# PORT COMMISSION MEETING

**October 27, 2025 – AGENDA**

**Monday, October 27, 2025**
**PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY**

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

## A. CALL TO ORDER

## B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

## C. APPROVAL OF MINUTES

1. Port Commission Public Meeting - September 23, 2025

## D. STAFF REPORTS

1. Summary of selected financial and operational matters

## E. APPEARANCES

1. The Rose - Shannon Lecoq, Chief Development Officer, and Sarah Dorenback, Grants Associate

2. Neighbors in Action – Paula Niz, Associate Director

3. Public Comment

## F. EXECUTIVE

***Staff Report –*** Selected agenda item – Jessica Shaver, Chief Administrative Officer

***Awards, Amendments & Change Orders***

1. Approve the contract for services with the Hilton Americas Hotel to host the 2026 Houston International Maritime Conference, in the fall of 2026 in an amount not to exceed $350,000.

## G. CHANNEL INFRASTRUCTURE

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

### *Awards, Amendments & Change Orders*

1. Approve staff's ranking and award a professional services contract in an amount not to exceed $299,395 for the purchase and installation of hydrographic survey equipment to the top-ranked proposer Norbit US, LTD.

2. Approve staff's ranking and award a professional services contract in an amount not to exceed $300,000 to provide professional services for the development of the Houston Ship Channel Sedimentation Dashboard to the top-ranked proposer Moffatt & Nichol.

3. Approve an agreement with LBC Houston, LP for the reimbursement of the maintenance dredging costs and associated disposal tipping fees incurred by the Port Authority for dredging LBC ship docks 1 through 5 adjacent to Bayport Container Terminal in the estimated amount of $1,398,096.95.

4. Approve an agreement with Enterprise Products Partners L.P. for the dredging costs and placement area fees incurred by the Port Authority for dredging Enterprise docks 7 and 8 at Barbours Cut Terminal in the estimated amount of $500,036.55.

5. Ratify a contract change order with Curtin Maritime Corp to add emergency bed-leveling of Bayport Container Terminal and Barbours Cut Terminal berths in an amount not to exceed $329,700.

6. Authorize an amendment to a Memorandum of Agreement with the U.S. Army Corps of Engineers for the disposal of dredged materials into Alexander placement area in an amount not to exceed $281,050.

### *Permits/Licenses/Pipeline Easements*

7. Approve the renewal of expiring Port Authority pipeline licenses for thirty-year terms for the following entities: ExxonMobil Pipeline Company, Houston Pipe Line Company, LP, Houston Refining, LP, KM Liquids Terminals LLC, and Linde Inc.

8. Authorize a marine construction permit to Targa Downstream LLC to replace an existing bulkhead in Buffalo Bayou.

9. Authorize a marine construction permit to 14000 Industrial Holdings, LLC to install pilings and to remove dredged material from submerged land in Greens Bayou.

10. Authorize a marine construction permit to Manchester Terminal LLC to dredge approximately 126,600 cubic yards adjacent to its property along the Houston Ship Channel and Sims Bayou.

11. Authorize a pipeline license to the City of Houston for a 24-inch corrugated metal pipe outfall and approximately 56 square feet of rip-rap material extending onto the Port Authority's 5.68-acre strip of land north of Gober Street.

12. Approve the renewal and transfer of a pipeline license from Kinder Morgan Tejas Pipeline, L.P. to Kinder Morgan Texas Pipeline, L.P. for three (2-inch, 3-inch, and 6-inch) separate abandoned pipelines under the Northside Mainline railroad right-of-way at Haden Road.

***Leases***

13. Approve a barge fleeting submerged lands lease for a ten-year term with Kirby Inland Marine, LP for approximately 6.16 acres adjacent to Old River, at a total annual base rent of $266,482, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

14. Amend an existing barge fleeting submerged lands lease adjacent to the San Jacinto River with Kirby Inland Marine, LP, to increase the total leased acreage to 20.06 acres for the remainder of its ten-year term, at a new total annual base rent of $972,492, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and amend the related marine construction permit for the expanded barge fleeting use.

15. Amend an existing barge fleeting submerged lands lease to Accutrans Fleeting Services, LLC adjacent to Old River to increase the total acreage to 1.77 acres for the remainder of the ten-year term, at a new total annual base rent of $8,325, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and amend the related marine construction permit for the expanded barge fleeting use and the installation of two steel pilings.

## H. COMMERCIAL

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

***General***

1. Approve hiring Diana Sechler as a casual employee to provide real estate services on an as-needed basis.

***Leases***

2. Approve a 3% lease rate increase for existing month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2026.

3. Approve an amendment to the lease with CMA CGM (America) LLC for approximately 1,500 square feet of office space in the Bayport Container Terminal Administration Building to extend the term for twenty-five months, effective no earlier than December 1, 2025, at an annual base rent of approximately $38,340, subject to an annual base rent escalation of 3% or the increase in the Consumer Price Index.

4. Ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC for approximately 1,418 square feet in the Barbours Cut Terminal Waterside Building, at an annual base rent of $40,407.66.

5. Approve an amendment to the lease with Frontier Logistics, L.P., effective November 1, 2025, for approximately 2.07 of an acre out of Block 10 at Barbours Cut Terminal, to extend the term for five years, at an annual base rent of approximately $66,621.16, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

## I. FINANCE

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

### *General*

1. Adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan).

2. Adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

3. Adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for other post-employment benefits.

## J. INFRASTRUCTURE

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

### *Awards, Amendments & Change Orders*

1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed $4,650,000, for the design of Wharf 8 at Bayport Container Terminal to the top-ranked proposer WSP USA, Inc.

2. Approve staff's selection of two vendors and award professional services contracts to perform construction material testing services for two projects at Port Authority locations to the following proposers: Aviles Engineering Corporation for Container Yard South Phase 2 at Bayport Container Terminal in an amount not exceed $500,000 and Professional Service industries, Inc. for Container Yard 7 North at Barbours Cut Terminal in an amount not to exceed $300,000.

3. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed $302,469 for C1 and East End fiber relocation at Barbours Cut Terminal to the top-ranked proposer C.F. McDonald Electric, Inc. through its division McDonald Municipal & Industrial.

4. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed $20,067,878 for the construction of Container Yard 7 North at Barbours Cut Terminal to the top-ranked proposer David E. Harvey Builders, Inc. dba Harvey-Cleary Builders.

5. Amend the professional services contract with Jacobs Engineering Group, Inc. to perform construction phase services for the construction of Container Yard 7 North at Barbours Cut Terminal in an amount not to exceed $410,085.

6. Amend a professional services contract with GHD, Inc. to further develop its asset management and geographic information system programs in an amount not to exceed $778,300.

7. Amend the construction manager-at-risk (CMAR) contract with Satterfield & Pontikes Construction, Inc. to perform construction of the Maintenance Building Annex at Bayport Container Terminal, for a guaranteed maximum price of $17,961,081.

8. Amend a professional services contract with Aviles Engineering Corporation to perform additional work associated with Container Yard 1 South Phase 1 in an amount not to exceed $63,167, for a total contract amount of $148,137.

9. Approve a change order with Satterfield & Pontikes Construction, Inc. to perform additional work associated with the expansion of exit gate facilities at Bayport Container Terminal in an amount not to exceed $146,653.

## K. MAINTENANCE

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

***Awards, Amendments & Change Orders***

1. Approve staff's ranking of vendors and award a contract in an amount not to exceed $1,700,000 for the purchase of two truckable push boats and one barge for marine maintenance at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposers: staff ranking - first, Texas Marine Shipyard, LLC; and second, John Bludworth Shipyard, LLC.

2. Award a three-year contract to Alamo Transformer Supply Company for repair and oil testing of transformers at Barbours Cut Terminal, Bayport Container Terminal and Turning Basin Terminal in an amount not to exceed $450,000.

3. Award a three-year contract to Southern Tire Mart, LLC for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $3,000,000.

4. Award a two-year contract to Turtle and Hughes, Inc. for the purchase of miscellaneous electrical cables for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $2,000,000.

## L. OPERATIONS

1. No Items.

## M. PEOPLE

***Staff Report*** – Selected agenda items – Carlecia Wright, Chief People Officer

***Awards, Amendments & Change Orders***

1. Authorize the renewal of group insurance coverage for calendar year 2026 with Reliastar Life Insurance Company dba Voya Financial for both short-term disability in an amount not to exceed $313,176, and long-term disability in an amount not to exceed $456,248, (ii) authorize the Port Authority to continue to pay 100% of the cost of the long-term and short- term premiums for eligible active employees, (iii) and authorize contract renewal negotiations with Reliastar Life Insurance Company dba Voya Financial prior to contract expiration.

2. Authorize and staff to carry out planning to begin providing dental and vision insurance to eligible retirees in calendar year 2027 funded by the Port Authority's Other Post- Employment Benefit (OPEB) Plan.

3. Authorize an agreement with the Center for Creative Leadership in an amount not to exceed $173,418 for leadership development and training services.

## N. SECURITY AND EMERGENCY OPERATIONS

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

***Awards, Amendments & Change Orders***

1. Approve staff's ranking of vendors and award a two-year environmental services contract in an amount not to exceed $200,000 for scrap tire removal and disposal services for Port Authority facilities to the top-ranked proposer GFL Environmental.

2. Authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2025-2026) in an amount not to exceed $61,675.

## O. STRATEGY

***Staff Report*** – Selected agenda items – Candice Armenoff, Chief Strategy Officer

***Awards, Amendments & Change Orders***

1. Approve staff's ranking of vendors and award a contract in an amount not to exceed $240,139.04 to conduct a port equipment transition and cost assessment to the top-ranked proposer Arcadis U.S., Inc., with zero net cost to the Port Authority, after U.S. Environmental Protection Agency's Clean Ports Program grant reimbursement.

## P. TECHNOLOGY

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

***Awards, Amendments & Change Orders***

1. Issue a purchase order to SHI Government Solutions, Inc. for purchase of networking equipment to support the Bayport Container Terminal Annex and operations requirements, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $115,000.

2. Issue a purchase order to Xennex, LLC for the purchase of support and maintenance of the Port Authority's NetApp data storage environment and hard drive storage, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $900,000.

3. Issue a purchase order to Carahsoft Technology Corp. for the purchase of SolarWinds device monitoring software for the Port Authority network for an additional three-years renewal, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $270,000.

4. Approve a change order with Xennex, LLC for continued services to assist with the 2025 comprehensive network infrastructure refresh, in an amount not to exceed $60,000.

5. Amend the contract with One Diversified, LLC for the purchase of audio, video, installation, and maintenance services to newly install or retrofit Port Authority conference rooms with consistent and standardized technology, using the United States General Services Administration, OMNIA Partners, and HGACBuy cooperative purchasing programs.

**Q. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION**

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultation regarding claims of The Nature Conservancy

2. Real Estate (Section 551.072, Texas Open Meetings Act)

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

4. Employment and Evaluation of Public Employees (Section 551.074, Texas Open Meetings Act), including deliberations regarding employment of the former Executive Director of the Port Authority and the employment agreement with the Chief Executive Officer

5. 

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

7. Adjourn Executive Session

**R. RECONVENE OPEN MEETING**

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

**S. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS**

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

**T. ADJOURN MEETING**

1. Next Meeting Requested - November 11, 2025, Budget Workshop

## Agenda Item Section - F1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve a contract for services with the Hilton Americas Hotel to host the 2026 Houston International Maritime Conference, in the fall of 2026 in an amount not to exceed $350,000, 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:**
Corporate Communications & Branding

**Staff Contact:**
Christine Abbruscato

**Background:**
The Houston International Maritime Conference is a Port Authority event promoting maritime trade and commerce in the region, the energy industry, import and export container trade, breakbulk cargo, Foreign Trade Zone (FTZ) 84, regional, infrastructure, warehousing/distribution matters, and the Houston Ship Channel. The event supports partnerships with customers, trade partners, elected officials, labor, and maritime education stake holders to advocate for the maritime industry. The fall of 2026 event would mark the fifth consecutive year for this conference.

**Staff Evaluation/Justification:**
Staff recommends the Port Commission approve a contract for services with the Hilton Americas Hotel to host the Houston International Maritime Conference in 2026.

