Thursday, July 30, 2020
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

9:15 a.m.
111 East Loop North
Houston, TX 77029

A. CALL TO ORDER

B. CHAIRMAN'S REMARKS
1. Governance, legislative, policy, and operational matters

C. APPROVAL OF MINUTES
1. Port Commission Public Meeting - June 23, 2020

D. STAFF REPORTS
1. Summary of selected financial and operational matters

E. APPEARANCES
1. Captain Jason Smith, Sector Commander, Houston-Galveston
2. Roland Garcia, Commissioner - Board of Pilot Commissioners for Harris County Ports
3. Public Comment

F. EXECUTIVE

General


G. COMMERCIAL

Leases
1. Approve a five-year lease with Houston Terminal LLC for approximately 2,007 square feet of office space in Stevedore Support Buildings No. 2 and 3 at Bayport Container Terminal, effective no earlier than September 1, 2020, at an annual rent of $62,603 with a 3% annual increase.
2. Approve a five-year four-month lease with Kinder Morgan Petcoke, L.P. for approximately 14.21 acres at Sims Bayou, effective no earlier than September 1, 2020, at an annual rent of $471,302 subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

3. Approve an agreement with Third Texas Resources to acquire wetland mitigation credits relating to the U.S. Army Corps of Engineers development permit for the Port Authority’s Greens Bayou Terminal located at Interstate 10 and Penn City Road, in the amount not to exceed $1,200,000.

H. FINANCE

Awards, Amendments & Change Orders
1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed $300,000 for professional auditing services for the fiscal year ending 2020, with options to renew for two additional one-year terms, to the top-ranked responder: staff ranking – first, BKD LLP; second, Deloitte & Touche LLP; and third, RSM, LLP.

2. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed $98,289.

3. Approve extension of the contract with AndCo Consulting LLC for investment advisory services related to the Port Authority Pension Plan, Port Authority Other Post-Employment Benefits (OPEB) Plan, and defined contribution and deferred compensation plans, for an additional and final one-year period, in an amount not to exceed $137,500.

General
4. Adopt resolutions to amend the Port of Houston Authority Other Post-Employment Benefits (OPEB) Trust Agreement.

I. INFRASTRUCTURE

Awards, Amendments & Change Orders
1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed $978,146 for the design to construct Container Yard 3 at Barbours Cut Terminal to the top-ranked proposers: staff ranking – first, RPS Infrastructure, Inc.; second, Hatch Associates Consultants, Inc.; and third, Lockwood, Andrews, and Newnam, Inc.

2. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed $18,745,998 for the construction of Container Yard 2 South at Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Satterfield & Pontikes Construction, Inc.; second, McCarthy Building Company, Inc.; and third, Archer Western Construction, LLC.

3. Approve staff’s ranking of vendors and award a professional services contract in an amount of $350,000 to perform construction material testing for the construction of Container Yard 2 South at Bayport Container Terminal to the top-ranked proposers: staff ranking - first, Terracon Consultants, Inc.; second, Aviles Engineering Corp.; and third, Raba Kistner, Inc.
4. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed $154,979 to construct a security system at Container Yard 7 and the west empty yard at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Tekplan Solutions Texas, LLC; and second, Dowley Security Systems, Inc.

5. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed $941,000 for trench drain repairs at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Jerdon Enterprise, L.P.; second, McCarthy Building Companies, Inc.; and third, Forde Construction Company, Inc.

6. Approve staff’s ranking of vendors and award a two-year environmental consulting agreement in an amount not to exceed $200,000 for storm water quality program management to the top-ranked proposer: staff ranking - first, Terra Nova Consulting, Inc.; second, Spirit Environmental, LLC; and third, Halff Associates.

7. Amend the professional services contract with Hatch Consultants, Inc. for additional engineering services associated with the Port Authority Facility Inspection and Condition Assessment Program for electrical and communications in an amount not to exceed $179,954.

8. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yard 7 at Bayport Container Terminal in an amount not to exceed $58,957.

9. Approve a change order with Fused Industries, LLC to perform additional work associated with the rail spur at Bayport Container Terminal in an amount not to exceed $155,708.

**Project 11**

10. Award professional services consulting contracts to provide strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project to PricewaterhouseCoopers Advisory Services, LLC and EcoLogix Group, Inc. in amounts not to exceed $324,547 and $282,350, respectively.

11. Amend the professional engineering and auditing services contracts supporting the Houston Ship Channel Expansion Channel Improvement Project, with Atkins North America, Inc. in an amount not to exceed $950,000 and with Freese and Nichols, Inc. in an amount not to exceed $50,000.

12. Enter into reimbursement agreements for design and permitting with eight pipeline companies for ten pipelines related to segment 4 of the Houston Ship Channel Expansion Channel Improvement Project at a cost not to exceed $2,000,000 per pipeline, for which the Port Authority would be responsible for one half the cost per pipeline, for a total amount not to exceed $10,000,000.

**Permits/Licenses/Pipeline Easements**

13. Issue a transmission line license to Comcast Cable Communications Management, LLC for one coaxial cable line over and across Turning Basin Terminal West.

14. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Bulk Materials Handling Plant Terminal.
15. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the North L Street property.

16. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the Barbours Cut Terminal.

17. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Barbours Cut Terminal.

18. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Jacintoport Terminal.

19. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Southside Mainline railroad right-of-way.

20. Issue a distribution and/or transmission line license to Vopak Moda Houston LLC for one 2-inch fiber optic cable under and across the Port Terminal Railroad Association’s Southside Mainline railroad right-of-way.


22. Issue a pipeline license to Pasadena Performance Products, LLC for one 16-inch refined petroleum products pipeline under and across the Port Terminal Railroad Association’s Pasadena Rail Yard.

23. Issue a marine construction permit to Enterprise Marine Services LLC in connection with barge fleeting at an approximately 16.14 acre submerged lands leased site in Old River.

J. OPERATIONS

Awards, Amendments & Change Orders

1. Approve staff’s ranking of vendors and award a contract in the amount not to exceed $595,000 for the purchase of one loaded container handling machine for Barbours Cut Terminal to the top-ranked proposer: staff ranking – first, Taylor Machine Works, Inc.; second, Briggs Equipment, Inc.; and third, Lonestar Lift.

2. Award a contract to ZPMC North America, Inc. for the purchase of replacement short trolley rails for four wharf cranes at Bayport Container Terminal in an amount not to exceed $55,882.

3. Award a two-year contract to Hillmar Industries Ltd., the sole source provider, for the purchase of captive replacement parts for Hillmar wheel brakes and related components for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $300,000.

4. Award a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed $300,000.
5. Issue a purchase order to Briggs Equipment for the purchase of one forklift model H450HD for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's BuyBoard Program, a cooperative purchase program, in an amount not to exceed $270,494.

6. Issue a purchase order to Heil of Texas for the purchase of one Schwarze Model M6SE Avalanche sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed $265,000.

7. Issue a purchase order to ASCO Equipment for the purchase of one Genie S-40 telescopic boom manlift with no jib and one Genie S-85 telescopic boom manlift with jib for Barbours Cut Terminal, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed $202,860.

8. Issue a purchase order to Doggett Heavy Machinery for purchase of a John Deere 650K Crawler Dozer, using Sourcewell, a cooperative purchase program, in an amount not to exceed $170,000.

9. Issue a purchase order to Texas Pride Marketing for the purchase of a Mobile Column Lift system for Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard Program, in an amount not to exceed $72,000.

10. Ratify an emergency purchase for COVID-19 testing from UTMB Health for $75,000 and authorize additional purchase order funding for continuing pandemic response services with Workplace Safety Screenings for $400,000 and Ambassador Services, LLC for $450,000.

**General**

11. Amend the Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal to extend the term of the agreement through December 31, 2020.

12. Approve a Marine Terminal Service Agreement between the Port Authority and Ocean Network Express Pte. LTD.

K. PEOPLE

1. No items.

L. PORT SECURITY AND EMERGENCY OPERATIONS

1. No items.

M. TECHNOLOGY

**Awards, Amendments & Change Orders**

1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed $551,400 for JDEdwards Configurable Network Computing support, payable over five years to the top-ranked proposer: staff ranking – first, ManageForce Corporation; second, Smartbridge, LLC; and third, Cyret Technologies Inc.

2. Issue a purchase order to Red River Technology LLC for purchase of Information Technology network hardware, software, and associated peripherals to replace network hardware as part of the Information Technology master plan for calendar years 2020-2021, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $710,000.
3. Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority’s existing Information Technology infrastructure, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $70,568.

4. Issue a purchase order to NWN Corporation for purchase of the Netapp data storage maintenance renewal using National 18/056KD-44 HCDE Choice Partners, in an amount not to exceed $350,000.

5. Issue a purchase order to Smart-Tecs, the sole source provider, for the purchase of spare parts for the Gate Operating System environment in an amount not to exceed $57,000.

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

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act)

2. Real Estate (Section 551.072, Texas Open Meeting Act), including disposition of Turning Basin, Barbours Cut Terminal, and Beltway 8 vicinity properties

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

4. Employment and Evaluation of Public Employees (Section 551.074, Texas Open Meetings Act)

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

6. Adjourn Executive Session

**O. RECONVENE OPEN MEETING**

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

**P. ADJOURN MEETING**

1. Next Meeting Requested - September 29, 2020

2. Adjourn Port Commission Meeting
F. EXECUTIVE

<table>
<thead>
<tr>
<th>Subject</th>
<th>1. Approve and reaffirm the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, effective July 30, 2020.</th>
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<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
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<tr>
<td>Recommended Action</td>
<td>The Port Commission, at its July 30, 2020 meeting, approve and reaffirm the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</td>
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**Category:** General

**Department:** Internal Audit

**Staff Contact:** Maxine Buckles

**Background:**
The Audit Committee Charter requires that the Audit Committee conduct an annual review of its charter, the Internal Audit Charter, and the Internal Audit Policies supporting the Audit Committee and The Port Authority Internal Audit function.

