the purchase of a NXGEN INFOSEC-selected network detection and response platform along with associated software subscriptions and support services, using the United States General Services Administration purchasing program, in an amount not to exceed \$450,000, with an estimated net cost after a Port Security Grant reimbursement of \$337,500.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025, meeting, award a three-year purchase order to Carahsoft for the purchase of a NXGEN INFOSEC-selected network detection and response platform along with associated software subscriptions and support services, using the United States General Services Administration purchasing program, in an amount not to exceed \$450,000, with an estimated net cost after a Port Security Grant reimbursement of \$337,500, 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:

James O'Brien/Charles Thompson

Background:

In 2024, the Port Authority received a Port Security Grant from the Department of Homeland Security to support an initiative that would significantly strengthen its cybersecurity posture by implementing a network detection and response (NDR) solution that monitors, detects, and investigates threats across its Information Technology (IT) infrastructure.

The Port Authority is seeking to obtain the Next Generation (NXGEN) INFOSEC network detection platform along with software subscriptions and support services not to exceed \$450,000, providing three years of coverage. The Port Authority would be investing in this advanced network visibility solution to detect malicious activity in real time, reduce dwell time of potential intrusions, and accelerate incident response capabilities. By continuously analyzing network traffic and providing enriched telemetry to our security systems, the Port Authority seeks to reduce the risk of undetected threats, improve threat hunting accuracy, and protect its critical assets.

By implementing the NXGEN INFOSEC selected network detection and response platform, the IT department can continuously monitor and analyze network traffic for signs of malicious activity, lateral movement, or data exfiltration attempts. Unlike traditional endpoint or perimeter-based defenses, network detection provides deep visibility into east-west traffic, enabling earlier threat detection, improved incident response, and enhanced forensic capabilities. With the network detection and response platform, the Port Authority can better understand network behaviors, proactively respond to threats, and strengthen its overall cybersecurity posture in alignment with zero trust principles.

This investment supports a strategic shift toward a proactive, zero-trust-aligned cybersecurity model, enhancing the Port Authority's overall defensive posture, staying ahead of emerging threats, and enabling the resilience of its operations.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring an NDR platform through the United States General Services Administration (GSA) purchasing program is the method that both satisfies competitive purchase requirements and provides the 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 IT department has determined that the best availability, price, and contract term for the item needed is provided by Carahsoft Technology Corp. under the pricing schedule obtained from that vendor's contract with GSA and is therefore recommending this purchase.

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

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Subject	1. Authorize a professional services contract with Mercer (US) Inc. to provide compensation analysis services to the Port Authority in an amount not to exceed \$300,000.
Meeting	May 20, 2025 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2025, meeting, authorize a professional services contract with Mercer (US) Inc. to provide compensation analysis services to the Port Authority in an amount not to exceed \$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.

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Carlecia Wright

Background:

The Port Authority recognizes the importance of maintaining competitive and equitable compensation practices to attract, retain, and engage a high-performing workforce. The last comprehensive compensation analysis was conducted in 2017, with implementation in 2018. Since that time, the Port Authority has experienced organizational growth, structural changes, and evolving market dynamics that suggests the need for a refreshed evaluation of its compensation framework.

Among other things, staff believes the Port Authority should re-assess executive and senior-level compensation practices, with a specific focus on short-term incentives, to ensure continued alignment with market standards and the Port Authority's strategic goals. Additionally, an enterprise-wide benchmarking effort can assess pay competitiveness for approximately 200 unique job classifications across all employee levels.

Engaging Mercer (US) Inc. is expected to enable the Port Authority to analyze current market data, update its compensation philosophy, evaluate internal equity, and develop a salary structure and implementation strategy that supports future growth and workforce sustainability.

Staff Evaluation/Justification:

Staff recommends entering into a professional services agreement with Mercer (US) Inc. (Mercer) on the basis of its demonstrated competence and qualifications to perform the following services to support the compensation analysis for the Port Authority:

- Developing an updated compensation philosophy
- Conducting competitive benchmarking
- Carrying out market research and preparing an analysis report
- Recommending an updated salary structure design
- Proposing a strategy for revised compensation implementation

Mercer has a history of providing compensation and talent attraction strategy services for a variety of clients across multiple industries, including operating ports.

Mercer has proposed an amount not to exceed \$300,000 for these services, and staff has reviewed the proposal and found it to be fair and reasonable.