## Agenda Item Section - G1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking and award a professional services contract in an amount not to exceed $299,395 for the purchase and installation of hydrographic survey equipment to the top-ranked proposer Norbit US, LTD, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Mick Prouse/Leiá Wilson

**Background:**
Accurate, consistent, and reliable surveys of the Port Authority's terminal berths and adjacent shipping channels are critical for the safe passage of oceangoing vessels that contribute to the $339 billion Texas economic impact and $906 billion economic impact across the United States of the greater Port of Houston.

The Port Authority's current hydrographic survey equipment, acquired in March 2020, has reached its technological end-of-life and ability to collect data to industry standards. In addition, the current system requires that quarterly surveys be outsourced. These services, on average for 2024-2025 have cost approximately $130,000 per quarter. Given the existing need to modernize the survey equipment and these costs, Port Authority staff seek the opportunity to purchase an advanced sensor capable of better mapping underwater infrastructure and identifying navigable fluid mud data signatures.

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

**Staff Evaluation/Justification:**
On September 17, 2025, three RFP 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 Norbit US, LTD, providing the best value for the purchase and installation of hydrographic survey equipment, and act as otherwise described above.

## Agenda Item Section - G2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking and award a professional services contract in an amount not to exceed $300,000 to provide professional services for the development of the Houston Ship Channel Sedimentation Dashboard to the top-ranked proposer Moffatt & Nichol, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Jose Tapia/Seth Danso

**Background:**
The Port Authority is the non-Federal sponsor of the Houston Ship Channel (HSC), a vital waterway that connects over 200 public and private facilities to the gulf.

Channel limitations and draft restrictions significantly affect the Port Authority's and other terminals' ability to serve customers. However, through a partnership with the USACE-SWG, the Port Authority helps minimize HSC draft restrictions through joint planning and advocating for an Operations and Maintenance (O&M) budget to allow continuous trade between owners and operators along the HSC.

HSC and Port Authority berth shoaling prediction is currently monitored through quarterly surveys and historical dredging patterns; however, weather, tides, and even ship-wake-induced sedimentation are hard to predict and highly variable. To date, predicting when and where sediment would accumulate has proven difficult with the currently available limited tools. Notable areas of concern along the HSC are the Bayport Ship Channel Flare (located at the intersection of the Bayport Ship Channel and the HSC) and the Barbours Cut Channel Flare (located at the intersection of the Barbours Cut Channel and the HSC). These locations are known to experience significant sedimentation, reducing safety, and risking significant financial impacts to the HSC system by reducing allowable ship drafts.

To address this, the Port Authority plans to develop an advanced Geographic Information Systems (GIS)-based tool to monitor shoaling and influence maintenance dredging schedules by integrating a wide range of historical data to include sedimentation models, hydrographic surveys, geotechnical data, dredging records, and metocean data. This predictive tool would facilitate long term planning and support advocating efforts to provide appropriate funding to the USACE-SWG for dredging of the federal channel, thus reducing channel limitations and draft restrictions.

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

**Staff Evaluation/Justification:**
On August 6, 2025, seventeen RFQ responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Based on its rank and evaluation process, the staff has determined that Moffatt & Nichol would provide the best value for these services. This GIS tool would be developed in five phases, for a total amount of $650,000, and optional add-ons for $135,800. Staff plans to execute phases one through three this year for an amount not to exceed $300,000.

Following staff Executive Committee review, staff recommends that the Port Commission award a professional services contract to Moffatt & Nichol, the proposer providing the best value to develop the HSC Sedimentation Dashboard, and act as otherwise described above.

## Agenda Item Section - G3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve an agreement with LBC Houston, LP for the reimbursement of the maintenance dredging costs and associated disposal tipping fees incurred by the Port Authority for dredging LBC ship docks 1 through 5 adjacent to Bayport Container Terminal in the estimated amount of $1,398,096.95, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Leiá Wilson/Jose Tapia

**Background:**
By Minute Nos. 2025-0923-08 and 2025-0722-07, the Port Commission authorized maintenance dredging and placement area contracts for Bayport Container Terminal berths, ship docks, Barbours Cut Terminal berths, and MV Sam Houston tour boat berths.

An option to that contract provided for maintenance dredging of LBC ship docks 1 through 5 at Bayport Container Terminal as part of the 2025 maintenance dredging of Bayport Container Terminal docks.

This proposed agreement, if authorized, would exercise this contract option, provide cost savings to both LBC and the Port Authority, and reimburse the Port Authority for the dredging and placement of dredged materials from LBC ship docks 1 through 5 in an estimated amount of $1,398,096.95.

**Staff Evaluation/Justification:**
Staff recommends and supports the Port Commission authorization to approve an agreement with LBC for the reimbursement of maintenance dredging costs and associated disposal tipping fees.

## Agenda Item Section - G4

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize Port Authority to approve an agreement with Enterprise Products Partners L.P. for the dredging costs and placement area fees incurred by the Port Authority for dredging Enterprise docks 7 and 8 at Barbours Cut Terminal in the estimated amount of $500,036.55, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Leiá Wilson/Jose Tapia

**Background:**
By Minute Nos. 2025-0923-08 and 2025-0722-07, the Port Commission authorized maintenance dredging and placement area contracts for Bayport Container Terminal berths, Barbours Cut Terminal berths, and MV Sam Houston tour boat berths.

An option that the contract provided for maintenance dredging of Enterprise docks 7 and 8 at Barbours Cut Terminal as part of the 2025 maintenance dredging of Barbours Cut Terminal docks.

This proposed agreement, if authorized, would exercise this option, provide cost savings to both Enterprise and the Port Authority, and reimburse the Port Authority for the dredging and placement of dredged materials from Enterprise docks 7 and 8 in an estimated amount of $500,036.55.

**Staff Evaluation/Justification:**
Staff recommends and supports the Port Commission authorization to approve an agreement with Enterprise for the reimbursement of maintenance dredging costs and associated disposal tipping fees.

## Agenda Item Section - G5

**Recommended Action:**
The Port Commission, at its October 27, 205 meeting, ratify a contract change order with Curtin Maritime Corp. to add emergency bed-leveling of Bayport Container Terminal and Barbours Cut Terminal berths in an amount not to exceed $329,700, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Leiá Wilson/Jose Tapia

**Background:**
The U.S. Army Corps of Engineers (USACE) awarded a contract to perform hopper maintenance dredging in August 2024 for the Bayport Channel, flare, and Houston Ship Channel between Bayport Container Terminal (Bayport) and Barbours Cut Terminal (Barbours Cut) channels to Weeks Marine Inc. (Weeks). However, Weeks was not able to begin this work until June 2025.

As a result, the Port Authority-led regular maintenance dredging work for Bayport and Barbours Cut Container Terminal berths was delayed. When hoppers maintenance dredge in an area, lighter materials and water overflow and migrate to other parts of the channel, outside the channel, and adjoining berths. As a result of this "fluid mud" or fluff and naturally-occurring shoaling due to the forced delay of the Port Authority-led maintenance dredging, the berths at both container terminals have significant draft impacts.

The Port Commission, by Minute No. 2025-0923-08, approved a maintenance dredging contract with to Curtin Maritime Corp. (Curtin) that was initially scheduled to commence mid-October. However, with the finalization of construction of Curtin's new tier 4 dredge, the commencement date has been delayed. In addition, the Houston Pilots implemented draft restrictions as of October 1, 2025 for all berths at Bayport and all at Barbours Cut with the exception of berths C5 and C6. As a result of these circumstances, staff forecasts a minimum of a 38-day and 54-day draft restricted period for Bayport Terminal and Barbours Cut Terminal, respectively, and determined there were emergency circumstances under Texas Water Code 60.4035.

Bed-leveling, also referred to as "dragging," can level high spots into deeper areas within the berth. Staff accordingly recommends bed-leveling work, which it anticipates would allow the draft restrictions to be rescinded and ameliorate these material impacts to the Port Authority and its customers.

Staff additionally determined that under the circumstances the contractor could perform bed-leveling (i) at an economical cost and (ii) in most efficient manner to minimize lost revenue due to current draft restrictions imposed at the terminals.

**Staff Evaluation/Justification:**
Therefore, Port Authority legal staff determined that Texas Water Code Section 60.4035 applied to these circumstances, and staff moved forward with an emergency change order to Curtin modifying the contract scope to include bed-leveling of Bayport Container Terminal and Barbours Cut Terminal berths.

Staff now recommends ratifying this emergency change order in the not to exceed amount of $329,700.

## Agenda Item Section - G6

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize an amendment to a Memorandum of Agreement with the U.S. Army Corps of Engineers for the disposal of dredged materials into Alexander placement area in an amount not to exceed $281,050, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Channel Infrastructure Operations

**Staff Contact:**
Lori Brownell/Leiá Wilson/Jose Tapia

**Background:**
By Minute No. 2025-0722-06, the Port Commission authorized the placement of maintenance dredged materials to several dredged materials placement area (DMPA) locations in the not-to-exceed amount of $2,527,113. The placement of material dredged from Bayport Container Terminal and placed into DMPA Mid Bay was included in the amount of $881,650.

To improve the maintenance dredge schedule and eliminate additional equipment mobilization cost for different placement areas, the original Memorandum of Agreement (MOA) would be amended to utilize one DMPA location – Alexander. The tipping fee for placement into Alexander is $3.02 per cubic yard placed, in comparison to the $2.29 per cubic yard placement into the formerly requested DMPA Mid Bay. The amended additional cost for the new location would be a not-to-exceed amount of $281,050.

Although this is an increased cost, it is less than the estimated additional equipment mobilization cost of $574,000 to utilize multiple DMPA locations, based on the proximity of the dredging location. It also shortens the dredging schedule by minimizing the number of mobilizations.

**Staff Evaluation/Justification:**
Staff has evaluated the current dredge schedule, impact, and associated cost and determined that utilizing one DMPA location is the most efficient means of dredged materials placement.

Staff recommends and supports the Port Commission authorization of the amended MOA with the USACE.

## Agenda Item Section - G7

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize the Port Authority to renew expiring Port Authority pipeline licenses for thirty-year terms for the following entities: ExxonMobil Pipeline Company, Houston Pipe Line Company, LP, Houston Refining, LP, KM Liquids Terminals LLC, and Linde 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.

**Category:**
Permits/Licenses/Pipeline Easements

**Department:**
Channel Infrastructure Real Property

**Staff Contact:**
Garry McMahan/Chris Gossett

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

**30-Year Term**

| Company | File No. | License Fee* |
|---|---|---|
| ExxonMobil Pipeline Company | 1985-0133 | $4,772 |
| Houston Pipe Line Company, LP | 2005-0540 | $4,772 |
| Houston Refining, LP | 2002-0308 | $93,160 |
| KM Liquids Terminals LLC | 1996-0026 | $3,932 |
| Linde Inc. | 2005-0356 | $65,729 |
| **Total** | | **$172,365** |

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

**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.

## Agenda Item Section - G8

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize the Port Authority to issue a marine construction permit to Targa Downstream LLC to replace an existing bulkhead in Buffalo Bayou, 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:**
Targa Downstream LLC, Port Authority File No. 2025-0370, has applied for a marine construction permit to replace an existing bulkhead, located adjacent to Buffalo Bayou, adjacent to the William P Harris and Robert Wilson Survey, A-31. Staff have been informed that the existing structure is inadequate due to age and condition. The existing wooden timber bulkhead between docks 1 and 2 would be replaced with a metal sheet pile/combi-wall bulkhead.

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

Staff recommends approval.

## Agenda Item Section - G9

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize the Port Authority to issue a marine construction permit to 14000 Industrial Holdings, LLC to install pilings and to remove dredged material from submerged land in Greens Bayou, 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:**
14000 Industrial Holdings, LLC, Port Authority File No. 2025-0372, has applied for a marine construction permit to install eleven pilings and to remove approximately 59,000 cubic yards of dredged material from submerged land located in Greens Bayou, adjacent to the William P Harris and Robert Wilson Survey, A-31. The dredged material would be stored on the adjacent upland property or taken to the Adloy Placement Area.

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

Staff recommends approval.

## Agenda Item Section - G10

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize the Port Authority to issue a marine construction permit to Manchester Terminal LLC to dredge approximately 126,600 cubic yards adjacent to its property along the Houston Ship Channel and Sims Bayou, 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:**
Manchester Terminal LLC, Port Authority File No. 2025-0377, has applied for a marine construction permit to dredge approximately 126,600 cubic yards adjacent to its property along the Houston Ship Channel and Sims Bayou.