By Minute No. 2019-0521-06, the Port Commission last approved the Port Authority’s Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies.

The Internal Audit Charter sets forth the purpose, authority, and responsibilities of the Internal Audit Department relating to Port Authority systems and business processes, risk management practices, interaction with the Port Authority’s independent auditor, internal control structure, accounting policy, and internal audit matters, compliance, and reporting. The Internal Audit Policies support the Audit Committee and Internal Audit Charters.

**Staff Evaluation/Justification:**
The Audit Committee will have completed its review of the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies prior to the July 30, 2020 meeting of the Port Commission. Proposed changes to the Audit Committee Charter, the Internal Audit Charter and Policies incorporate clarifications and updates to references. There were no substantive updates made to these during the review period.

The Audit Committee and staff request that the Port Commission approve these modifications to the Audit Committee Charter, Internal Audit Charter, and Internal Audit Policies, to document the completion of the annual review and to maintain synchronization of the effective dates.
Audit Committee of the
Port Commission of the Port of Houston Authority

Charter
Adopted as of July __, 2020

A. Purpose and authority

The Audit Committee ("Committee") is established by the Port Commission as governing body of the Port of Houston Authority of Harris County, Texas ("Port Authority") for the primary purpose of assisting the Port Commission in:

- Oversight of the integrity of the Port Authority’s financial statements and the Port Authority’s accounting and financial reporting processes and financial statement audits.
- Oversight of the Port Authority’s compliance with legal and regulatory requirements.
- Oversight of the qualifications and independence of the Port Authority’s public accounting firm ("independent auditor").
- Oversight of the performance of the Port Authority’s independent auditor, any county audit and any internal audit functions ("internal audit").
- Oversight of the Port Authority’s systems of financial controls and procedures, internal controls over financial reporting, and compliance with ethical standards adopted by the Port Authority.

Consistent with this function, the Audit Committee encourages continuous improvement of, and fosters adherence to, the Port Authority’s policies, procedures, and practices at all levels. The Audit Committee also provides for open communication among the independent auditor, financial and senior management, the internal audit function, and the Port Commission.

The Audit Committee has the authority to initiate investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisors, as necessary, to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Audit Committee shall also have the authority to meet with and seek any information it requires from employees, officers, Port Commissioners, or external parties.
The Port Commission will provide appropriate funding, as requested by the Audit Committee, for compensation to the independent auditor, to any advisers that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Section C of this charter.

B. Composition and meetings

The Audit Committee will be comprised of three or more Port Commissioners, and as provided by the Amended and Restated Bylaws of the Port of Houston Authority, as amended from time-to-time (the “Bylaws”).

Unless a chairperson is selected by the Chairman of the Port Commission, the members of the Committee may designate a chairperson by majority vote.

The Committee will meet periodically as circumstances dictate and as otherwise provided by the Bylaws. The Committee chairperson will approve the agenda for the Committee’s meetings and any member may suggest items for consideration.

As part of its responsibility to foster open communication, the Committee may meet periodically with management, any internal audit professionals, and the independent auditor in separate executive sessions.

C. Responsibilities and duties

To fulfill its responsibilities and duties, the Audit Committee will:

Documents/reports/accounting information review

1. Meet with management and the independent auditor, as applicable, to review and discuss the Port Authority’s Comprehensive Annual Financial Report (“CAFR”), Restated Retirement Plan Audit, Federal and State Single Audit Reports, and any findings associated with these audits.

2. Meet with management periodically to review and discuss the Port Authority’s current financial statements.

3. Review other relevant reports or financial information submitted by the Port Authority to any governmental body or the public, including relevant reports rendered by the independent auditor (or summaries thereof).
4. Recommend to the Port Commission whether the financial statements should be approved by it, as may be required by law.

5. Obtain and review any special financial reports to management.

**Independent auditor**

6. Recommend to the Port Commission whether to retain the independent auditor, and its compensation and the scope of its work of preparing or issuing an audit report and related duties; oversee the work performed by the independent auditor, who shall report directly to the Audit Committee; review the performance and independence of the independent auditor; remove the independent auditor if circumstances warrant; and oversee the resolution of disagreements between management and the independent auditor if they arise.

7. Discuss with the independent auditor the matters required to be discussed under Statement of Auditing Standards No. 114 (The Auditor’s Communication with Those Charged with Governance), which supersedes guidance contained in the previous Statement on Auditing Standards No. 61 (“Communication with audit committees”)

8. Review with the independent auditor any findings or difficulties and management’s responses or recommendations.

9. Review the independent auditor's report on the Port Authority's assessment of internal control over financial reporting.

10. Hold timely discussions with the independent auditor regarding the following:

   - Critical accounting policies and practices
   - Alternative treatments of financial information within generally accepted accounting principles (“GAAP”) and/or Governmental Accounting Standards Board (“GASB”) standards related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor
   - Other material written communications between the independent auditor and management, including, but not limited to, the management letter and schedule of unadjusted differences.

11. Consider whether the independent auditor may provide non-audit services, and whether it is compatible with the auditor’s independence; and oversee any relationships or services that may affect the independence and objectivity of the auditor, and take appropriate actions to oversee the independence of the outside auditor.
12. At least annually, obtain and review a report by the independent auditor describing:

- The independent auditor’s internal quality-control procedures
- Any material issues raised by its most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the independent auditor, and any steps taken to deal with such issues
- All relationships between the independent auditor and the Port Authority.

13. Review the experience and qualifications of the lead partner each year and determine that all partner rotation requirements, as promulgated by applicable rules and regulations, are executed.

14. Consider whether there should be rotation of the independent auditor itself.

15. Approve Port Authority policies, consistent with governing laws and regulations, for its hiring of personnel of the independent auditor.

**Financial reporting processes, internal control structure, and accounting policy**

16. In consultation with the independent auditor and any internal audit function, periodically review the integrity of the Port Authority’s financial reporting processes (both internal and external).

17. Periodically review the adequacy and effectiveness of the Port Authority’s disclosure controls and procedures, and the Port Authority’s internal control over financial reporting, including any significant deficiencies and significant changes in internal controls.

18. Understand the scope of the auditors’ review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management responses.

19. Receive and review any disclosure from the Port Authority senior management of:

- Significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Port Authority’s ability to record, process, summarize, and report financial data
- Any fraud, whether or not material, that involves management or other employees who have a significant role in the Port Authority’s internal controls.
20. Review major issues regarding accounting principles and financial statement presentations, including any significant changes in the Port Authority’s selection or application of accounting principles, major issues as to the adequacy of the Port Authority’s internal controls, and any special audit steps adopted in light of material control deficiencies.

21. Review analyses prepared by management (and the independent auditor as noted in item no. 10 above) setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.

22. Review the effect of regulatory and accounting initiatives on the financial statements of the Port Authority.

23. Periodically review the adequacy and effectiveness of the Port Authority’s other internal control systems, including information technology security and control.

**Internal audit**

24. Review with management and the chief audit executive the charter, activities, staffing, and organizational structure of the internal audit function and approve any additional activities, as well as the safeguards needed to address independence impairments created by responsibilities for activities outside of internal auditing.

25. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive.

26. Review and approve the annual audit plan and all major changes to the plan.

27. Review the performance of the chief audit executive on an annual basis and recommend to the Port Commission for possible action his or her annual compensation and any salary adjustments, taking into consideration a report and recommendations of the Executive Director of the Port Authority, and any other information it deems appropriate.

28. Review the effectiveness of the internal audit function, including the mandatory nature of the Core Principles for the Practice of Internal Auditing, the Code of Ethics, the Definition of Internal Auditing, and *International Standards for the Professional Practice of Internal Auditing*.

29. Periodically meet separately with the chief audit executive to discuss any matters that the Committee or internal audit believes should be discussed privately.
Compliance

30. Review the effectiveness of the system for monitoring compliance with laws and regulations, and related internal policies, and the results of management’s investigation and follow-up (including disciplinary action) of any instances of noncompliance.

31. Periodically review and provide input for updating and strengthening the Port Authority’s code of ethics.

32. Collaborate with other Port Commissioners with regard to oversight of the Port Authority’s system to communicate to and train its personnel regarding this code of ethics, and oversight of the Port Authority’s processes to monitor compliance with and enforce the code of ethics.

33. Establish and oversee procedures for:
   - The receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters
   - The confidential, anonymous submission by Port Authority employees and others (collectively, “whistleblowers”) of concerns regarding questionable accounting, auditing, or other compliance matters.

34. Review the findings of any examinations by regulatory agencies, and any other auditor observations.

35. Discuss policies with respect to risk assessment and risk management, including appropriate guidelines and policies to govern the process, as well as the Port Authority’s major risk exposures and the steps management has undertaken to control them.

36. Review, with the Port Authority’s counsel, legal compliance and legal matters that could have a significant impact on the Port Authority’s financial statements.

37. Obtain regular updates from management and counsel regarding other compliance matters.

Reporting

38. Report regularly to the Port Commission regarding the execution of the Audit Committee’s duties and responsibilities, activities, any issues encountered, and related recommendations.
**Other responsibilities**

39. Review as necessary – with the independent auditor, the internal audit function, and management – the extent to which changes or improvements in financial or accounting practices have been implemented.

40. Review, with management, the Port Authority’s finance function, including its budget and organization.

41. Conduct an annual assessment of this charter and the Audit Committee’s purpose, duties, and responsibilities hereunder, and recommend to the Port Commission any changes or amendments.

42. Perform any other activities consistent with this charter and governing laws that the Port Commission or Audit Committee determines are necessary or appropriate.

* * *
PORT OF HOUSTON AUTHORITY
INTERNAL AUDIT CHARTER

July __, 2020
A. INTRODUCTION

Attribute Standard 1000 of the 2017 International Standards for the Professional Practice of Internal Auditing (“The Standards”) as issued by the Institute of Internal Auditors (“IIA”) requires the Audit Organization to define the mission, scope, authority, responsibility, and accountability of the Internal Audit (IA) function using a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes, and incorporating a Code of Ethics of the IIA by adopting an Internal Audit Charter.

The IIA Standards require adherence to the mandatory elements of the International Professional Practices Framework, which consist of Core Principals for the Practice of Internal Auditing, the Definition of Internal Auditing, the IIA Code of Ethics, and International Standards for the Professional Practice of Internal Auditing. The Internal Audit Department (“IAD”) Charter is the commitment by all relevant parties to support and execute these activities correlated to items specified within this document and as expressed in the Mission and Vision Statement of the Port of Houston Authority (“PHA”).

B. MISSION STATEMENT AND SCOPE OF WORK

1. The Mission Statement of the IAD is to perform the Internal Audit (“IA”) function for the PHA as Audit Organization. This includes provision of independent, objective assurance and consulting services designed to add value and improve the PHA’s operations. In doing so, we use Generally Accepted Governmental Auditing Standards (“GAGAS”) and The Standards. The IAD helps divisional and departmental management of the PHA accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of various processes (i.e. risk management, control, and governance).

2. The Scope of Work of the IA function is to determine whether the organization’s strategic design, implementation, documentation, and reporting of various processes are adequate and operating in a manner as represented by management. This should ensure that:

   a. Risks are identified, communicated, documented, and managed
   b. Interaction with the various governance groups occurs as needed
   c. Significant financial, managerial, and operational information is accurate, relevant, reliable, and timely
   d. Employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations
   e. Resources are acquired economically, used efficiently, and adequately safeguarded/maintained
   f. Programs, plans, and objectives are achieved as committed and/or budgeted
   g. Quality and continuous improvements are fostered within the PHA’s control processes
   h. Significant legislative and regulatory issues impacting the PHA are identified, recognized, and addressed appropriately
   i. Opportunities for improving management control, accountability, and the PHA’s image that are identified will be communicated to the proper level of management
C. RESPONSIBILITY

1. The IAD, which includes the PHA chief audit executive ("CAE") and staff, has responsibility to:

   a. Develop a flexible Annual Audit Plan using appropriate risk-based methodology, including any risk or control concerns expressed by Audit Committee of the Port Commission ("Audit Committee") and/or PHA management, and submit that plan to the Port Commission for review and approval. The flexible Annual Audit Plan includes the latitude for adequate follow-up on any issues identified during the engagement process and includes relevant resource limitations and their impact on Scope of Work;

   b. Implement the Annual Audit Plan as approved by the Port Commission, including any special tasks or projects requested by the Audit Committee and/or PHA management;

   c. Provide periodic reports to the Audit Committee summarizing the results of each engagement that identify audit findings, commendations, best practices, recommendations, conclusions, and Departmental Management responses. These reports are issued by the IAD and distributed to the Port Commission and PHA divisional and departmental management. Final Reports are also made available to the external auditor, to enhance reliability, facilitate communication, and reduce costs of the overall audit process;

   d. Maintain a staff with sufficient knowledge, skills, experience, and professional certifications to meet requirements of The Standards. This includes adequate continuing professional education ("CPE") to maintain licensure and/or certifications and apply relevant GAGAS;

   e. Establish and maintain an IAD Policies and Procedures Manual that contains specific guidelines for operations of the IA function and serves as a reference for design, execution, and assessment of the audit activities;

   f. Establish and maintain a Quality Assurance Program, to provide reasonable assurance regarding the operations of the IAD in relationship to its compliance with professional standards, this Charter, and the IAD Policies and Procedures Manual. This will include internal and external review and reporting of periodic results in performance to the Port Commission, Audit Committee and/or PHA management, along with a feedback mechanism of measurable value for assessment that will be provided to the PHA;

   g. Perform relevant consulting services related to control and process implementation and optimization to assist PHA divisional and departmental management in meeting their objectives and foster synergies within the organization, while leveraging resource utilization that promotes development of professional staff with skill sets valuable to operational effectiveness and efficiencies. The IAD may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources;

   h. Establish and maintain sufficient and adequate levels of relevant and dynamic knowledge base, by evaluating and monitoring new or emerging services, computer hardware and software systems, processes, functions, operations, and controls coincident with the development, implementation and/or expansion of the PHA’s operations;

   i. Assist in the investigation of alleged fraudulent activities within the PHA as requested by the PHA’s General Counsel, PHA security, any law enforcement agency or judiciary, and notify the Audit Committee, Executive Director, and General Counsel of the results; and
j. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal coverage, avoiding duplication of effort, building professional rapport, and further developing reliance on credibility and validity of the internal audit function.

D. ACCOUNTABILITY

The CAE, in performing the IA function, shall be accountable to the Audit Committee of the Port Commission. This will be measured by:

1. Preparing a Risk-based Annual Audit Plan and providing periodic updates to the Audit Committee regarding its status and related matters, including resources;

2. Providing a periodic assessment on the adequacy, effectiveness, status of the PHA’s divisions and departments, and/or component processes for controlling their activities and managing their risks, as set out in the Mission Statement and Scope of Work and supported by projects that the IAD has performed;

3. Reporting scope of work, results, conclusions, significant issues (including unmitigated risks and control deficiencies as expressed in engagement-level assessments), potential improvements (i.e. recommendations), and the status of follow-up procedures performed;

4. Maintaining adequate documentation to support conclusions in the form of workpaper files that can also be reviewed for efficiency, relevance to audit plan and program, future audit work, and quality assessment purposes; and

5. Coordinating with and providing assessments of the other control and monitoring functions (i.e. risk management, compliance, security, ethics, environmental, etc.)

E. INDEPENDENCE

1. Because of the unique nature of the IA function and the potential for ambiguity and conflicting interests, the independence of the IA function is critical to its success. Independence is vital both in substance and perception, in order to build a foundation of integrity upon which the efficacy and reliability of the IA function can be established and sustained.

2. To provide for the independence of the IA function, IAD personnel report to the CAE who reports functionally to the Audit Committee and administratively to the Executive Director.

3. In the event the IA function must investigate serious concerns identified under the GAGAS or The Standards (e.g. external impairments, fraud, etc.), IAD personnel shall be provided unrestricted access to the PHA Finance & Administration Department, PHA’s Legal Department (subject to the maintenance of appropriate privileges), and appropriate Law Enforcement. If the IA function encounters interference in determining the scope of internal auditing, performing work, or communicating results, the CAE must disclose such interference to the Audit Committee of the Port Commission.

F. AUTHORITY

1. **In order for the IAD to fulfill its responsibilities, provide adequate accountability, and maintain independence, it shall have:**

   a. Continual unrestricted access to all functions, records, property, and personnel of the PHA in meeting its specific audit objectives (subject to the maintenance of appropriate legal privileges and confidentiality). This includes full access to all systems that input, process, store, and report any and all information of the operations of the PHA which are not limited or otherwise restricted;
b. Full and unrestricted access to the Port Commission, management, and appropriate law enforcement (subject to the maintenance of appropriate legal privileges and confidentiality);

c. The ability to allocate audit resources, set audit frequencies, select subjects, determine scope of work, and apply audit techniques required to accomplish audit objectives, without external impairments; and

d. The necessary assistance and/or cooperation of personnel in relation to performance of engagement activity. This includes all PHA divisions and departments where cost efficient and where outsourced functions are procured for the PHA’s business.

2. To further maintain independence, reliability, and integrity, the IA function, as performed by the IAD, expressly excludes:

a. Responsibility for any operational duties of the PHA, including those circumstances where the CAE certifies or attests to the effectiveness and conformity to organizational policies, procedures, and applicable laws and regulations of such operations;

b. The authority to initiate or approve transactions that are outside of the direct operations of the IA function and its activities; and

c. The authority to direct the activities of the PHA’s employees outside the IA function.

G. PROFESSIONAL STANDARDS

1. As indicated in the Introduction and Mission Statement and Scope of Work sections, the IA function within the IAD will conform and adhere to GAGAS and The Standards or provide appropriate disclosure when exception or limitation exists or occurs.

2. As part of providing assurance to continued adherence, the IAD will undergo a Peer Review engagement every five years, which will render an independent opinion on conformance to the professional standards and requirements reference above.

3. In addition, after a successful IIA peer review, for all audits or engagements where the IAD applies GAGAS or The Standards, the IAD will provide positive assurance, in its report or other deliverable, as to its adherence to them and its application of them in its report or other deliverable.

H. AMENDMENT OF THE INTERNAL AUDIT CHARTER

The CAE is responsible for ensuring that the Charter of the IAD is periodically reviewed and updated or revised as necessary. Any amendment and/or revision shall be signed and approved by the CAE, Executive Director, and the Chair of the Audit Committee.
EXECUTIVE ENDORSEMENT

This Internal Audit Charter of the PHA is the formal document that specifies the Mission Statement, Scope of Work, Responsibility, Accountability, Authority, and Independence of the IA function. This Charter is a binding commitment and is vital to all stakeholders of the PHA. The endorsements below of this Internal Audit Charter underscores the importance of the IA function in relationship to the PHA’s operations and confirms their continued cooperation in fulfillment of their obligation to carry out the IA function.