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

Staff recommends approval.

## Agenda Item Section - G11

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize a pipeline license to the City of Houston for a 24-inch corrugated metal pipe outfall and approximately 56 square feet of rip-rap material extending onto the Port Authority's 5.68-acre strip of land north of Gober Street, 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 City of Houston, Port Authority File No. 2025-0372, has applied for a pipeline license for a 24-inch corrugated metal pipe outfall and approximately 56 square feet of rip-rap material extending onto the Port Authority's 5.68-acre strip of land north of Gober Street, in the MA Callihan and A Vince Survey, A-9. The existing outfall structure has collapsed, and this license would authorize the replacement and repair of the new outfall structure.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority's Channel Infrastructure Real Property department. The license is subject to the Port Authority's usual terms and conditions for a thirty-year license and at a fee of $4,304 for the first ten years of the term. The $1,000 application fee and the $10,000 as-built deposit have been paid.

Staff recommends approval.

## Agenda Item Section - G12

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve the transfer and renewal of a pipeline license from Kinder Morgan Tejas Pipeline, L.P. to Kinder Morgan Texas Pipeline, L.P. for three (2-inch, 3-inch, and 6-inch) separate abandoned pipelines under the Northside Mainline railroad right-of-way at Haden Road, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Permits/Licenses/Pipeline Easements

**Department:**
Channel Infrastructure Real Property

**Staff Contact:**
Garry McMahan/Chris Gossett

**Background:**
Kinder Morgan Texas Pipeline, L.P., Port Authority File No. 2005-0414 has applied to renew and transfer a pipeline license from Kinder Morgan Tejas Pipeline, L.P. to Kinder Morgan Texas Pipeline, L.P. for three (2-inch, 3-inch, and 6-inch) separate abandoned pipelines under the Northside Mainline railroad right-of-way at Haden Road, in the Richard and Robert Vince Survey, A-76.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority's Channel Infrastructure Real Property Department and Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions for a thirty-year license and at an initial fee of $19,820 for the first ten-year term. The $1,000 application fee has been paid.

Staff recommends approval.

## Agenda Item Section - G13

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve a barge fleeting submerged lands lease for a ten-year term with Kirby Inland Marine, LP for approximately 6.16 acres adjacent to Old River, at a total annual base rent of $266,482, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Channel Infrastructure Real Property

**Staff Contact:**
Garry McMahan/Mollie Powell

**Background:**
Kirby Inland Marine, LP (Kirby), Port Authority File No. 2025-0371, has requested a barge fleeting submerged lands lease for approximately 6.16 acres adjacent to Old River for an initial monthly base rent of $266,482 for a ten-year term, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

By Minute No. 2025-0429-16 and Port Authority File No. 2025-0083, the Port Commission authorized Kirby a marine construction permit for Kirby's barge fleeting activity in the same location.

**Staff Evaluation/Justification:**
Staff recommends that the Port Commission approve the barge fleeting submerged lands lease with Kirby under the terms described above. The $1,000 application fee has been paid.

## Agenda Item Section - G14

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve amendment of an existing barge fleeting submerged lands lease adjacent to the San Jacinto River with Kirby Inland Marine, LP, to increase the total leased acreage to 20.06 acres for its remainder of the ten-year term, at a new total annual base rent of $972,492, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and amend the related marine construction permit for the expanded barge fleeting use, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Channel Infrastructure Real Property

**Staff Contact:**
Garry McMahan/Mollie Powell

**Background:**
Kirby Inland Marine, LP (Kirby), Port Authority File No. 2023-0243, has requested an amendment to its existing barge fleeting submerged lands lease adjacent to the San Jacinto River to increase the leased area to a total of 20.06 acres for the remainder of its ten-year term expiring December 31, 2028. The expansion would add an additional 4.11 acres of fleeting area and would increase the annual base rent to $972,492, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.

Kirby, Port Authority File No. 2023-0246, has also requested an amendment to the related marine construction permit for barge fleeting activities to increase the permitted area by 4.11 acres, to a total of 45.97 acres. This permit also authorizes other submerged land leased area improvements.

**Staff Evaluation/Justification:**
Staff recommends the Port Commission approve the amendments to the lease and marine construction permit with Kirby Inland Marine, LP under the terms described above. The $1,000 application fee has been paid.

## Agenda Item Section - G15

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve amendment of an existing barge fleeting submerged lands lease to Accutrans Fleeting Services, LLC adjacent to Old River to increase the total acreage to 1.77 acres for the remainder of the ten-year term, at a new total annual base rent of $8,325, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and amend the related marine construction permit for the expanded barge fleeting use and the installation of two steel pilings, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Channel Infrastructure Real Property

**Staff Contact:**
Garry McMahan/Mollie Powell

**Background:**
Accutrans Fleeting Services, LLC (Accutrans), Port Authority File No. 2020-0265, has requested an amendment to its existing barge fleeting submerged lands lease adjacent to Old River to increase the leased area to a total of 1.77 acres for the remainder of the ten-year term, expiring September 30, 2030. The expansion would provide an additional 0.74-acre fleeting area and would increase the annual base rent to $8,325, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.

Accutrans, Port Authority File No. 2020-0106, has also requested an amendment to the related marine construction permit for barge fleeting activities to increase the total permitted area by 0.74 acres, for a total of 11.46 acres (this permit also authorizes these multiple submerged land leased area improvements) and the installation of two steel pilings.

**Staff Evaluation/Justification:**
Staff recommends the Port Commission approve the amendments to the lease and marine construction permit with Accutrans under the terms described above. The $1,000 application fee and the $10,000 as-built deposit have been paid.

## Agenda Item Section – H1

**Recommended Action**
The Port Commission, at its October 27, 2025 meeting, approve hiring Diana Sechler as a casual employee to provide real estate services on an as-needed basis, 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:**
John Moseley/Jarka Vochyan

**Background:**
Diana Sechler, former Real Estate Asset Manager, retired on August 28, 2025, after providing fifteen years of service to the Port Authority. Based on her knowledge of the JD Edwards financial system, the lease administration process, and lease abstract data elements, the staff believes she can be critical in helping the Port Authority achieve successful results in the real estate lease data migration and testing process during the new Tririga/Workday Enterprise Resource Planning (ERP) implementation.

Ms. Sechler has expressed a willingness to work as a casual employee for up to twenty-four hours per week to assist with data extrapolation, data entry, migration, and testing during the ERP implementation cycle.

The Port Authority's Code of Ethics prohibits the Port Authority from entering into certain contracts with former employees who worked for the Port Authority in the preceding twelve months without the specific approval of the Port Commission.

**Staff Evaluation/Justification:**
Staff recommends that the Port Commission approve hiring Diana Sechler as a casual employee to provide real estate services on an as-needed basis.

## Agenda Item Section – H2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve a 3% lease rate increase for existing month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2026, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Real Estate

**Staff Contact:**
John A. Moseley/Jarka Vochyan

**Background:**
The lease rates for the Port Authority's month-to-month leases are based on rates adopted by the Port Commission from time-to-time. There are currently sixteen month-to-month leases in effect.

On August 19, 2019, Integra Realty Resources last prepared an appraisal for the Turning Basin and Industrial Park East properties, and based on the valuations provided in the appraisal, the following lease rate changes were implimented:

Effective January 1, 2020, the Port Commission approved a 3% lease rate increase along with an additional one time 10% premium increase for thirty-five month-to-month leases and new month-to-month leases based on the Integra Realty Resources valuations.

Effective January 1, 2023, the Port Commission approved a 3% lease rate increase for twenty-four ratified month-to-month leases.

Effective January 1, 2024, the Port Commission approved a 3.5% lease rate increase for twenty-four ratified month-to-month leases.

Effective January 1, 2025, the Port Commission approved a 3% lease rate increase for twenty-four ratified month-to-month leases.

Port Authority staff now seeks approval to increase lease rates on month-to-month leases by 3%. New month-to-month leases would be subject to the proposed 3% increase and the lease rate structure based on property attributes, which include the following lease rate categories: undeveloped surface rate, unimproved surface rate, semi-stabilized surface rate, stabilized surface rate, asphalt surface rate, and concrete surface rate.

**Staff Evaluation/Justification:**
The Real Estate staff reviewed the average consumer price index percentage for the last twelve months and recommends the Port Commission approve the lease rate increase of 3% for the existing eleven month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2026.

## Agenda Item Section – H3

**Recommended Action**
The Port Commission, at its October 27, 2025 meeting, approve an amendment to the lease with CMA CGM (America) LLC for approximately 1,500 square feet of office space in the Bayport Container Terminal Administration Building to extend the term for twenty-five months, effective no earlier than December 1, 2025, at an annual base rent of approximately $38,340, subject to annual base rent escalation of 3% or the increase in the Consumer Price Index, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Real Estate

**Staff Contact:**
John Moseley/Radhika Ganatra

**Background:**
By Minute No. 2017-1023-15, the Port Commission approved a five-year lease with CMA CGM (America) LLC (CMA CGM) for approximately 1,500 square feet of office space in the Bayport Container Terminal Administration Building.

By Minute No. 2022-1027-12, the Port Commission approved an amendment to such lease to extend the term for three years. The property is currently used for professional office purposes.

CMA CGM is now requesting Port Authority extend the lease term for an additional twenty-five months and intends to continue to use the property for the purpose described above.

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

## Agenda Item Section – H4

**Recommended Action**
The Port Commission, at its October 27, 2025 meeting, ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC, commencing January 1, 2025, for approximately 1,418 square feet in the Barbours Cut Terminal Waterside Building, at an annual base rent of $40,407.66, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Real Estate

**Staff Contact:**
John A. Moseley/Jarka Vochyan

**Background:**
The Port Authority currently has a month-to-month lease with Cooper/Ports America, LLC, commencing January 1, 2025, for approximately 1,418 square feet in the Barbours Cut Terminal Waterside Building that would be in effect for one year on January 1, 2026.

The current annual base rent of this lease is $40,407.66 and is based upon the current premium rate for a month-to-month lease agreement. Tenant is a stevedore company that operates at Barbours Cut Terminal and Turning Basin Terminal and provides cargo handling and terminal operating services, and tenant has eight leases with Landlord, including this lease.

An amendment to the Texas Water Code adopted in the 2011 State of Texas legislative session requires that the Port Commission authorize month-to-month lease agreements in effect for more than one year.

**Staff Evaluation/Justification:**
Staff recommends that the Port Commission ratify the extended term of a month-to-month lease with Cooper/Ports America, LLC under the terms described above.

## Agenda Item Section – H5

**Recommended Action**
The Port Commission, at its October 27, 2025 meeting, approve an amendment to the lease with Frontier Logistics, L.P., effective November 1, 2025, for approximately 2.07 of an acre out of Block 10 at Barbours Cut Terminal, to extend the term for five years, at an annual base rent of approximately $66,621.16, subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Leases

**Department:**
Real Estate

**Staff Contact:**
John A. Moseley/Jared Atabuatsi

**Background:**
Frontier Logistics, L.P. (Frontier) has requested that the Port Authority extend the term of the lease for approximately 2.07 acres out of Block 10 at the Barbours Cut Terminal for an additional five years. Frontier has leased the property since 2015 for the use of container and chassis storage.

Frontier intends to continue to use the property for the same activities under the proposed lease extension.

**Staff Evaluation/Justification:**
Staff recommends the Port Commission approve the proposed lease amendment with Frontier Logistics, L.P. under the terms described above.

## Agenda Item Section - I1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, adopt an amended investment policy for the Port of Houston Authority Restated Retirement Plan (Pension Plan), and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
General

**Department:**
Treasury

**Staff Contact:**
Roland Gonzalez

**Background:**
By Minute No. 2024-0924-17, the Port Commission last adopted an amended investment policy for the Pension Plan, which states:

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

**Staff Evaluation/Justification:**
The proposed administrative revisions include:

- Dates updated to October 27, 2025, to reflect the annual review of the policy.