07/30/2020
Maxine N. Buckles
Chief Audit Officer
Port of Houston Authority

07/30/2020
R. Timothy Finley
Chief Financial Officer
Port of Houston Authority

07/30/2020
Thomas J. Heidt
Chief Operating Officer
Port of Houston Authority

07/30/2020
Roger Guenther
Executive Director
Port of Houston Authority

07/30/2020
Ric Campo
Chair, Audit Committee
Port Commission of the Port of Houston Authority

RELEVANT PROFESSIONAL STANDARDS -
GAGAS Chapters 1-3; IIA Standards (all, but emphasis on): 1000; 1000.A1; 1000.C1 ; 1010; 1110; 1110.A1 ; 1111; 1112; 1130; 1320; 2000; 2100; 2600 and related IIA Practice Advisories: 1000-1 ; 1000.C1-2; 2060-2; 2100-3;2330.A1-2; 2500.A1 -1
## Internal Audit Policy Index

<table>
<thead>
<tr>
<th>Policy No.</th>
<th>Policy Name</th>
<th>Creation Date</th>
<th>Lastest Revised Date</th>
<th>Changes Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>POL-IA-001</td>
<td>Code of Ethics</td>
<td>10/01/2013</td>
<td>7/30/2020</td>
<td>Updated GAGAS 2018 wording and reference</td>
</tr>
<tr>
<td>POL-IA-002</td>
<td>Independence</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated GAGAS 2018 wording and reference</td>
</tr>
<tr>
<td>POL-IA-003</td>
<td>Proficiency, Competency and Professional Development</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-004</td>
<td>Planning and Risk</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-005</td>
<td>Audit/Engagement Execution &amp; Fieldwork</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-006</td>
<td>Audit/Engagement Documentation &amp; Workpapers</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-007</td>
<td>Audit/Engagement Reports &amp; Other Deliverables</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-008</td>
<td>Communications</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-009</td>
<td>Follow-up and Remediation</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated GAGAS 2018 wording and reference</td>
</tr>
<tr>
<td>POL-IA-010</td>
<td>Quality Control and Assurance</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-011</td>
<td>Consideration of Fraud, Waste and/or Abuse</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
<tr>
<td>POL-IA-012</td>
<td>Consideration of Information Technology</td>
<td>10/01/2013</td>
<td>07/30/2020</td>
<td>Updated process and GAGAS 2018 reference</td>
</tr>
</tbody>
</table>
CODE OF ETHICS

PRINCIPLES

Internal auditors within the Internal Audit Department (“IAD”) must adhere to the Port of Houston Code of Conduct and are expected to apply and uphold the following principles:

- **INTEGRITY**
  
  The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **INDEPENDENCE AND OBJECTIVITY**
  
  The Internal Audit function must be independent, and internal auditors must be objective in performing their work.

  Note: See Independence Policy for specific details.

- **CONFIDENTIALITY**
  
  Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **PROFICIENCY**
  
  Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities.

RULES OF CONDUCT

1. **INTEGRITY**

Internal auditors within the IAD:

1.1 Shall perform their work with honesty, diligence, and responsibility.

1.2 Shall observe the law and make disclosures expected by the law and the profession.

1.3 Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.

1.4 Shall respect and contribute to the legitimate and ethical objectives of the organization.
2. INDEPENDENCE AND OBJECTIVITY

Internal auditors within the IAD:

2.1 Shall not participate in any activity or relationship that may impair or be presumed to impair their assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.

2.2 Shall not assess specific operations for which they were previously responsible.

2.3 Shall not accept anything that may impair or be presumed to impair their professional judgment.

2.4 Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

3. CONFIDENTIALITY

Internal auditors within the IAD:

3.1 Shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

4. COMPETENCY

Internal auditors within the IAD:

4.1 Shall engage only in those services for which they have the necessary knowledge, skills, and experience.

4.2 Shall perform internal auditing services in accordance with the Generally Accepted Governmental Auditing Standards (“GAGAS”) in conjunction with the International Standards for the Professional Practice of Internal Auditing (“The Standards”) and the IAD’s Policies and Procedures Manual.

4.3 Shall continually improve their proficiency and the effectiveness and quality of their services.

Relevant Standards:

GAGAS 3.02 Ethical Principles
3.16 Professional Behavior

IIA 1010 Recognizing Mandatory Guidance in the Internal Audit Charter
1300 Quality Assurance and Improvement Program
1311 Internal Assessment
1320 Reporting on the quality Assurance and Improvement Program
1322 Disclosure of Non conformance
2000 Managing the Internal audit activity
2110 Governance
2110. A1
2431 Engagement Disclosure of Nonconformance
INDEPENDENCE POLICY

- In performing the Internal Audit (“IA”) Function, the Internal Audit Department (“IAD”) applies the standards of independence and objectivity as promulgated by the Generally Accepted Government Auditing Standards (“GAGAS”) and the Institute of Internal Auditors (“IIA”) International Standards for the Professional Practice of Internal Auditing (“The Standards”). The GAGAS Conceptual Framework Approach to Independence is applied at the Audit Organization, Audit, and Individual Auditor Levels. This is an essential cornerstone of our existence as an IAD and in the fulfillment of our mission statement and attainment of our objectives as outlined in the IAD Charter.

- The Internal Audit Division within the Port of Houston Authority (“PHA”) is considered an Internal Audit Organization for purposes of executing its mission and scope of work as indicated in the PHA Internal Audit Charter.

- IAD personnel must be independent in both substance and perception in order to build a foundation of integrity upon which the efficacy and reality of the IA function can be established and sustained.

- To provide for independence of the IA function, IAD personnel report to the PHA chief audit executive (“CAE”) who reports functionally to the Audit Committee of the Port Commission (“Audit Committee”).

- In the event that the IA function must investigate serious concerns identified under the GAGAS or the Standards, IAD personnel shall be provided unrestricted access to the Port Commission, PHA management, PHA’s Legal Division, and appropriate Law Enforcement (subject to the maintenance of appropriate privileges).

THREATS TO INDEPENDENCE

The following are the seven categories of threats to independence as presented in Section 3.30 of the Government Auditing Standards 2018 Revision:

a. **Self-interest threat** - the threat that a financial or other interest will inappropriately influence an auditor’s judgment or behavior;

b. **Self-review threat** - the threat that an auditor or audit organization that has provided non-audit services will not appropriately evaluate the results of previous judgments made or services performed as part of the non-audit services when forming a judgment significant to a GAGAS engagement;

c. **Bias threat** - the threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective;

d. **Familiarity threat** - the threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective;

e. **Undue influence threat** - the threat that external influences or pressures from sources external to the audit organization will affect an auditor’s ability to make independent and objective judgments;
f. Management participation threat - the threat that results from an auditor’s taking on the role of management or otherwise performing management functions on behalf of the audited entity, which will lead an auditor to take a position that is not objective.

g. Structural threat - the threat that an audit organization’s placement within a government entity, in combination with the structure of the government entity being audited, will affect the audit organization’s ability to perform work and report results objectively.

Section 3.50 of the Government Auditing Standards 2018 Revision provides the following examples of safeguards that could eliminate threats or reduce them to an acceptable level:

a. Consulting an independent third party, such as a professional organization, a professional regulatory body, or another auditor to discuss engagement issues or assess issues that are highly technical or require significant judgment;

b. Involving another audit organization to perform or re-perform part of the engagement;

c. Having an auditor who was not a member of the engagement team review the work performed; and

d. Removing an auditor from an engagement team when that auditor’s financial or other interests or relationships pose a threat to independence.

The following are documentation requirements under GAGAS to support an auditor’s compliance with independence standards:

a. Document threats to independence that require the application of safeguards, along with safeguards applied, in accordance with the conceptual framework for independence as required by paragraph 3.24;

b. Document the safeguards required by paragraph 3.30 if an audit organization is structurally located within a government entity and are considered independent based on those safeguards;

c. Document consideration of audited entity management’s ability to effectively oversee a non-audit service to be provided by the auditor as indicated in paragraph 3.34; and

d. Document the auditor’s understanding with an audited entity for which the auditor will perform a non-audit service as indicated in paragraph 3.39.

**ATTEST TO INDEPENDENCE**

As part of compliance, the CAE on behalf of the IAD and each individual auditor will assure their independence and disclose when impairment occurs or exists in the form of a signed document. These signed documents are executed annually and are kept as a part of the IAD records. Additionally, the individual auditor attests to his/her independence at the audit/engagement level by sign-off on an “Independence workpaper”.

The independence statements act as support and validation of adherence to this policy.
RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

**INDEPENDENCE**
- DEFINITION: 3.01 - 3.17
- PERSONAL IMPAIRMENTS: 3.26 - 3.27, 3.59
- EXTERNAL IMPAIRMENTS: 3.35, 3.48

**Organizational Independence**
- DEFINITION: 3.12
- EXTERNAL AUDIT: 3.61, 3.37, 3.30, 3.37
- INTERNAL AUDIT: 3.49 - 3.51
- NON-AUDIT SERVICES: 3.65, 3.73, 3.74, 3.79
- OVERARCHING INDEPENDENCE PRINCIPLES: 3.72

IIA STANDARDS

- INDEPENDENCE AND OBJECTIVITY: 1100
- ORGANIZATIONAL INDEPENDENCE: 1110, 1110.A1, 1112
- INDIVIDUAL OBJECTIVITY: 1120

IIA PRACTICE ADVISORIES

- ORGANIZATIONAL INDEPENDENCE: 1110 – 1
- INDIVIDUAL OBJECTIVITY: 1120 – 1
- IMPAIRMENT TO INDEPENDENCE OR OBJECTIVITY: 1130 – 1
- INDEPENDENCE OF THE EXTERNAL ASSESSMENT: 1312 – 4
- TEAM IN THE PUBLIC SECTOR
PROFICIENCY, COMPETENCY, AND PROFESSIONAL DEVELOPMENT

POLICY

- The Internal Audit Department ("IAD") will maintain an adequate level of staff and access to other resources needed to execute its function and discharge its duties in accordance with the International Standards for the Professional Practice of Internal Auditing ("The Standards") and IAD Charter by:
  - Recruiting, hiring and retaining qualified professionals (which may include external service providers) that possess the necessary skills and certifications to individually perform and collectively execute the internal audit function;
  - Creating and adapting an internal organizational structure while maintaining alignment with the organization's dynamic environment and its effect on the IAD's objectives, scope, responsibilities, accountability, and authority;
  - Providing training to new hires and experienced staff through internally developed and managed programs, Continuing Professional Education ("CPE"), and external providers of relevant curriculum that offers professional development;
  - Ensuring continued professional development of employees by:
    - Providing adequate CPE to maintain licensure and/or certifications and applying relevant Generally Accepted Government Auditing Standards ("GAGAS"); and
    - Introducing progressive auditing and analytical techniques (including those using relevant and emerging information technologies).

- Professional Development is also a partnership between the employee and the employer. The Port of Houston Authority ("PHA") uses an annual employee performance evaluation ("EPE") system which sets goals and objectives that align the individual's goals with the IAD's, allowing for recognition, growth and advancement where available. The EPE process is interactive and cooperative, which provides an avenue for a mutually beneficial and productive work environment.

- The PHA chief audit executive will decline project(s) if he/she determines that there is a lack of adequate level of staff and access to other resources (including financial) needed to execute its function and discharge its duties in accordance with professional standards.

NOTE: For more detailed information see the Proficiency, Competency & Professional Development Procedures.
RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

PROFESSIONAL JUDGMENT 3.109 – 3.117
COMPETENCE 4.02 – 4.05
TECHNICAL KNOWLEDGE 4.07 – 4.11, 6.04, 7.07, 7.71, 7.79

IIA Standards

1200 PROFICIENCY AND DUE PROFESSIONAL CARE
1210 PROFICIENCY
1210.A1
1210.A2
1210.A3
1210.C1
1220 DUE PROFESSIONAL CARE
1220.A1
1220.A2
1220.A3
1220.C1
1230 CONTINUING PROFESSIONAL DEVELOPMENT
2000 MANAGING THE INTERNAL AUDIT ACTIVITY
2340 ENGAGEMENT SUPERVISION

GAGAS

GUIDANCE ON GAGAS REQUIREMENTS FOR CPE GAO-05-568G

IIA PRACTICE ADVISORIES

1200-1 PROFICIENCY AND DUE PROFESSIONAL CARE
1210-1 PROFICIENCY
1210.A1-1 OBTAINING EXTERNAL SERVICE PROVIDERS TO SUPPORT OR COMPLEMENT THE INTERNAL AUDIT ACTIVITY
PLANNING AND RISK

POLICY

The Port of Houston Authority ("PHA") chief audit executive (CAE") will adequately:

- Plan activities and engagements to be performed for the upcoming year based on a process as identified and outlined in the Annual Audit Plan, derived from the risk assessment. The CAE establishes the risk based PHA Annual Internal Audit Plan to determine the priorities of the internal audit activity, consistent with the PHA goals and the Internal Audit Department ("IAD") Charter.

- Plan each engagement to sufficiently identify risk, objectives, scope, work to be performed (as outlined in the Audit/Engagement Planning Procedures) and provide sufficient and appropriate documented evidence to adequately support findings, conclusions, and recommendations.

NOTE: The Annual Audit Plan is a published document which identifies each project for the upcoming fiscal year. The Annual Audit Plan is a documented process and is maintained as part of the Annual Audit Documentation.

ANNUAL AUDIT PLAN

- An Annual Risk Assessment ("ARA") is performed at the entity level to adequately plan the annual activities of the Internal Audit ("IA") function, which considers: updated reviews of department changes; changes to the organizational structure or relationships that change IA’s view of the overall “auditable universe”; notable/significant events, transactions, contracts, initiatives, leadership, or process changes affecting the PHA that occurred during the year; and considerations of acquisitions, changes, implementations, upgrades, and interfaces of IT/IS that are integral components of business processes.

- The ARA is used to prepare the Risk Assessment Report which is distributed to the Audit Committee of the Port Commission ("Audit Committee"), Port Commission, Executive Director, and appropriate senior leadership.

- Input and recommendations for projects to include in the audit plan may be requested from the Audit Committee, Executive Director, and senior leadership. Management’s feedback is vital and intended to further identify the areas of exposed risk that operational management would like reviewed as well as provide value to the organization.
- IAD management and staff meet as a part of developing the proposed Annual Audit Plan to strategize potential engagements for the upcoming year.

- The CAE drafts an Annual Audit Plan of specific activities, engagements, and projects which consider risk and utilize a risk-based approach and available resources and proposes and presents it to the Executive Director and the Audit Committee.

- The Annual Audit Plan is submitted to the Port Commission for review and approval.

- The IAD implements the Annual Audit Plan as approved by the Port Commission, including any special tasks or projects requested by the Audit Committee and/or PHA management.

- The IAD provides periodic reports to the Audit Committee summarizing the results of each engagement. These reports include audit findings, best practices, recommendations, conclusions, and departmental management responses. These reports are issued to the Port Commission and PHA senior leadership. Final reports are also made available to the external auditor.

- Status, progress and other relevant communications pertaining to the Annual Audit Plan are provided to the Audit Committee on a routine (at least quarterly) basis.

**ENGAGEMENT PLANNING**

- The Engagement Plan is documented by the Manager (or designee) and approved by the CAE.

- Information will be accumulated and recorded during the engagement which will contribute to the following:
  - Identification of the overall audit/engagement objectives (including specific and measurable criteria, where required);
  - Identification and refinement of scope;
  - Risk definition and internal control assessment(s);
  - Developing the audit/engagement program to meet specific objectives; and
  - Determining resources (internal and external) needed to accomplish the overall audit/engagement and specific audit/engagement objectives (including the budget).

**NOTE:** Computer-assisted audit techniques (CAATs) are used in analysis, where appropriate.
RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

Generally Accepted Governmental Auditing Standards (“GAGAS”)

- FINANCIAL AUDITS Chapter 6
- ATTESTATION ENGAGEMENTS Chapter 7
- PERFORMANCE AUDITS 8.01 – 8.139
- INDEPENDENCE (INCLUDING NON-AUDIT SERVICES) 3.17 – 3.108

IIA STANDARDS (ANNUAL AUDIT PLAN)

- 2010 PLANNING
- 2020 COMMUNICATION AND APPROVAL
- 2030 RESOURCE MANAGEMENT
- 2050 COORDINATION
- 2100 NATURE OF WORK
- 2110 GOVERNANCE
- 2120 RISK MANAGEMENT
- 2130 CONTROL

IIA STANDARDS (ENGAGEMENT PLANNING)

- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM

IIA PRACTICE ADVISORIES

- 2010 – 1 LINKING THE AUDIT PLAN TO RISK AND EXPOSURES
- 2010 – 2 USING THE RISK MANAGEMENT PROCESS IN INTERNAL AUDIT PLANNING
- 2110 – 1 GOVERNANCE: DEFINITION
- 2110 – 2 GOVERNANCE: RELATIONSHIP WITH RISK AND CONTROL
- 2110 – 3 GOVERNANCE: ASSESSMENTS
- 2120 – 1 ASSESSING THE ADEQUACY OF RISK MANAGEMENT PROCESSES
- 2120 – 2 MANAGING THE RISK OF THE INTERNAL AUDIT ACTIVITY
- 2200 – 1 ENGAGEMENT PLANNING
- 2200 – 2 USING THE TOP-DOWN, RISK-BASED APPROACH TO IDENTIFY CONTROLS TO BE ASSESSED IN AN INTERNAL AUDIT ENGAGEMENT
- 2210 – 1 ENGAGEMENT OBJECTIVES
- 2210.A1 RISK ASSESSMENT IN ENGAGEMENT PLANNING
AUDIT/ENGAGEMENT EXECUTION & FIELDWORK

POLICY

The Internal Audit Department (“IAD”) will include the following elements in performing engagements as set forth by Generally Accepted Governmental Auditing Standards (“GAGAS”) and the standards issued by the Institute of Internal Auditors (“IIA”):

- Perform, obtain, and document sufficient and appropriate:
  - Planning (including decision support for development and modification of audit procedures – See Audit/Engagement Planning Procedures);
  - Understanding and assessment of the environment and processes (including risk and internal control);
  - Auditor communication during planning and throughout the engagement;
  - Consideration of previous audits and attestation engagements;
  - Evidence, analysis, and evaluation to support conclusions (using Computer Aided Analysis Tools, where appropriate); and
  - Support for evidence, findings, recommendations, communications, and reporting.

- Process for developing elements of a finding.

- Adequate supervision of staff, their proficiency, competency, and exercise of due professional care (See Proficiency, Competency & Professional Development Policy and Procedures).

- Consideration of fraud consistent with engagement objectives.

- Quality Assurance function, based on a set of written policies and procedures.

NOTE: The concepts of reasonable assurance, significance, and risk form a framework to apply this policy, which is in accordance with professional standards and are included throughout the discussion.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

<table>
<thead>
<tr>
<th>Type</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Audits</td>
<td>CHAPTER 6</td>
</tr>
<tr>
<td>Attestation Engagements</td>
<td>CHAPTER 7</td>
</tr>
<tr>
<td>Performance Audits</td>
<td>CHAPTER 8</td>
</tr>
</tbody>
</table>
IIA STANDARDS

- 2200 ENGAGEMENT PLANNING
- 2201 PLANNING CONSIDERATIONS
- 2210 ENGAGEMENT OBJECTIVES
- 2220 ENGAGEMENT SCOPE
- 2230 ENGAGEMENT RESOURCE ALLOCATION
- 2240 ENGAGEMENT WORK PROGRAM
- 2300 PERFORMING THE ENGAGEMENT
- 2310 IDENTIFYING INFORMATION
- 2320 ANALYSIS AND EVALUATION
- 2340 ENGAGEMENT SUPERVISION

IIA PRACTICE ADVISORIES

- 2230 – 1 ENGAGEMENT RESOURCE ALLOCATION
- 2240 – 1 ENGAGEMENT WORK PROGRAM
- 2300 – 1 USE OF PERSONAL INFORMATION IN CONDUCTING ENGAGEMENTS
- 2320 – 1 ANALYTICAL PROCEDURES
- 2320 – 2 ROOT CAUSE ANALYSIS

NOTE: The concept of fieldwork, as a professional standard, is broader than the time spent in the field and is a term not used in the standards issued by the IIA, except in relationship to Quality Assurance and assessing the timeliness of engagement reporting.
POLICY

- The Internal Audit Department ("IAD") will obtain, review, record, and retain sufficient and appropriate evidence to support its findings, conclusions, and recommendations. This is a collective body of information that is referred to as Engagement Documentation or Workpapers and includes the following elements:
  - Objectives
  - Scope
  - Procedures
  - Conclusions
  - Communications
  - Supporting Schedules
  - Notifications

- Refer to the Audit/Engagement Documentation & Workpapers Procedures for detailed workpaper documentation guidelines.