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

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

# PORT OF HOUSTON AUTHORITY RESTATED RETIREMENT PLAN

## STATEMENT OF INVESTMENT OBJECTIVES AND POLICY

ADOPTED OCTOBER 27, 2025

MINUTE 2025-1027-

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## I. PREAMBLE

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

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

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

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

## II. FIDUCIARY RESPONSIBILITIES

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

In accordance with Section 802.203, Texas Government Code:

1. In making or supervising investments of the Plan, the Commission and each Investment Manager shall discharge its duties with respect to the Plan solely in the interest of the participants and beneficiaries and

   (a) For the exclusive purpose of:

      (i) Providing benefits to participants and their beneficiaries;
      (ii) Defraying reasonable expenses of administering the Plan;

   (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

   (c) By diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

   (d) In accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of this section and section V of this document.

2. In choosing and contracting for professional investment management services and in continuing the use of an Investment Manager, the Commission must act prudently and in the interest of the participants and beneficiaries of the Plan.

3. The Commission is not liable for the acts or omissions of any Investment Manager it appoints in compliance with Section 802.204, Texas Government Code, nor is the Commission obligated to invest or otherwise manage any asset of the Plan subject to management by the Investment Manager.

## III. PURPOSE

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

(a) Define and assign the responsibilities of all involved parties,

(b) Establish a clear understanding for all involved parties of the investment goals and objectives for Plan assets,

(c) Establish the Plan's Asset Allocation,

(d) Offer guidance and limitations to all Investment Managers regarding the investment of Plan assets,

(e) Establish a basis for evaluating investment results,

(f) Ensure that Plan assets are managed in accordance with the requirements of applicable Texas law and, to the extent not inconsistent with Texas law, the Employee Retirement Income Security Act of 1974 ("ERISA") and regulations pertaining thereto, and

(g) Establish the relevant investment horizon for which Plan assets will be managed.

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

## IV. ASSIGNMENT OF RESPONSIBILITY

### Responsibility of the Commission

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

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

1. Adhering to the guidelines as provided under applicable Texas law, and to the extent not inconsistent with applicable Texas law, ERISA.

2. Projecting the Plan's financial needs, and communicating such needs to the Investment Manager(s) and Pension Consultant(s) on a timely basis.

3. Determining the Plan's risk tolerance and investment horizon, and communicating these to the appropriate parties.

4. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Plan's assets.

5. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Pension Consultant(s), Actuarial Consultant(s), Custodian(s), and Trustee(s).

6. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to Policy guidelines and monitor investment objective progress.

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

**Responsibility of the Pension and Benefits Committee**

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

**Responsibility of the Pension Consultant**

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

1. Assisting in the development and periodic review of the Policy.

2. Assisting in developing an asset/liability model and appropriate liability index.

3. Recommending the appropriate asset allocation and investment styles in order to meet the funds' long-term objectives.

4. Conducting Investment Manager searches when requested by Plan Sponsor staff, the Pension and Benefits Committee or Commission.

5. Providing "due diligence", or research, on the Investment Manager(s).

6. Monitoring the performance of the Investment Manager(s) to provide Plan Sponsor staff, the Commission and the Pension and Benefits Committee with the ability to determine the progress toward the investment objectives.

7. Communicating matters of policy, Investment Manager research, and Investment Manager performance to Plan Sponsor staff, the Pension and Benefits Committee and the Commission.

8. Reviewing Plan investment history, historical capital markets performance and the contents of this Policy with Plan Sponsor staff, any newly appointed members of the Commission and the Pension and Benefits Committee.

**Responsibility of the Investment Manager(s)**

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

1. Exercising full discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Policy.

2. Reporting, on a timely basis, quarterly investment performance results.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.

4. Informing the Pension Consultant, Plan Sponsor staff, the Commission and the Pension and Benefits Committee regarding any qualitative change to investment management organization (e.g., changes in portfolio management personnel, ownership structure, investment philosophy, etc.).

5. Voting proxies on behalf of the Plan, and communicating such voting records to Plan Sponsor staff, the Commission and/or Pension and Benefits Committee on a timely basis as may be requested.

## V. DELEGATION OF AUTHORITY

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

(a) **Pension Consultant**. The Pension Consultant may assist the Commission in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The Pension Consultant shall provide such assistance to the Pension and Benefits Committee in its advisory role to the Commission and/or directly to the Commission, upon request.

(b) **Investment Manager**. The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Plan's investment objectives.

(c) **Custodian**. The Custodian may be a bank, depository trust company, or brokerage firm and will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plan accounts.

(d) **Trustee**. Consistent with requirements of applicable law, the Commission may appoint an outside bank trust department or depository trust company, to be Trustee. The Trustee will assume fiduciary responsibility for the administration of Plan assets. The Pension and Benefits Committee shall advise the Commission in its selection, removal and replacement of any Trustee.

(e) **Additional specialists** such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Commission to assist in meeting its responsibilities and obligations to administer Plan assets prudently, and to assist the Pension and Benefits Committee in providing advice and recommendations in this regard.

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

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

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

## VI. ASSET ALLOCATION

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

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

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

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

## VII. INVESTMENT OBJECTIVES

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

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

(a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods. These criteria, along with risk-adjusted measurements such as standard deviation and the Investment Consultant's qualitative assessment, should be considered when selecting new investment managers.

(b) The **Overall Investment Objective** of the Plan is to outperform the return of a composite mix comprised of 27.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 37.5% of the Bloomberg US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over rolling five- and ten-year periods.

(c) The **Total Plan** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.

(d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over rolling five- and ten-year periods.

(e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P

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

(f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over rolling five- and ten-year periods.

(g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over rolling five- and ten-year periods.

(h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over rolling five- and ten-year periods.

(i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over rolling five- and ten-year periods.

(j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg US Aggregate Bond Index over rolling five- and ten-year periods.

(k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over rolling five- and ten-year periods.

(l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over rolling five- and ten-year periods.

(m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index over rolling five- and ten-year periods.

(n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US Aggregate Bond Index over rolling five- and ten-year periods.

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

**General Investment Principles**

(a) Investments shall be made solely in the interest of the participants and beneficiaries of the Plan for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration of the Plan.

(b) The Plan shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

(c) Investment of the Plan shall be so diversified as to minimize the risk of large losses or the risk of a severe underfunding of pension liabilities, unless under the circumstances it is clearly prudent not to do so.

(d) The Commission may employ one or more Investment Managers of varying styles and philosophies to attain the Plan's objectives.

(e) Investments should be made in consideration of the future liability payout schedule such that no severe mismatch of assets versus liabilities develops.

(f) Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

## VIII. INVESTMENT GUIDELINES

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

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

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

(a) All contracts between the Plan Sponsor and Pension Consultant(s) shall be paid on a hard dollar basis (i.e., actual cash paid for services). All contracts between the Plan Sponsor and Investment Managers shall be paid on a hard dollar basis.

(b) Pension Consultant(s) shall not enter into any compensation arrangements with Investment Managers for any services to be provided relating to the Plan.

(c) Investment Managers may enter into special commission arrangements with brokerage firms whereby portions of the commissions paid to brokerage firms for executing securities transactions may be directed to a third party or retained by the brokerage firm, but only for the express purpose of obtaining research products and services that are directly related to the investment process. Investment Managers shall monitor such payments on a regular basis, and as may be requested periodically by the Plan Sponsor, shall certify that such payments are in compliance with Section 28(e) of the Securities and Exchange Act of 1934, and such products and services directly benefit the Plan.

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

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

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

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

(a) No options or financial futures shall be purchased unless approved in writing by the Commission.

(b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(c) No private placements or venture capital investments should be purchased.

(d) The Plan's equity Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(e) No single security in each manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, unless that security has a weighting of 5% or higher in the manager's respective benchmark index, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation, unless that security has a weighting of 10% or higher in the manager's respective benchmark index.

(f) Equity purchases are limited to stocks of companies with a minimum capitalization of $200 million, unless approved by the Commission.

(g) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

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

(a) Investing internationally diversifies the overall Plan across the global equity markets. The international equity manager will invest in non-U.S. dollar denominated equity securities and/or American Depository Receipts ("ADR's"). The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include: regional constraints, diversification requirements, and the type of securities held.

(b) No options or financial futures shall be purchased unless approved in writing by the Commission.

(c) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(d) No private placements or venture capital investments should be purchased.

(e) The Plan's equity Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(f) No single security in each Investment Manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation.

(g) Equity purchases are limited to stocks of companies with a minimum capitalization of $200 million, unless approved by the Commission.

(h) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

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

a) The fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in Investment Grade bonds. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated below Investment Grade but not lower than “B”. The bonds must be rated by either Moody’s, Fitch or Standard and Poor’s. The Investment Managers are not required to invest in securities rated below Investment Grade.

b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 10% of the fixed income portfolio shall be invested in preferred stock.

c) No options or financial futures shall be utilized unless approved in writing by the Commission.

d) The maximum effective Duration of the portfolio will be 120% of the Bloomberg US Aggregate Bond Index.

e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

a) The high yield fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the high yield fixed income portfolio shall be invested in preferred stock.

c) No options or financial futures shall be utilized unless approved in writing by the Commission.

d) The maximum effective Duration of the portfolio will be 120% of the Merrill Lynch High Yield Master II Constrained Index.

e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

a) The bank loan managers should have portfolio characteristics similar to the Credit Suisse Leveraged Loan Index.

b) The bank loan managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

c) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the bank loan portfolio shall be invested in preferred stock.

d) No options or financial futures shall be utilized unless approved in writing by the Commission.

e) The maximum effective Duration of the portfolio will be 120% of the Credit Suisse Leveraged Loan Index.

f) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

(a) No options or financial futures shall be purchased unless approved in writing by the Commission.

(b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(c) No private placements or venture capital investments should be purchased.

(d) The Plan's real estate Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. The real estate Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(e) No single security in each manager's portfolio will constitute more than 10% of the portfolio's allocation at the time of purchase, nor will it be more than 13% of the allocation of the portfolio after accounting for price appreciation.

(f) The funds shall remain fully invested in real estate except for a nominal time between sales and repurchases.

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

(a) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(b) No private placements or venture capital investments should be purchased.

(c) Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(d) No single security in each manager's portfolio will constitute more than 5% of the portfolio's allocation at the time of purchase, nor will it be more than 10% of the allocation of the portfolio after accounting for price appreciation.

(e) The funds shall remain fully invested except for a nominal time between sales and repurchases.

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

(a) Investments can be made in money market instruments that are U.S. Government or agency obligations, repurchase agreements, collateralized by U.S. Government or agency securities, commercial paper, bankers' acceptances, certificates of deposit, Euro or Yankee Dollar obligations, or time deposits.

(b) Commercial paper shall be restricted to paper rated “A-2” or “P-2” or “F-2” or better and shall be limited such that any one commercial paper issuer shall not comprise more than 10% of the portfolio.

(c) Bankers' acceptances, Certificates of Deposit, Euro or Yankee Dollar obligations, and time deposits shall be made in the larger banks (ranked by assets) rated "AA" or better by Moody's or the equivalent by Fitch or Standard & Poor’s and in conformance with all FDIC regulations concerning capital requirements.

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

## IX. PORTFOLIO EVALUATION

On a quarterly basis:

(a) The Investment Managers shall provide written reports to the Plan Sponsor and the Pension Consultant detailing performance for the most recent quarterly period as well as the current outlook of the equity and fixed income markets;

(b) The Pension Consultant shall monitor Investment Managers' performance and consistency with respect to the investment guidelines and objectives outlined in this Policy; and

(c) The Pension Consultant shall meet with Plan Sponsor staff, the Commission and/or Pension and Benefits Committee (whether in person or via conference call), and review the Investment Managers' performance relative to objectives set forth in this Policy.

## X. DEFINITIONS

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

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

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

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

## XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on October 27, 2025 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2025-1027-

## Agenda Item Section – I2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, adopt a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
General

**Department:**
Treasury

**Staff Contact:**
Roland Gonzalez

**Background:**
By Minute No. 2024-0924-18, the Port Commission last adopted a revised Statement of Objectives and Policy for the Port Authority 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

**Staff Evaluation/Justification:**
The proposed administrative revision includes:

- In Exhibit A, replace Western Asset Core Plus bond fund investment option and replace it with Baird Core Plus bond fund, for both the 401(a) Defined Contribution and 457(b) Deferred Compensation Plans.