- Documentation will be reviewed by an experienced professional, other than the preparer, at various stages of the audit/engagement and prior to issuance of the final report. This supports the assurance of sufficient and appropriate evidence, as obtained by proficient/competent performance, exercise of professional judgment, and as overseen with adequate supervision.

- A final record of the work performed by an auditor shall be retained and stored as required. They are often referred to as ‘workpapers’ or ‘working papers’ which become part of a historical record maintained within the IAD.

- Documentation will be retained for the purposes of accountability, efficiency, follow-up, and quality assurance in accordance with the Port of Houston Authority document retention requirements.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

<table>
<thead>
<tr>
<th>STANDARD</th>
<th>PAGE RANGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>GENERAL STANDARDS</td>
<td>5.22 – 5.41, 5.58 – 5.59</td>
</tr>
<tr>
<td>FINANCIAL AUDITS</td>
<td>6.16 – 6.35</td>
</tr>
<tr>
<td>ATTESTATION ENGAGEMENTS</td>
<td>7.33 – 7.88</td>
</tr>
<tr>
<td>PERFORMANCE AUDITS</td>
<td>8.132 – 8.141</td>
</tr>
</tbody>
</table>

IIA STANDARDS

2200 ENGAGEMENT PLANNING
2201 PLANNING CONSIDERATIONS
2210 ENGAGEMENT OBJECTIVES
2220 ENGAGEMENT SCOPE
2230 ENGAGEMENT RESOURCE ALLOCATION
2240 ENGAGEMENT WORK PROGRAM
2300 PERFORMING THE ENGAGEMENT
2310 IDENTIFYING INFORMATION
2320 ANALYSIS AND EVALUATION
IIA PRACTICE ADVISORIES

2330 DOCUMENTING INFORMATION
2340 ENGAGEMENT SUPERVISION

2330 – 1 DOCUMENTING INFORMATION
2330.A1 – 2 CONTROL OF ENGAGEMENT RECORDS
2330.A1 – 2 GRANTING ACCESS TO ENGAGEMENT RECORDS
2330.A2 – 1 RETENTION OF RECORDS
AUDIT/ENGAGEMENT REPORTS & OTHER DELIVERABLES

POLICY

- The Internal Audit Department (“IAD”) will issue reports and/or deliverables communicating the results of each engagement and disseminate them to relevant parties as indicated in the Audit/Engagement Reporting & Other Deliverables Procedures.

- The form of the deliverable should be appropriate for its intended use.

- Effectively written deliverables that include requested management responses will:
  - Communicate results to responsible officials and management;
  - Make the results less susceptible to misunderstanding; and
  - Facilitate follow-up to determine whether appropriate corrective action has been taken.

- A draft copy of written deliverables will be reviewed by and with responsible management prior to distribution of the final deliverables.

- Engagement deliverables should be accurate, objective, clear, concise, constructive, complete, and timely. They should include the engagement’s objectives, scope, and results.

- Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans.

- Results should be communicated to appropriate stakeholders. Communication should be made to the Audit Committee of the Port Commission (“Audit Committee”), Port of Houston Authority (“PHA”) department management and other parties, where applicable, who can ensure the results are given due consideration.

- Prompt and timely engagement reporting is important to enable effective improvement or corrective actions for recommendations. Guidelines for timeliness of engagement reporting are found in the Audit/Engagement Reporting & Other Deliverables Procedures and are summarized as follows:
  - Draft engagement deliverables should be completed on a timely basis (usually within two weeks or ten business days) from the last date of fieldwork;
  - Any revisions to draft engagement deliverables resulting from the exit meetings should be completed timely following the final exit meeting date; and
  - Final engagement deliverables should be completed timely (usually issued within one month or twenty business days) of the final exit meeting date.
# RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

**GAGAS**
- **FINANCIAL AUDITS**: 6.36 – 6.70
- **ATTESTATION ENGAGEMENTS**: 7.05 – 7.69
- **REPORTING STANDARDS FOR PERFORMANCE AUDITS**: Chapter 9

**IIA STANDARDS**
- 2400 COMMUNICATING RESULTS
- 2410 CRITERIA FOR COMMUNICATING
- 2420 QUALITY OF COMMUNICATIONS
- 2421 ERRORS AND OMISSIONS
- 2430 USE OF “CONDUCTED IN CONFORMANCE WITH THE INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING”
- 2431 ENGAGEMENT DISCLOSURE OF NONCONFORMANCE
- 2440 DISSEMINATING RESULTS
- 2500 MONITORING PROGRESS

**IIA PRACTICE ADVISORIES**
- 2400 – 1 LEGAL CONSIDERATIONS IN COMMUNICATING RESULTS
- 2410 – 1 COMMUNICATION CRITERIA
- 2420 – 1 QUALITY OF COMMUNICATIONS
- 2440.A2 – 1 COMMUNICATIONS OUTSIDE THE ORGANIZATION
- 2440 – 1 DISSEMINATING RESULTS
- 2440 – 2 COMMUNICATING SENSITIVE INFORMATION WITHIN AND OUTSIDE THE CHAIN OF COMMAND
COMMUNICATIONS

POLICY

GENERAL – Communications are to be accurate, objective, clear, concise, constructive, complete, relevant, and timely. To fulfill these attributes:

- The Internal Audit Department (“IAD”) will communicate directly with the Audit Committee of the Port Commission (“Audit Committee”), the Executive Director and the appropriate senior leadership, as needed, related to the status of current projects, resources, and developing factors or external influences to the IAD function and the Annual Audit Plan.

- IAD will communicate the results of the Quality Assurance and Improvement Program (“QAIP”) to the Port Commission, Audit Committee and/or Port of Houston Authority (“PHA”) management. Disclosure should include:
  - The scope and frequency of both the internal and external assessments.
  - The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.
  - Findings or observations of the assessors.
  - Corrective action plans.

- IAD will communicate with appropriate PHA officials and/or management about the organizations’ risk and control environment.

- Communications with the audited entity will include the engagement’s objectives, scope, results, methodology, requests for information, interim communications of status, concerns (e.g., impairment of independence, etc.), and potential issues. Distinctions based on engagement type and/or function are as follows:

  FINANCIAL AUDITS/
  ATTESTATION ENGAGEMENTS
  - Nature, timing and extent of planned work;
  - Level of assurance;
  - Requests for information;
  - Interim communications; and
  - Any restrictions, if applicable.

  PERFORMANCE AUDITS (including Compliance)
  - Overview of the objectives, scope, methodology, and timing of the audit and planned reporting (including any potential restrictions on the report), requests for information and interim communication.

  REPORTING (All)
  - Deficiencies in Internal Control;
  - Non-compliance;
  - Contract violations.

  COMMUNICATE
  - Fraud and/or Illegal Acts.
NOTE: The forms and timing of communication related to the preceding section are discussed in detail in the Communications Procedure.

- The IAD will communicate limitations and/or changes to the scope of services. This includes the boundaries and responsibilities of management when the IAD engages in Non-Audit Services.
- Final communication of engagement results must include applicable recommendations and/or actions plans.
- The IAD will acknowledge exemplary performance in communications.
- Engagement results will be communicated to appropriate parties. In general, communication will be made to PHA officials, management and/or other parties of interest who can ensure the results are given due consideration.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

<table>
<thead>
<tr>
<th>Standard</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Standards</td>
<td>3.77</td>
</tr>
<tr>
<td>Financial Audits</td>
<td>6.06 – 6.07, 6.09, 6.45</td>
</tr>
<tr>
<td>Attestation Engagements</td>
<td>7.09 – 7.11</td>
</tr>
<tr>
<td>Performance Audits</td>
<td>5.25, 5.35, 8.20 – 8.22, 8.25</td>
</tr>
</tbody>
</table>

IIA Standards

1111 Direct Interaction with the Board
(Management) 1220 Due Professional Care
1320 Reporting on the Quality Assurance and Improvement
Program 2020 Communication and Approval
2060 Reporting to the Board and Senior Management 2400 Communicating Results
2410 Criteria for Communicating
   2410.A1
   2410.A2
   2410.A3
   2410.C1
2420 Quality of Communications 2421
Errors and Omissions
2431 Engagement Disclosure of Nonconformance
2440 Disseminating Results
   2440.A1
   2440.A2
   2440.C1
   2440.C2
2500 Monitoring Progress

IIA Practice Advisories

1111 – 1 Board Interaction
1311 – 1 Internal Assessments
1312 – 1 External Assessments
2020 – 1 Communication and Approval
2060 – 1 Reporting to Senior Management and the Board 2400 – 1 Legal Considerations in Communicating Results 2410 – 1 Communication Criteria
2420 – 1 Quality of Communications
2440.A2 – 1 Communications Outside the Organization 2440 – 1 Disseminating Results
2440 – 2 Communicating Sensitive Information Within and Outside the Chain of Command 2500 – 1 Monitoring Progress
FOLLOW-UP AND REMEDIATION

POLICY

GENERAL – The Internal Audit Department (“IAD”) develops, maintains, and modifies as necessary follow-up procedures that monitor the status of findings and issues previously reported and assesses management’s process to remediate accordingly. To fulfill these attributes:

- IAD maintains a listing of the findings identified during the course of an engagement that resulted in the issuance of a report. (Note: GAGAS 8.30 and 8.46 require auditors to understand the risk associated with the results of previous engagements and issues identified with internal controls that are relevant to the current audit objectives. This is part of the engagement planning process. See Audit/Engagement Planning Procedures.)

- IAD obtains and maintains management responses and assesses the sufficiency and appropriateness in the context of the issue identified, which considers and applies risk assessment methodology.

- IAD requests management status on the remediation of issues at least once per year.

- IAD performs additional appropriate procedures to verify:
  - Accuracy of management assessment of cleared items; and
  - Efficiency and Effectiveness the Management’s remediation process.

- IAD communicates the results of the follow-up process and procedures as a formal report distributed to the Audit Committee of the Port Commission (“Audit Committee”), Executive Director, and appropriate department directors or management.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

IIA STANDARDS

2500 – MONITORING PROGRESS
2600 – RESOLUTION OF SENIOR MANAGEMENT’S ACCEPTANCE OF RISK

IIA PRACTICE ADVISORIES (PA)

2500 – 1  MONITORING PROGRESS
2500.A1-1  FOLLOW-UP PROCESS
QUALITY CONTROL & ASSURANCE

POLICY

- The Internal Audit Department ("IAD") shall establish and maintain a system of Quality Control that is designed to provide relevant parties with reasonable assurance that:
  - The organization and its personnel comply with professional standards and applicable legal and regulatory requirements; and
  - The organization has periodic internal assessments and an external peer review every 5 years.

- The system of Quality Control adopted defines and monitors the IAD’s:
  - Leadership;
  - Emphasis on high quality work; and
  - Policies and Procedures designed to provide assurance that internal controls are operating effectively.

- The IAD develops and maintains Policies and Procedures for the Internal Audit ("IA") function, which addresses Quality Assurance ("QA") through standards of management, practice, proficiency, competency, execution, communication, documentation, reporting and review. The IAD Policies and Procedures Manual is reviewed and updated at least annually and presented to the Audit Committee of the Port Commission ("Audit Committee") for approval.

- Each engagement has a review process specifically for QA to provide an assessment of work to:
  - Ensure adherence to the policies and procedures, and a related system of quality assurance and improvement; and
  - Determine if the Policies and Procedures, including those of QA, are suitably designed and operating effectively.

- IAD performs reviews to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, relevant Generally Accepted Governmental Auditing Standards ("GAGAS") and the International Standards for the Professional Practice of Internal Auditing ("The Standards").

- Audit Manager(s) will review the engagement work for projects under their direct supervision, while a separate manager, supervisor, or assigned staff will perform specific Quality Control functions on work not performed by or under their specific assignment.

- The internal system process, which is outlined in greater detail in the Quality Assurance and Improvement Program Procedures will, at minimum, include:
  - Review of administrative and personnel records (related to Quality Control and Continuing Professional Education);
  - Review of audit and attestation documentation, including reports;
o Periodic summary of findings with systemic causes;

o Determination of corrective actions and/or improvements to engagement or quality processes; and

o Written report of communication of findings and timely follow-up.

- The QA function within the IAD will develop, adhere to, review and modify metrics associated with its performance.
- The IAD will develop, adhere to, report, review, and modify metrics associated with its performance.

**RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE**

**GAGAS**

<table>
<thead>
<tr>
<th>Category</th>
<th>Sections</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independence</td>
<td>3.18 – 3.108</td>
</tr>
<tr>
<td>Professional Judgment</td>
<td>3.109 – 3.117</td>
</tr>
<tr>
<td>Competence</td>
<td>4.01 – 4.15</td>
</tr>
<tr>
<td>Quality Control and Assurance</td>
<td>5.02 – 5.95</td>
</tr>
</tbody>
</table>

**IIA Standards**

1300 Quality Assurance and Improvement Program (QAIP)
1310 Requirements of the QAIP
1320 Reporting on the QAIP
1321 Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”
2430 Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”

**IIA Practice Advisories**

1230 – 1 Continuing Professional Development
1300 – 1 Quality Assurance and Improvement Program
1310 – 1 Requirements of the Quality Assurance and Improvement Program
CONSIDERATION OF FRAUD, WASTE AND/OR ABUSE

POLICY

- The Internal Audit Division (“IAD”) evaluates the potential for the occurrence of fraud, waste and/or abuse as part of the Assessment of Enterprise Risk Management (“ERM”):

- The IAD will inform the Audit Committee of the Port Commission (“Audit Committee”), the Port Commission, appropriate law enforcement, Executive Director and/or other responsible officials of risks of fraud, waste and/or abuse as part of its communications, audit planning, and engagement processes.

- The IAD develops and maintains Policies and Procedures for the Internal Audit (“IA”) Function, which addresses considerations of fraud, waste and/or abuse and are reviewed and updated regularly as required (generally every 2-3 years based on changes to standards that impact the IA processes).

- Each engagement includes the following specific considerations:
  - In planning the engagement, auditors will assess risks (e.g., through discussion, research and other means) to determine potential fraud, waste and/or abuse that would be significant within the context of the engagement objectives; and
  - Design procedures to provide reasonable assurance of detecting such fraud, waste and/or abuse.

- In demonstrating Proficiency and Competence, IAD staff will demonstrate a sufficient level of knowledge to evaluate the risk of fraud, waste and/or abuse and the manner in which it is managed by the organization. However, staff within the IAD is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud, waste and/or abuse.

- By exercising Due Professional Care and in developing audit/engagement objectives, the IAD will specifically consider the likelihood and impact of fraud, waste and/or abuse occurrence(s).

- The IAD will avoid interference with investigations and legal proceedings in performing specific procedures related to fraud, waste and/or abuse and will, where appropriate, assist investigators and/or legal authorities.

- The IAD will report all suspected instances/indicators of fraud, waste, abuse and/or illegal acts to the Executive Director, Chief Legal Officer, and the Audit Committee, unless inconsequential.

- The IAD will consider the impact of public reporting on any investigative or legal proceedings.
• The IAD will report known or suspected fraud, waste and/or abuse directly to parties outside the entity if, after communication from IAD:
  o Management fails to satisfy legal or regulatory requirements to report such information; or
  o Management fails to take timely and appropriate steps to respond to known or suspected fraud, waste and/or abuse that is significant to findings and conclusions and involves funding received directly or indirectly from a government agency.

NOTE: This does not restrict the individual auditor from reporting all potential fraud regardless of magnitude or lack of management’s corrective actions.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

FINANCIAL AUDITS 6.09, 6.14 – 6.23, 6.45 – 6.56
PERFORMANCE AUDITS 8.25 – 8.29, 8.71 – 8.76, 8.119 – 8.122
FRAUD REPORTING 9.40 – 9.49

IIA STANDARDS

1210 – PROFICIENCY 1210.A2
1220 – DUE PROFESSIONAL CARE 1220.A1
2060 – REPORTING TO SENIOR MANAGEMENT AND THE BOARD
2120 – RISK MANAGEMENT 2120.A2
2210 – ENGAGEMENT OBJECTIVES 2210.A2

IIA PRACTICE ADVISORIES

1220 – 1 DUE PROFESSIONAL CARE
2060 – 1 REPORTING TO SENIOR MANAGEMENT AND THE BOARD
2120 – 1 ASSESSING THE ADEQUACY OF RISK MANAGEMENT PROCESSES
2120 – 2 MANAGING THE RISK OF THE INTERNAL AUDIT ACTIVITY
CONSIDERATION OF INFORMATION TECHNOLOGY

POLICY

- The Internal Audit Division ("IAD") is to establish and maintain a function that has specific consideration of the extent and use of Information Technology at the following levels:
  - The organization level as it pertains to technology, including systems used to meet its mission and objectives in operational, compliance and financial capacities; and
  - The audit/project and/or engagement level as it is embedded in the business processes that are part of the audit objectives and within the context of the audit scope.

- To further its mission and increase efficient use of resources, the IAD utilizes automated tools. Examples of these tools include:
  - MS Excel for data analysis and some substantive audit procedures; and
  - Automated Workpaper Software.

- To the extent the technology tools are utilized, the IAD has control over the use and access as achieved through the use of passwords, registered users and set-up within the systems available within the application and provided by the related vendor.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

GENERAL STANDARDS –
TECHNICAL KNOWLEDGE 4.07 – 4.11
AUDIT PERFORMANCE, DOCUMENTATION, AND REPORTING 5.58

FIELDWORK STANDARDS FOR PERFORMANCE AUDITS – PLANNING
UNDERSTANDING OF INFORMATION SYSTEMS 8.59 – 8.67
INTERNAL CONTROL 8.49 – 8.50
INFORMATION SYSTEMS CONTROLS 8.60 – 8.67

OBTAINING SUFFICIENT AND APPROPRIATE EVIDENCE
APPROPRIATENESS 8.98
EXAMPLES OF CONTROL DEFICIENCIES 8.58

PERFORMANCE AUDIT OBJECTIVES
AUDIT OBJECTIVES RELATED TO INTERNAL CONTROL 1.24
### IIA Standards

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2120</td>
<td>RISK MANAGEMENT</td>
</tr>
<tr>
<td>2120.A1</td>
<td>EVALUATING RISK EXPOSURES</td>
</tr>
<tr>
<td>2130</td>
<td>CONTROL</td>
</tr>
<tr>
<td>2130.A1</td>
<td>EVALUATING ADEQUACY AND EFFECTIVENESS OF CONTROLS</td>
</tr>
</tbody>
</table>

### Practice Advisories

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2120-2</td>
<td>MANAGING THE RISK OF THE INTERNAL AUDIT ACTIVITY</td>
</tr>
<tr>
<td>2130.A1-1</td>
<td>INFORMATION RELIABILITY AND INTEGRITY</td>
</tr>
</tbody>
</table>
PURPOSE AND APPLICABILITY OF POLICY

The Port of Houston Authority ("PHA") and PHA’s Audit Firm (as defined in Note 1 of attached Exhibit A) seek to maintain a relationship that does not impair the independence of the Audit Firm. An important component of this relationship is a clear hiring policy with respect to the employment by PHA of former personnel of the Audit Firm, and other persons with certain financial reporting oversight or accounting responsibilities.