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

# PORT OF HOUSTON AUTHORITY DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLANS

## STATEMENT OF OBJECTIVES AND POLICY

PORT COMMISSION
ADOPTED OCTOBER 27, 2025

MINUTE 2025-1027-

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## I. PREAMBLE

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

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

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

## II. PURPOSE OF POLICY STATEMENT

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

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

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

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

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

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

**Overview of the Plans**

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

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

**Overview of the Plans' Investment Structures**

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

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

**Objectives of Plans' Investment Structure**

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

- to provide Participants with access to investments in the key Asset Classes available in the marketplace;

- to provide Participants with access to a series of Target Date Funds which (1) allocate a Participant's assets among several Asset Classes, and (2) offer the Participant a diversified portfolio using an Asset Allocation glide path which reduces equity risk as the Participant approaches retirement age;

- to provide Participants with diverse Options in terms of Asset Classes offered [factors relevant to diversification of Asset Classes include investment style (*e.g.*, active versus passive or growth versus value), market capitalization (*e.g.*, large, medium, and small), and the nature of the specific Option offered (*e.g*., global versus domestic or well-diversified fund versus a specialty fund)];

- to provide each Participant with the ability to construct an investment portfolio consistent with his or her individual risk and return objectives; and

- to provide a QDIA that is diversified and which Derisks the Participant's portfolio as the Participant nears retirement age.

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

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

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

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

## IV. RESPONSIBILITIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Service Provider/Record Keeper may from time to time provide ongoing education seminars and meetings to Participants, covering relevant investment and retirement savings topics. The Service Provider/Record Keeper shall not provide specific investment advice to Participants.

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

## V. INVESTMENT OPTION SELECTION & EVALUATION

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

A. **Manager tenure and corporate stability.** The manager's tenure as well as the corporate stability of the company offering a particular investment vehicle should be considered and evaluated before it is provided to Participants as an Option, and shall continue to be periodically evaluated if it is provided as an Option. In general, the Option's manager must have a three-year track record managing the specific Option in order for that vehicle to be considered as an Option offering. Investment Manager change, significant turnover of the responsible portfolio management team, and/or adverse developments at the fund company responsible for an Option may warrant heightened scrutiny as described below.

B. **Manager, style, asset, and process consistency.** The manager, style, asset level, and process consistency of particular investment vehicle shall be considered and evaluated before it is provided to Participants as an Option, and shall continue to be periodically evaluated if provided as an Option. Any management turnover, substantial style drift, significant asset flows, or investment process change at the fund company responsible for an existing Option may warrant review of such Option.

C. **Investment costs and management fees.** The overall costs and ongoing management fees of current Options, as well as new Options under consideration, shall be considered and evaluated to determine whether they are reasonable when compared to other similar and comparable investment vehicles.

D. **Performance and risk measures.** In addition to the qualitative criteria detailed above, the ongoing performance (net of fees) and risk profile of each Option shall be considered and evaluated using the following quantitative criteria in which ranks are defined to span first percentile to one hundredth percentile, with the first percentile representing the best performance and one hundredth percentile representing the worst performance:

   1. Whether its return over four consecutive quarters of performance is more than the appropriate benchmark, and its rank is above the 75th percentile of the appropriate peer group.
   2. Whether its performance over the five and ten-year trailing periods exceeds the appropriate benchmark.
   3. Whether its performance over the five and ten-year trailing periods ranks in the top 50th percentile of the appropriate peer group.

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

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

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

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

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

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

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

## VI. INVESTMENT OPTION REMOVAL & MAPPING

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

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

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

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

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

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

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

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

## Interpreting the Policy

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

## Amending the Policy

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

## Plan Document Controls

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

## VIII. DEFINITIONS

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

| | |
|---|---|
| Pension and Benefits Committee | The committee appointed by the Commission pursuant to the Plan, which may serve as an advisor to the Commission and provide recommendations to the Commission from time to time concerning the administration and management of the Plan. If no committee is formally appointed, then the Commission shall serve as the Pension and Benefits Committee for purposes of this Policy. |
| Qualified Default Investment Alternative ("QDIA") | An investment vehicle that may be used for retirement plan contributions in the absence of direction from the plan Participant. Qualified default investment alternatives were defined in the Pension Protection Act of 2006 and are limited to target date funds or life-cycle funds, balanced accounts, or professionally managed accounts. |

[Exhibit A follows.]

## EXHIBIT A – INVESTMENT OPTIONS

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

| Fund Option | Style Objective | Peer Group | Benchmark |
|---|---|---|---|
| **Domestic Equity Funds** | | | |
| DFA | Large Cap Value | Large Cap Value | Russell 1000 Value |
| Vanguard 500 | Large Cap Core Index | Large Cap Core | S&P 500 |
| MFS | Large Cap Growth | Large Cap Growth | Russell 1000 Growth |
| Vanguard Mid Cap | Mid Cap Core Index | Mid Cap | CRSP US Mid Cap |
| Touchstone | Mid Cap Growth | Mid Cap Growth | Russell Mid Cap Growth |
| American Beacon | Small Cap Value | Small Cap Value | Russel 2000 Value |
| Vanguard Small Cap | Small Cap Core Index | Small Cap | CRSP US Small Cap |
| Hood River | Small Cap Growth | Small Cap Growth | Russell 2000 Growth |
| **International / Global Equity Funds** | | | |
| Vanguard Total International | International Index | International Large Cap | FTSE Global ex USA All Cap |
| American Funds EuroPacific | International Core | International Large Cap | MSCI AC World ex USA |
| **Fixed Income / Stable Value Funds** | | | |
| Vanguard Total Bond | Domestic Bond Index | Broad Market Core Fixed Income | Bloomberg U.S. Agg |
| Baird | Domestic Core+ Bond | Broad Market Core+ Fixed Income | Bloomberg U.S. Agg |
| Nationwide Fixed Account | Guaranteed Interest Contract | - | - |
| Nationwide Government Money Market Fund | Money Market | U.S. Taxable Money Market | 90 Day U.S. Treasury Bill |
| **Target Date Funds (QDIA Option)** | | | |
| American Funds | Target Date | Morningstar Category Target-Date | Mixed-Asset Target |

The following funds are current 401(a) Plan Options offered by the Plan to its Participants.

| Fund Option | Style Objective | Peer Group | Benchmark |
|---|---|---|---|

Domestic Equity Funds

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

International / Global Equity Funds

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

Fixed Income / Stable Value Funds

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

Target Date Funds (QDIA Option)

| | | | |
|---|---|---|---|
| American Funds | Target Date | Morningstar Category Target-Date | Mixed-Asset Target |

*[End of Exhibit A.]*

## Agenda Item Section - I3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, adopt an amended investment policy for the Port of Houston Authority Other Post-Employment Benefit (OPEB) Plan, an irrevocable trust established for the other post-employment benefits, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
General

**Department:**
Treasury

**Staff Contact:**
Roland Gonzalez

**Background:**
By Minute No. 2024-0927-16, the Port Commission last adopted an amended investment policy for the Other Post-Employment Benefit (OPEB) Plan, which states:

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

**Staff Evaluation/Justification:**

The proposed administrative revision includes:

- Update to the date of October 27, 2025, to reflect the annual review period

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

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

# PORT OF HOUSTON AUTHORITY
# OPEB PLAN

## STATEMENT OF INVESTMENT OBJECTIVES AND POLICY

ADOPTED OCTOBER 27, 2025

MINUTE 2025-1027-

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## I. PREAMBLE

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

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

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

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

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

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

## II. FIDUCIARY RESPONSIBILITIES

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

1. In making or supervising investments of the Trust, the Commission and each Investment Manager shall discharge its duties with respect to the Trust solely in the interest of the participants and beneficiaries and

   (a) For the exclusive purpose of:

      (i) Providing benefits to participants and their beneficiaries;

      (ii) Defraying reasonable expenses of administering the Trust;

   (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

   (c) By diversifying the investments of the Trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

   (d) In accordance with the documents and instruments governing the Trust insofar as such documents and instruments are consistent with the provisions of this section and section V of this document.

2. In choosing and contracting for professional investment management services and in continuing the use of an Investment Manager, the Commission must act prudently and in the interest of the participants and beneficiaries of the Trust.

3. The Commission is not liable for the acts or omissions of any Investment Manager it appoints hereunder, nor is the Commission obligated to invest or otherwise manage any asset of the Trust subject to management by the Investment Manager.

## III. PURPOSE

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

(a) Define and assign the responsibilities of all involved parties,

(b) Establish a clear understanding for all involved parties of the investment goals and objectives for Trust assets,

(c) Establish the Trust's Asset Allocation,

(d) Offer guidance and limitations to all Investment Managers regarding the investment of Trust assets,

(e) Establish a basis for evaluating investment results,

(f) Ensure that Trust assets are managed in accordance with the requirements of applicable Texas law and, to the extent not inconsistent with Texas law, the Employee Retirement Income Security Act of 1974 ("ERISA") and regulations pertaining thereto, and

(g) Establish the relevant investment horizon for which Trust assets will be managed.

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

## IV. ASSIGNMENT OF RESPONSIBILITY

### Responsibility of the Commission

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

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

1. Adhering to the guidelines as provided under applicable Texas law, and to the extent not inconsistent with applicable Texas law, ERISA.

2. Projecting the Trust's financial needs, and communicating such needs to the Investment Manager(s) and Investment Consultant(s) on a timely basis.

3. Determining the Trust's risk tolerance and investment horizon, and communicating these to the appropriate parties.

4. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Trust's assets.

5. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s), Actuarial Consultant(s), Custodian(s), and Trustee(s).

6. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to Policy guidelines and monitor investment objective progress.

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

**Responsibility of the Pension and Benefits Committee**

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

**Responsibility of the Investment Consultant**

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

1. Assisting in the development and periodic review of the Policy.

2. Assisting in developing an asset/liability model and appropriate liability index.

3. Recommending the appropriate asset allocation and investment styles in order to meet the funds' long-term objectives.

4. Conducting Investment Manager searches when requested by Plan Sponsor staff, the Pension and Benefits Committee or Commission.

5. Providing "due diligence", or research, on the Investment Manager(s).

6. Monitoring the performance of the Investment Manager(s) to provide Plan Sponsor staff, the Commission and the Pension and Benefits Committee with the ability to determine the progress toward the investment objectives.

7. Communicating matters of policy, Investment Manager research, and Investment Manager performance to Plan Sponsor staff, the Pension and Benefits Committee and the Commission.

8. Reviewing Trust investment history, historical capital markets performance and the contents of this Policy with Plan Sponsor staff, any newly appointed members of the Commission and the Pension and Benefits Committee.

**Responsibility of the Investment Manager(s)**

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

1. Exercising full discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Policy.

2. Reporting, on a timely basis, quarterly investment performance results.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.

4. Informing the Investment Consultant, Plan Sponsor staff, the Commission and the Pension and Benefits Committee regarding any qualitative change to investment management organization (e.g., changes in portfolio management personnel, ownership structure, investment philosophy, etc.).

5. Voting proxies on behalf of the Trust, and communicating such voting records to Plan Sponsor staff, the Commission and/or Pension and Benefits Committee on a timely basis as may be requested.

## V. DELEGATION OF AUTHORITY

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

(a) **Investment Consultant**. The Investment Consultant may assist the Commission in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The Investment Consultant shall provide such assistance to the Pension and Benefits Committee in its advisory role to the Commission and/or directly to the Commission, upon request.

(b) **Investment Manager**. The Investment Manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Trust's investment objectives.

(c) **Custodian**. The Custodian may be a bank, depository trust company, or brokerage firm and will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust accounts.

(d) **Trustee**. Consistent with requirements of applicable law, the Commission may appoint an outside bank trust department or depository trust company, to be Trustee. The Trustee will assume fiduciary responsibility for the administration of Trust assets. The Pension and Benefits Committee shall advise the Commission in its selection, removal and replacement of any Trustee.

(e) **Additional specialists** such as attorneys, auditors, actuaries, and others may be employed by the Commission to assist in meeting its responsibilities and obligations to administer Trust assets prudently, and to assist the Pension and Benefits Committee in providing advice and recommendations in this regard.

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

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

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

## VI. ASSET ALLOCATION

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

| Asset Class | Minimum | **Target** | Maximum |
|---|---|---|---|
| Large Cap Domestic Equity | 20.0% | **25.0%** | 30.0% |
| Mid Cap Domestic Equity | 2.5% | **7.5%** | 12.5% |
| Small Cap Domestic Equity | 5.0% | **10.0%** | 15.0% |
| International Equity | 2.5% | **7.5%** | 12.5% |
| Fixed Income | 25.0% | **30.0%** | 35.0% |
| High Yield Fixed Income | 0.0% | **5.0%** | 10.0% |
| Bank Loans | 0.0% | **5.0%** | 10.0% |
| Real Estate | 0.0% | **5.0%** | 10.0% |
| Global Tactical Asset Allocation (GTAA) | 0.0% | **5.0%** | 10.0% |
| Cash and Equivalents | 0.0% | **0.0%** | 0.5% |

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

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

## VII. INVESTMENT OBJECTIVES

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

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

(a) The **Investment Managers**, when measured against other investment managers, should consistently rank in the top 33rd percentile of their most relevant universe of similar managers over the trailing three, five, and ten year periods. These criteria, along with risk-adjusted measurements such as standard deviation and the Investment Consultant's qualitative assessment, should be considered when selecting new investment managers.

(b) The **Overall Investment Objective** of the Trust is to outperform the return of a composite mix comprised of 27.5% of the S&P 500 Index, 7.5% of the Russell Midcap Index, 10.0% of the Russell 2000 Index, 7.5% of the MSCI EAFE Index, 37.5% of the Bloomberg US Aggregate Bond Index, 5.0% of the Merrill Lynch High Yield Master II Constrained Index, and 5.0% of the NAREIT All REITS Total Return Index. This objective should be met over rolling five- and ten- year periods.

(c) The **Total Trust** rate of return should annually outperform, net of expenses, the actuarial return assumption as established by the Commission from time to time.

(d) The **Total Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P 500 Index by 1.0%, net of expenses, over rolling five- and ten- year periods.

(e) The **Large Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the S&P

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

(f) The **Large Capitalization Equity Index Portfolio** should achieve a total rate of return that matches the total return of the S&P 500 Index, gross of expenses, over rolling five- and ten- year periods.

(g) The **Middle Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell Mid Cap Index by 2.0%, net of expenses, over rolling five- and ten- year periods.

(h) The **Small Capitalization Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Russell 2000 Index by 3.0%, net of expenses, over rolling five- and ten- year periods.

(i) The **International Equity Portfolio** should achieve a total rate of return that exceeds the total return of the Morgan Stanley Capital International Europe, Australasia, and the Far East (MSCI EAFE ND) Index by 1.5%, net of expenses, over rolling five- and ten- year periods.

(j) The **Total Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Bloomberg US Aggregate Bond Index over rolling five- and ten- year periods.

(k) The **High Yield Fixed Income Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Merrill Lynch High Yield Master II Constrained Index over rolling five- and ten- year periods.

(l) The **Bank Loan Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the Credit Suisse Leveraged Loan Index over rolling five- and ten- year periods.

(m) The **Real Estate Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the FTSE NAREIT All REITS Total Return Index over rolling five- and ten-year periods.

(n) The **Global Tactical Asset Allocation Portfolio** should achieve a total return, net of expenses, that exceeds the total rate of return of the 50% S&P 500 Index/50% Bloomberg US Aggregate Bond Index over rolling five- and ten- year periods.

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

**General Investment Principles**

(a) Investments shall be made solely in the interest of the participants and beneficiaries of the Trust for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration of the Trust.

(b) The Trust shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a Prudent Person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

(c) Investment of the Trust shall be so diversified as to minimize the risk of large losses or the risk of a severe underfunding of OPEB liabilities, unless under the circumstances it is clearly prudent not to do so.

(d) The Commission may employ one or more Investment Managers of varying styles and philosophies to attain the Trust's objectives.

(e) Investments should be made in consideration of the future liability payout schedule such that no severe mismatch of assets versus liabilities develops.

(f) Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

## VIII. INVESTMENT GUIDELINES

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

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

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

(a) All contracts between the Plan Sponsor and Investment Consultant(s) shall be paid on a hard dollar basis (i.e., actual cash paid for services). All contracts between the Plan Sponsor and Investment Managers shall be paid on a hard dollar basis.

(b) Investment Consultant(s) shall not enter into any compensation arrangements with Investment Managers for any services to be provided relating to the Trust.

(c) Investment Managers may enter into special commission arrangements with brokerage firms whereby portions of the commissions paid to brokerage firms for executing securities transactions may be directed to a third party or retained by the brokerage firm, but only for the express purpose of obtaining research products and services that are directly related to the investment process. Investment Managers shall monitor such payments on a regular basis, and as may be requested periodically by the Plan Sponsor, shall certify that such payments are in compliance with Section 28(e) of the Securities and Exchange Act of 1934, and such products and services directly benefit the Trust.

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

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

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

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

(a) No options or financial futures shall be purchased unless approved in writing by the Commission.

(b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(c) No private placements or venture capital investments should be purchased.

(d) The Trust's equity Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(e) No single security in each manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, unless that security has a weighting of 5% or higher in the manager’s respective benchmark index, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation, unless that security has a weighting of 10% or higher in the manager’s respective benchmark index.

(f) Equity purchases are limited to stocks of companies with a minimum capitalization of $200 million, unless approved by the Commission.

(g) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

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

(a) Investing internationally diversifies the overall Trust across the global equity markets. The international equity manager will invest in non-U.S. dollar denominated equity securities and/or American Depository Receipts (“ADR’s”). The manager is required to invest in a prudent manner and to operate under the restrictions indicated in their prospectus. These include: regional constraints, diversification requirements, and the type of securities held.

(b) No options or financial futures shall be purchased unless approved in writing by the Commission.

(c) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(d) No private placements or venture capital investments should be purchased.

(e) The Trust's equity Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The equity Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(f) No single security in each Investment Manager's portfolio will constitute more than 5% of the portfolio's equity allocation at the time of purchase, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation.

(g) Equity purchases are limited to stocks of companies with a minimum capitalization of $200 million, unless approved by the Commission.

(h) The funds shall remain fully invested in equities except for a nominal time between sales and repurchases.

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

a) The fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in Investment Grade bonds. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated below Investment Grade but not lower than "B". The bonds must be rated by either Moody's, Fitch or Standard and Poor's. The Investment Managers are not required to invest in securities rated below Investment Grade.

b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 10% of the fixed income portfolio shall be invested in preferred stock.

c) No options or financial futures shall be utilized unless approved in writing by the Commission.

d) The maximum effective Duration of the portfolio will be 120% of the Bloomberg US Aggregate Bond Index.

e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

a) The high yield fixed income managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

b) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the high yield fixed income portfolio shall be invested in preferred stock.

c) No options or financial futures shall be utilized unless approved in writing by the Commission.

d) The maximum effective Duration of the portfolio will be 120% of the Merrill Lynch High Yield Master II Constrained Index.

e) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

a) The bank loan managers should have portfolio characteristics similar to the Credit Suisse Leveraged Loan Index.

b) The bank loan managers will manage their portfolios so that at least 80% of the portfolio shall be invested in bonds rated below Investment Grade by either Moody's, Fitch or Standard and Poor's. The managers may, at their discretion, invest up to 20% of the portfolio in bonds rated Investment Grade by either Moody's, Fitch or Standard and Poor's. Investment in securities that are not rated shall not exceed 10% of the total assets of the portfolio, as determined at the time of the acquisition of any such investment.

c) Total fixed income exposure, from any single issuer except U.S. Government, its agencies or instrumentalities, shall not exceed 10% of the total allocation of the portfolio, except below Investment Grade issuers, which shall not exceed 3% of the portfolio. No more than 20% of the bank loan portfolio shall be invested in preferred stock.

d) No options or financial futures shall be utilized unless approved in writing by the Commission.

e) The maximum effective Duration of the portfolio will be 120% of the Credit Suisse Leveraged Loan Index.

f) All interest and principal payments shall be swept, as received, into a money market or short duration fund for redeployment.

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

(a) No options or financial futures shall be purchased unless approved in writing by the Commission.

(b) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(c) No private placements or venture capital investments should be purchased.

(d) The Trust's real estate Investment Manager(s) shall vote all proxies in the best interest of the Trust without regard to social issues. The real estate Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(e) No single security in each manager's portfolio will constitute more than 10% of the portfolio's allocation at the time of purchase, nor will it be more than 13% of the allocation of the portfolio after accounting for price appreciation.

(f) The funds shall remain fully invested in real estate except for a nominal time between sales and repurchases.

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

(a) Aggregate investment Beta (versus the applicable benchmark) of the entire portfolio should not exceed 1.20 at any time.

(b) No private placements or venture capital investments should be purchased.

(c) Investment Manager(s) shall vote all proxies in the best interest of the Plan without regard to social issues. Investment Manager(s) shall provide a written report each year to discuss the general guidelines they followed in voting proxies during the year.

(d) No single security in each manager's portfolio will constitute more than 5% of the portfolio's allocation at the time of purchase, nor will it be more than 10% of the allocation of the portfolio after accounting for price appreciation.

(e) The funds shall remain fully invested except for a nominal time between sales and repurchases.

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

(a) Investments can be made in money market instruments that are U.S. Government or agency obligations, repurchase agreements, collateralized by U.S. Government or agency securities, commercial paper, bankers' acceptances, certificates of deposit, Euro or Yankee Dollar obligations, or time deposits.

(b) Commercial paper shall be restricted to paper rated “A-2” or “P-2” or “F-2” or better and shall be limited such that any one commercial paper issuer shall not comprise more than 10% of the portfolio.

(c) Bankers' acceptances, Certificates of Deposit, Euro or Yankee Dollar obligations, and time deposits shall be made in the larger banks (ranked by assets) rated "AA" or better by Moody's or the equivalent by Fitch or Standard & Poor’s and in conformance with all FDIC regulations concerning capital requirements.

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

## IX. PORTFOLIO EVALUATION

On a quarterly basis:

(a) The Investment Managers shall provide written reports to the Trust Sponsor and the Investment Consultant detailing performance for the most recent quarterly period as well as the current outlook of the equity and fixed income markets;

(b) The Investment Consultant shall monitor Investment Managers' performance and consistency with respect to the investment guidelines and objectives outlined in this Policy; and

(c) The Investment Consultant shall meet with Plan Sponsor staff, the Commission and/or Pension and Benefits Committee (whether in person or via conference call), and review the Investment Managers' performance relative to objectives set forth in this Policy.

## X. DEFINITIONS

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

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

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

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

## XI. POLICY REVIEW AND ADOPTION

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

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

This Policy is adopted on October 27, 2025 and supersedes all previously adopted statements of investment policy with respect to the Plan.

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

ATTEST:

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

Minute 2025-1027-

## Agenda Item Section - J1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking of vendors and award a professional services contract in an amount not to exceed $4,650,000 for the design of Wharf 8 at Bayport Container Terminal to the top-ranked proposer WSP USA, 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.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
This project would consist of the design of Wharf 8 at the Bayport Container Terminal. The project scope includes the engineering and design services facilitate construction of a new container wharf and associated infrastructure.

Staff anticipates that bid and construction phase services under the proposed contract would be added by amendment prior to construction start. In addition, staff contemplates that the proposed contract would provide for the option of amending the contract to complete additional services including the design of Wharf 9 at a later date.

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

**Staff Evaluation/Justification:**
On August 20, 2025, seven RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to WSP USA, Inc., the most highly qualified provider, for the design of Wharf 8 at Bayport Container Yard, and act as otherwise described above.

## Agenda Item Section - J2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's selection of two vendors and award professional services contracts to perform construction material testing services (CMT) for two projects at Port Authority locations to the following proposers: Aviles Engineering Corporation for Container Yard South Phase 2 at Bayport Container Terminal in an amount not to exceed $500,00 and Professional Service Industries, Inc. For Container Yard 7 North at Barbours Cut Terminal 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
This procurement would provide construction material testing (CMT) services for two container yard projects at Bayport Container Terminal and Barbours Cut Terminal.

Per Section 60.453(c) of the Texas Water Code, in certain circumstances, the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction materials installed by the contractor. This divisible procurement would provide such third-party inspection services for the following projects;

- Container Yard 1 South Phase 2 at Bayport Container Terminal; and
- Container Yard 7 North at Barbours Cut Terminal.

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

**Staff Evaluation/Justification:**
On October 27, 2025, nine RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ.

Following staff Executive Committee review, staff recommends that the Port Commission award two professional services contracts to perform CMT services to both Aviles Engineering Corporation and Professional Service Industries, Inc., the most highly qualified firms, as described above, and act otherwise described above.

## Agenda Item Section - J3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking of vendors and award a construction contract in an amount not to exceed $302,469 for the C1 and East End fiber relocation at Barbours Cut Terminal to the top-ranked proposer C.F. McDonald Electric, Inc. Through its division McDonald Municipal & Industrial, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
This project would consist of the relocation of fiber optic cabling from the Stage 2 Lane Boss Building to the Transportation Worker Identification Credential (TWIC) Resolution Building at Barbours Cut Terminal. This work will allow for the demolition of the Stage 2 Lane Boss Building and repurposing of the area for container operations.

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. Twelve vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**
On September 24, 2025, two CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to C.F. McDonald Electric, Inc. through its division McDonald & Industial, the proposer providing best value for C1 and East End fiber relocation at Barbours Cut Terminal, and act as otherwise described above.

## Agenda Item Section - J4

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking of vendors and award a construction contract in an amount not to exceed $20,067,878 for the construction of Container Yard 7 North at Barbours Cut Terminal, to the top-ranked proposer David E. Harvey Builders, Inc. dba Harvey-Cleary Builders, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
This project would consist of the construction of approximately eleven acres directly north of L Street, to be designated as an empty container yard. This includes the construction of roller compacted concrete (RCC) and jointed reinforced concrete pavements for containerized cargo storage, as well as site grading, drainage, utilities, lighting, power, telecommunications, and other necessary components.

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. Thirty-eight vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**
On September 10, 2025, four CSP responses were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to David E. Harvey Builders, Inc. dba Harvey-Cleary Builders, the proposer providing best value for the construction of Container Yard 7 North at Barbours Cut Terminal, and act as otherwise described above.

## Agenda Item Section - J5

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve an amendment to the professional services contract with Jacobs Engineering Group, Inc. to perform construction phase services for the construction of Container Yard 7 North at Barbours Cut Terminal in an amount not to exceed $410,085, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
By Minute No. 2024-0924-20, the Port Commission awarded a professional services contract to Jacobs Engineering Group, Inc. for the design of Container Yard 7 North at Barbours Cut Terminal.

This proposed amendment would consist of the following:

- Construction phase services; and
- Design, bid and construction phase services for the Container Yard 7 North security package.

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

## Agenda Item Section - J6

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve an amendment to a professional services contract with GHD, Inc. to further develop its asset management and geographic information system programs in an amount not to exceed $778,300, 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:**
Strategic Asset Management

**Staff Contact:**
Eric Barron

**Background:**
By Minute Nos. 2022-0524-24, 2023-0627-10, and 2024-0722-05, the Port Commission approved a contract with GHD Inc. totaling $2,041,403 to provide professional services to support the Asset Management Strategic Improvements Initiative (AMSII) project (Phase II). Staff advised the Port Commission that it anticipated requesting future amendments to this professional services contract, pending the performance of GHD, Inc., to extend the term and add scope for implementing each year of the five-year Phase II actions recommended in the 2021 original project scope.

The services provided under the scope of the contemplated amendment and extension would be Year 4 of 5, Phase II of the AMSII project for improving the asset management and geographic information system programs to align with industry best practices. Additionally, these services would be integrated with the Next Generation Enterprise Resources.

**Staff Evaluation/Justification:**
Staff recommends that the Port Commission approve amending the professional services contract with GHD, Inc.

## Agenda Item Section - J7

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, amend the construction manager-at-risk (CMAR) contract with Satterfield & Pontikes Construction, Inc. to perform the construction of the Maintenance Building Annex at Bayport Container Terminal for a guaranteed maximum price of $17,961,081, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
On January 13, 2025, a construction manager-at-risk (CMAR) contract was entered into with Satterfield & Pontikes Construction, Inc. for $75,000 for the pre-construction phase of the Maintenance Building Amex at Bayport Container Terminal, which included estimation, value engineering, design and constructability reviews, and building information modeling (BIM) co-ordination services, which were performed to arrive at the guaranteed maximum price.

This amendment would consist of the construction services for the associated site work and new maintenance facility, which is approximately 44,734 square feet.

This amendment would bring the total expenditure under this contract to $18,036,081.

**Staff Evaluation/Justification:**
Port Authority staff has reviewed the proposal submitted by Satterfield & Pontikes Construction, Inc. and found it to be fair and reasonable and recommends that the Port Commission authorize this amendment.

## Agenda Item Section - J8

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, amend a professional services contract with Aviles Engineering Corporation to perform additional work associated with Container Yard 1 South Phase 1 in an amount not to exceed $63,167, for a total contract amount of $148,137, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
On December 2, 2024, a professional services contract was issued to Aviles Engineering, Inc. for construction materials testing (CMT) for construction of Container Yard 1 South Phase 1 at Bayport Container Terminal in the amount of $85,000.

This proposed amendment would consist of the following:

- Additional funding for material testing services necessary for quality assurance on the remaining material and concrete placements.

This amendment would bring the total expenditure under this contract to $148,137.

**Staff Evaluation/Justification:**
Staff has reviewed the proposal submitted by Aviles Engineering Corporation and found it to be fair and reasonable, and recommends that the Port Commission authorize this change order.

## Agenda Item Section - J9

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve a change order with Satterfield & Pontikes Construction, Inc. to perform additional work associated with the expansion of exit gate facilities at Bayport Container Terminal in an amount not to exceed $146,653, 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:**
Project and Construction Management

**Staff Contact:**
Craig J. Kasper, P.E.

**Background:**
By Minute No. 2024-0423-20, the Port Commission awarded a contract to Satterfield & Pontikes Construction, Inc. for $5,697,681 for the expansion of exit gate facilities at Bayport Container Terminal.

This proposed change order addresses the following:

- Additional demolition and conduit repair due to unforeseen conditions;
- Additional general condition charges due to unforeseen conditions delays; and
- Modifications to the existing out-of-gauge lane.

This is the fourth change order to this contract, for a total change order value to date of $679,760.24, which is 11.9% of the total contract value.

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

## Agenda Item Section - K1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting:

(a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Texas Marine Shipyard, LLC; and second, John Bludworth Shipyard, L.L.C.;
(b) award a contract to the top-ranked proposer for the purchase of two truckable push boats and one barge for marine maintenance at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal projects in an amount not to exceed $1,700,000;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Award, Amendments & Change Orders

**Department:**
Maintenance

**Staff Contact:**
Michael Gignac

**Background:**
Marine Maintenance staff at Central Maintenance is responsible for repairs to fender systems, plumbing, fire protection systems, as well as project-specific needs, Port Authority-wide. Access from water is critical to accomplish these tasks.

The Port Authority has owned two work boats that carry out this work: the Vernon Bailey, commissioned in 1982, and the MV Capt. W.L. Farnsworth, commissioned in 1974. Both were decommissioned and surplussed earlier this year due to escalating maintenance costs.

The purchase of new push boats and a barge would ensure the continuity of critical marine operations, preserve infrastructure integrity, and maintain compliance with safety standards.

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

**Staff Evaluation/Justification:**
On October 1, 2025, two RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the published selection criteria. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Texas Marine Shipyard, LLC
- John Bludworth Shipyard, LLC

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Texas Marine Shipyard, LLC for the purchase of two truckable push boats and one barge for marine maintenance at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal projects, and act as otherwise described above.

## Agenda Item Section - K2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, award a three-year contract to Alamo Transformer Supply Company for repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed $450,000, 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:**
Award, Amendment & Change Orders

**Department:**
Maintenance

**Staff Contact:**
Nathan Fabian

**Background:**
By Minute No. 2022-0224-23, the Port Commission awarded a three-year contract to Alamo Transformer Supply Company in an amount not to exceed $400,000 for repair and oil testing of transformers at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. The terminals have numerous transformers to distribute electrical power to buildings, equipment, lighting, etc., and therefore, a testing and repair vendor is necessary to service equipment efficiently, minimize equipment downtime, and ensure efficient terminal operations. The current contract period has expired.

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

**Staff Evaluation/Justification:**
On September 10, 2025, one RFP was received and opened. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a three-year contract to Alamo Transformer Supply Company, the proposer submitting the only proposal, for repair and oil testing of transformers for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, and act as otherwise described above.

## Agenda Item Section - K3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, award a three-year contract to Southern Tire Mart, LLC for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $3,000,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Maintenance

**Staff Contact:**
Nathan Fabian

**Background:**
By Minute No. 2023-0627-32, the Port Commission awarded a three-year contract to Southern Tire Mart, LLC in the amount not to exceed $2,500,000 for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal. Less than fifteen percent of contract funds remain.

The Port Authority currently owns one hundred and forty-seven RTG cranes in operation at these facilities. Additionally, sixteen units are to be received at Bayport Container Terminal by the first quarter of 2026. A total of 2,608 tires is to be maintained during this three-year contract to meet terminal demands.

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. Four vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**
On September 10, 2025, three CSB responses were received and opened. The 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 Commission award a three-year contract to Southern Tire Mart, LLC, the responsible bidder submitting the lowest and best bid, for purchase of RTG crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal.

## Agenda Item Section - K4

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, award a two-year contract to Turtle & Hughes, Inc. for the purchase of miscellaneous electrical cables for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $2,000,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Maintenance

**Staff Contact:**
Nathan Fabian

**Background:**
By Minute No. 2022-0426-27, the Port Commission awarded a two-year contract to Paige Electric, LP for the purchase of miscellaneous electrical cables for wharf and rubber-tired gantry (RTG) cranes at Barbours Cut Terminal and Bayport Container Terminal in the amount not to exceed $1,500,000. This contract has expired.

The Port Authority currently operates thirteen wharf and sixty-eight RTG cranes at Barbours Cut Terminal and eighteen wharf and seventy-eight RTG cranes at Bayport Container Terminal. These cranes are fitted with power cables, multi-cable festoon systems, and spreader cables for various functions. The useful life of these cables is often shortened by a combination of exposure to weather elements and heavy traffic conditions during vessel operations. The ability to obtain these cables quickly when failures occur is critical to ensure crane uptime.

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. Two vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**
On September 15, 2025, one CSB was received and opened. The response was 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 Commission award a two-year contract to Turtle & Hughes, Inc., the responsible bidder submitting the only bid, for the purchase of miscellaneous electrical cables for wharf and RTG cranes at Barbours Cut Terminal and Bayport Container Terminal, and act as otherwise described above.

## Agenda Item Section - M1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, (i) authorize the renewal of group insurance coverage for calendar year 2026 with Reliastar Life Insurance Company dba Voya Financial for both short-term in and amount not to exceed $313,176, and long-term disability in an amount not to exceed $456,248, (ii) authorize the Port Authority to continue to pay 100% of the cost of long-term and short-term premiums for eligible active employees, (iii) authorize contract renewal negotiations with Reliastar Life Insurance Company dba Voya Financial prior to contract expiration, (iv) and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable and necessary to give effect to all of the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Human Resources

**Staff Contact:**
Hugh Tillman

**Background:**
By Minute No. 2022-1206-50, the Port Commission awarded a contract to Gallagher Benefit Services, Inc. (Gallagher) to serve as the Port Authority's broker of record for health and welfare benefits and provide employee benefits consulting services, including assisting in requests for proposals for benefits and group insurance coverages, evaluation of proposals, negotiation of renewal rates, and recommendations on provider selections.

By Minute No. 2024-1022-43, the Port Commission awarded agreements for calendar year 2025 to Voya for long-term disability (LTD) and short-term disability (STD) coverage. This action also authorized contract renewal negotiations with the insurance carriers prior to contract expiration. Accordingly, Gallagher and Port Authority staff began negotiations with the incumbents for 2026 coverages.

**Staff Evaluation/Justification:**
Gallagher Benefits Services, Inc. and Port Authority staff reviewed and evaluated the performance of Voya for these items and their proposal for 2026 coverage and determined that Voya, the incumbent carrier, offers the best value to the Port Authority for continuing to provide those coverages for calendar year 2026.

The award to Voya was discussed at the Pension and Benefits Committee meeting on September 23, 2025. Staff recommends the selection of Voya for group insurance coverage for LTD and STD for calendar year 2026 as shown below.

- STD coverage for calendar year 2026, in an amount not to exceed $313,176
- LTD coverage for calendar year 2026, in an amount not to exceed $456,248

The individual not-to-exceed amounts are based on current employee participant levels and some anticipated increase in participation in 2026 but may be subject to amendment in order to account for actual participation levels.

Staff recommends the Port Commission approve renewal of group insurance coverage with Reliastar Life Insurance Company dba Voya Financial for both STD and LTD coverage, for calendar year 2026, and act as further described above.

## Agenda Item Section - M2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize staff to begin providing dental and vision insurance to eligible retirees in calendar year 2027 funded by the Port Authority's Other Post-Employment Benefit (OPEB) Plan, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Human Resources

**Staff Contact:**
Hugh Tillman

**Background:**
By Minute No. 2014-1028-34, the Port Commission established an irrevocable trust to fund the Port Authority's Other Post-Employment Benefit (OPEB) Plan to eligible retirees.

The OPEB Plan's market value on July 31, 2025, was $114.1 million, with a pro forma funded ratio over 200%.

Staff engaged Milliman, the Port Authority's actuary, to calculate estimated OPEB liability increases for increased life insurance benefits and for vision and dental insurance premiums for existing and future retirees and eligible participants of the Port Authority.

Milliman provided the following estimated increases in OPEB liability for the two possible benefits:

- $2.4 million to increase OPEB life insurance benefits from $15,000 to $25,000; and
- $9.0 million for offering dental and vision insurance to eligible OPEB participants.

By Minute No. 2025-0923-48, the Port Commission authorized the award of an agreement with Minnesota Life Insurance Company incorporating the increase in OPEB life insurance benefits to $25,000.

**Staff Evaluation/Justification:**
To offer existing retirees additional and enhanced benefits, to provide staff with additional tools to help compete for top talent and offer our existing employees increased incentives to continue their employment until retirement, and to partially employ the excess funding level in the OPEB Plan, staff and the Pension and Benefits Committee recommend the Port Commission to approve offering the dental and vision insurance to eligible OPEB participants beginning January 1, 2027. The OPEB Plan would pay 100% of the premiums for the dental and vision insurance. The total estimated increase in the OPEB liability would be approximately $9.0 million, and the current estimated excess Plan value over the OPEB liability would be approximately $60 million.

While the Port Authority has not and would not select a provider of such OPEB dental and vision coverage until near the end of calendar year 2026, Milliman has indicated that it can account for the dental and vision benefits in its next OPEB valuation report and GASB 74/75 if the Port Commission authorizes the OPEB Plan to fund the premiums for dental and vision insurance for eligible retirees and there is a clearly stated implementation date. To ensure accurate planning and valuations, staff recommends that the Port Commission authorize staff to carry out planning and to begin providing dental and vision insurance to eligible retirees in calendar year 2027, be funded by the Port Authority's OPEB Plan.

## Agenda Item Section - M3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize an agreement with the Center for Creative Leadership in an amount not to exceed $173,418 for leadership development and training services, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Employee Development and Experience

**Staff Contact:**
Carolyn Ashley

**Background:**
The Port Authority developed a new strategic plan in 2025, which anticipates the need for strong staff leadership in order to achieve the Port Authority's objectives and commitment to its mission, vision, and core values.

Beginning in 2016, the Port Authority entered into agreements with the Center for Creative Leadership (CCL) to provide the Port Authority with leadership development and training services. Those services have included the development and implementation of a leadership development program aimed at executive team development, targeted individual coaching, and leadership strategy and succession plan development. Staff believes this leadership development program has resulted in a more resilient, collaborative, and effective organization with a focus on the development of strong leadership. In November 2024, a subsequent agreement with CCL authorized professional services for the design and execution of a Leadership Team Development Program.

**Staff Evaluation/Justification:**
Following the design and execution of the Leadership Team Development Program, Port Authority staff recommends engaging CCL for the continued development of Port Authority leadership and to provide executive leadership coaching as needed. CCL has established leadership education programs for executive and senior leaders that would be facilitated through a series of workshops with the following objectives:

1. Leadership at the peak for executive leaders
    - How to enhance impact by building self-awareness and agility;
    - Methods for accelerating team performance;
    - Techniques for giving and receiving effective feedback;
    - Tools for developing resilience and leveraging their whole selves across their many roles;
    - Skills for building trust and leading with authenticity in a complex and changing world; and
    - Mindsets of curiosity, compassion, and courage to meet the challenges of today and create success that can shape the future.

2. Leading for organizational impact for senior leaders
    - Building self-awareness and agility;
    - Methods for accelerating team performance;
    - Giving and receiving effective feedback;
    - Developing resilience and leveraging their whole selves across their many roles;
    - Building trust and leading with authenticity in a complex and changing world; and

- Developing mindsets of curiosity, compassion, and courage to meet the challenges of today and create success that can shape the future.

In addition, CCL has proposed to provide as-needed coaching sessions to individual Port Authority leaders upon request by the Port Authority.

Staff has reviewed CCL's scope of work and found it to be fair and reasonable. Staff recommends continuing to engage the services of CCL for the next phase of the Port Authority's leadership development program based on its demonstrated competence and qualifications, and act as otherwise described above.

## Agenda Item Section - N1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, award a two-year environmental services contract in an amount not to exceed $200,000 for scrap tire removal and disposal services for all Port Authority facilities to the top-ranked proposer GFL Environmental, 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:**
Environmental Affairs

**Staff Contact:**
Amy Seymour/Trae Camble

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

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

**Staff Evaluation/Justification:**
On October 1, 2025, one RFP response was received, opened, and read. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year environmental services agreement to GFL Environmental, Inc., the proposer providing the best value for scrap tire removal and disposal services for Port Authority facilities, and act as otherwise described above.

## Agenda Item Section - N2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize an agreement with the Houston Ship Channel Security District for payment of the current year (2025-2026) in an amount not to exceed $61,675, 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:**
Security

**Staff Contact:**
Jessica Thomas

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

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

At this time, the HSCSD has preliminarily approved its budget for fiscal year 2026 and has determined that the assessment of its members would remain unchanged from 2025. Accordingly, in line with its budget requirements and consistent with the assessment of its private industry members, the HSCSD requests a payment from the Port Authority of $61,675 for fiscal year 2026 (payable in 2025). The 2026 payments from the district's private industry members and the Port Authority would enable the continued operation and maintenance of the above-described security assets for the HSC.

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

## Agenda Item Section - O1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve staff's ranking of vendors and award a contract in an amount not to exceed $240,139.04 to conduct a port equipment transition and cost assessment to the top-ranked proposer Arcadis U.S., Inc., with zero net cost to the Port Authority, after U.S. Environmental Protection Agency's Clean Ports Program grant reimbursement, 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:**
Strategy

**Staff Contact:**
Andy Morgans/Candice Armenoff

**Background:**
This project involves a consultant undertaking a port equipment transition and cost assessment to develop functional, terminal-specific equipment transition roadmaps for Port Authority-owned and operated terminals. These interactive roadmaps would enable planning for future equipment upgrades and purchases, considering capital expenditure requirements and associated air emissions.

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

**Staff Evaluation/Justification:**
On August 27, 2025, two RFPs were received and opened. The responses were reviewed, evaluated, and negotiated by staff in accordance with the published selection criteria.

Following staff Executive Review Committee, staff recommends that the Port Commission award a contract to Arcadis U.S., Inc., to undertake a port equipment and cost assessment, and act as otherwise described above.

## Agenda Item Section - P1

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, issue a purchase order to SHI Government Solutions, Inc. for the purchase of networking equipment to support the Bayport Container Terminal Annex and operations requirements, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $115,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Information Technology

**Staff Contact:**
Charles Thompson

**Background:**
The Port Authority is seeking to obtain the needed networking equipment to support the Bayport Container Terminal Annex and operations requirements.

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

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

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

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

## Agenda Item Section - P2

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, issue a purchase order to Xennex, LLC for the purchase of support and maintenance of the Port Authority's NetApp data storage environment data and hard drive storage, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $900,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Information Technology

**Staff Contact:**
Charles Thompson

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

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

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

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

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

## Agenda Item Section - P3

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, issue a purchase order to Carahsoft Technology Corp. for the purchase of SolarWinds device monitoring software for the Port Authority network for an additional three-year renewal, using the Texas Department of Information Resources cooperative purchase program, in an amount not to exceed $270,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Information Technology

**Staff Contact:**
Ron Farrow

**Background:**
In today's complex Information Technology (IT) landscape, maintaining reliable, real-time visibility across networks and systems is critical to supporting operational continuity and service delivery. SolarWinds provides the Port Authority with a centralized platform to monitor network performance, system availability, and application health, enabling proactive identification and resolution of issues before they affect operations.

The use of SolarWinds is expected to continue to enhance troubleshooting efficiency, reduce downtime, and ensure optimal utilization of IT department resources. Its automated alerting, reporting, and scalability have supported the Port Authority's growing infrastructure needs while maintaining consistent performance standards across all facilities. Staff has determined that leveraging SolarWinds strengthens the Port Authority's ability to manage its technology environment proactively and sustain reliable operations.

The Port Authority is seeking to renew its maintenance agreement for SolarWinds using the Texas Department of Information Resources (DIR), which is a department of the State of Texas, and has cooperative purchasing programs that may be used by the Port Authority.

**Staff Evaluation/Justification:**
The Director of Strategic Sourcing has determined that renewing SolarWinds through the Texas DIR purchasing program is the method that both satisfies competitive purchase requirements and provides 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 Carahsoft Technology Corp. under the pricing schedule obtained from that vendor's contract with DIR and is therefore recommending this purchase.

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

## Agenda Item Section - P4

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, approve a change order with Xennex, LLC for continued services to assist with the 2025 comprehensive network infrastructure refresh, in an amount not to exceed $60,000, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Information Technology

**Staff Contact:**
Ron Farrow

**Background:**
On August 13, 2025, Purchase Order No. 0213585 with Xennex, LLC was approved for Information Technology consulting services in the amount of $70,000. The staff augmentation services provided by the firm have supported staff's 2025 comprehensive network refresh by configuring and verifying network switches. The need for these services is expected to continue through year-end, and this change order would therefore help ensure the 2025 network refresh is properly completed.

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

## Agenda Item Section - P5

**Recommended Action:**
The Port Commission, at its October 27, 2025 meeting, authorize an amendment to the contract with One Diversified, LLC for the purchase of audio, video, installation, and maintenance services to newly install or retrofit Port Authority conference rooms with consistent and standardized technology, utilizing the United States General Services Administration (GSA), OMNIA Partners, and HGACBuy cooperative purchasing programs, determine that these procurement methods provides the best value to the Port Authority, and further authorize the Chief Executive Officer to take any and all actions deemed reasonable and necessary to give effect to the foregoing.

**Category:**
Awards, Amendments & Change Orders

**Department:**
Information Technology

**Staff Contact:**
Ron Farrow

**Background:**
By Minute No. 2024-0924-48, the Port Commission authorized a contract in an amount not to exceed $5,500,000 with One Diversified LLC for the purchase of audio, video, installation, and maintenance services to newly install or retrofit Port Authority conference rooms with consistent and standardized technology. This initiative aligns with the Port Authority's standardized audio/visual platform and would be implemented in all new facilities moving forward.

This proposed action would add two additional cooperatives for better value and pricing for the Port Authority and does not increase the spending authority. This would be the third change order on this contract; the first two were to add documentation only.

**Staff Evaluation/Justification:**
The Director of Strategic Sourcing has determined that procuring audio, video, installation, and maintenance services to install new and retrofit all Port conference rooms through the United States General Services Administration (GSA), OMNIA Partners, and HGACBuy cooperative purchasing programs is the method that both satisfies competitive purchasing requirements and provides the best value to the Port Authority.

As a political subdivision of the State of Texas, the Port Authority is authorized to utilize GSA, OMNIA Partners, and HGACBuy for the procurement of technology, security, and related systems and services.

The Information Technology Department has determined that the best availability, pricing, and contract terms for the required equipment and services are offered by One Diversified LLC under these cooperative contracts and therefore recommends proceeding with this purchase.

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