This policy does not address all circumstances in which employment matters may be relevant to the Audit Firm’s independence. Any circumstances in which employment matters may be relevant to the Audit Firm’s independence and which are not expressly addressed in this policy should be carefully evaluated by the Chief Audit Officer and brought to the attention of the Audit Committee promptly so as to avoid even the appearance of compromising the independence of the Audit Firm.

This policy shall be reviewed by the Audit Committee periodically, but no less frequently than annually, for purposes of assuring continuing compliance with applicable law, in accordance with auditing standards generally accepted in the United States of America, including regulations of Government Auditing Standards issued by the Comptroller General of the United States and any other regulatory or self-regulatory bodies.

Certain terms used in this policy are defined in Exhibit A attached hereto.

POLICY

PHA shall not employ any of the following persons ("Non-independent Persons”):

- Any former partner, principal, shareholder, or professional employee of the Audit Firm, if he or she has a continuing financial interest in the Audit Firm or is in a position to influence the Audit Firm’s operations or financial policies;
- Any individual who would assume a “financial reporting oversight role” (as defined in Note 2 of attached Exhibit A) at PHA, if he or she was employed by the Audit Firm and was part of the “audit engagement team” (as defined in Note 3 of attached Exhibit A) during the one-year period preceding the date that “audit procedures” commenced for the fiscal period that included the date of the initial employment of the audit team member by PHA (see Note 4 of attached Exhibit A);
- Any individual who would assume an “accounting role” (as defined in Note 5 of attached Exhibit A) or a financial reporting oversight role, who is the spouse (or equivalent), parent, dependent, nondependent child, or sibling of a “covered person” (as defined in Note 6 of attached Exhibit A); or
- Any other individual whose employment by PHA is prohibited by or violates the terms of the engagement letter signed by PHA or its subsidiary with the Audit Firm;
- Unless approved by the Executive Director (which approval shall not be granted if employment is otherwise prohibited by any of the foregoing restrictions):
  (i) any person assuming any finance role within PHA and who was employed at
the level of “senior manager” or above at the Audit Firm during any of the two years prior to his or her prospective employment with PHA, and was part of the audit engagement team; or

(ii) any person who was employed as a partner of the Audit Firm during any of the two years prior to his or her prospective employment with PHA, regardless of his or her involvement with PHA’s audit or the audit engagement team.

In order to assist the PHA with compliance with this policy, the Chief Audit Officer shall review the proposed hiring of any former personnel of the Audit Firm, and other persons who may be Non-independent Persons. The Director, Human Resources shall provide the Chief Audit Officer with the resume/CV of such persons and the job descriptions for the positions to be filled.

Oversight

The Chief Financial Officer shall provide this policy to finance personnel at PHA, to the Director, Human Resources, and to the Chief Legal Officer of PHA, as well as to the lead partner of the Audit Firm, not less frequently than annually. The Chief Financial Officer shall also include this policy in PHA’s Finance Manual.

The Chief Audit Officer shall report to the Audit Committee periodically with respect to PHA’s employment of former personnel of the Audit Firm covered by this policy.

RELEVANT PROFESSIONAL STANDARDS AND GUIDANCE

GAGAS

| INDEPENDENCE | DEFINITION | 3.17 – 3.25 |
| PERSONAL IMPAIRMENTS | 3.26 – 3.27, 3.59 |
| EXTERNAL IMPAIRMENTS | 3.35, 3.48 |

| ORGANIZATIONAL INDEPENDENCE | DEFINITION | 3.01 |
| EXTERNAL AUDIT | 3.30 – 3.37, 3.61 – 3.64 |
| NON-AUDIT SERVICES | 3.29, 3.36, 3.45 – 3.46 |
| OVERARCHING INDEPENDENCE PRINCIPLES | 3.31 – 3.33, 3.47 |
| NON-AUDIT SERVICES | 3.34, 3.52 – 3.55, 3.60 |

IIA STANDARDS

| INDEPENDENCE AND OBJECTIVITY | 1100 |
| ORGANIZATIONAL INDEPENDENCE | 1110, 1110.A1 |
| INDIVIDUAL OBJECTIVITY | 1120 |
| IMPAIRMENTS | 1130, 1130.A1, 1130.A2, 1130.C1, 1130.C2 |

IIA PRACTICE ADVISORIES

| ORGANIZATIONAL INDEPENDENCE | 1110 – 1 |
| INDIVIDUAL OBJECTIVITY | 1120 – 1 |
| IMPAIRMENT TO INDEPENDENCE OR OBJECTIVITY | 1130 – 1 |
| INDEPENDENCE OF THE EXTERNAL ASSESSMENT | 1312 – 4 |
| TEAM IN THE PUBLIC SECTOR | 1312 – 4 |
EXHIBIT A

Definitions and Notes

1. PHA’s “Audit Firm” means each independent registered public accounting firm that is required to be “independent” with respect to PHA under applicable rules and regulations, in accordance with auditing standards generally accepted in the United States of America including Government Auditing Standards issued by the Comptroller General of the United States and any other applicable regulatory or self-regulatory bodies for purposes of auditing PHA’s financial statements and the effectiveness of PHA’s internal control over financial reporting and includes the principal auditing firm (Grant Thornton, LLP at the date of this policy), any auditing firm named in the audit report as having been relied upon by the principal auditing firm, and any auditing firm that has audited separate financial statements (such as Single Audit).

2. Persons in a “financial reporting oversight role” are those who exercise or who are in a position to exercise influence over the financial statements of PHA and any person who prepares those financial statements. All of PHA’s Port Commissioners and the following officers and other personnel are considered to have a financial reporting oversight role:
   - Executive Director
   - Chief Financial Officer
   - Chief Legal Officer
   - Senior Director, Treasury
   - Controller
   - Chief Audit Officer

3. The “audit engagement team” consists of any partner, principal, shareholder, or professional employee of the Audit Firm participating in an audit, review, or attestation engagement with respect to PHA, including the lead and concurring partners, and all persons who consult with others on the audit engagement team during the audit, review, or attestation engagement regarding technical or industry-specific issues, transactions, or events, other than any person who has provided fewer than ten hours of audit, review, or attestation services in connection with any such engagement.

4. For purposes of this calculation, “audit procedures” are deemed to have commenced for the current audit engagement period the day after PHA is required to file the prior year’s comprehensive annual financial report (“CAFR”) with the Municipal Securities Rulemaking Board.

5. Persons in an “accounting role” are those who are in a position to or who do, in fact, exercise more than minimal influence over the contents of PHA’s accounting records, or anyone who prepares them.

6. “Covered persons” comprise the audit engagement team, the chain of command (persons who supervise or have direct management for the audit, including at all successively senior levels through the Audit Firm’s CEO, or who evaluate the performance or recommend the compensation of the audit engagement partner, or provide quality control or other oversight of the audit), and partners, principals, shareholders, or managerial employees of the Audit Firm who have provided at least 10 hours of non-audit services (determined from the time the services are provided until the date of the audit report with respect to the fiscal year during which the services were provided), or who expect to provide at least 10 hours of non-audit services to PHA on a recurring basis.
F. EXECUTIVE

Subject  2. Amend the Travel, Meals & Business Entertainment Authorization and Expense Reimbursement Policy.

Meeting  Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access  Public

Type  Action

Recommended Action  The Port Commission, at its July 30, 2020 meeting, amend the Travel, Meals & Business Entertainment Authorization and Expense Reimbursement Policy of the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:  General

Department:  Legal

Staff Contact:  Erik Eriksson

Background:  The Port Commission adopted the Travel, Meals & Business Entertainment Authorization and Expense Reimbursement Policy (the "Policy") at its March 27, 2018 meeting. The policy superseded the "Second Amended Travel & Business Entertainment Expense Policy and Standards" previously adopted at the December 16, 2014 Port Commission meeting.

The Policy was amended by the Port Commission May 21, 2019 meeting, and Port Authority legal staff has now prepared a second amendment to the Policy as set forth on Exhibit “A.” The amendment addresses travel authorization and expense report approval for the Port Authority’s Chief Audit Executive.

Staff Evaluation/Justification:  Staff recommends that the Port Commission approve this amendment as attached.
This Amendment No. 2 to the Port of Houston Authority Travel, Meals & Business Entertainment Authorization and Expense Reimbursement Policy (the “Amendment”) amends the “Travel, Meals & Business Entertainment Authorization and Expense Reimbursement Policy” (the “Policy”) as set forth below.

1. Amendment. Section IV, Subsection (B) of the Policy is amended and restated as follows.

B. Requests for Authorization and Requests for Reimbursement shall be submitted for approval as follows.

1. Requests for Reimbursement shall be submitted for approval as follows.

- Chairman of the Port Commission, to the Chief Legal Officer
- Port Commissioner, to the Chief Legal Officer
- Executive Director, to the Chief Legal Officer

2. Requests for Authorization and Requests for Reimbursement shall be submitted for approval as follows.

- Chief Operating Officer, Chief Legal Officer, Chief People Officer, to the Executive Director
- Other Chief Officers, to the Chief Operating Officer
- Chief Audit Executive, to the Chief Legal Officer
- Employees, other than those listed above, to their immediate supervisor, Chief Officer responsible for the Division incurring the expense, Chief Operating Officer, and Executive Director, in accordance with signature authority
- Consultants/Vendors, in accordance with the requirements stated in Appendix A.


3. Adoption. This Policy was adopted by the Port Commission on July 30, 2020, as evidenced by Minute No. 2020-0730-______.

Policy Owner: Finance
Policy Version: Fifth Amendment
G. COMMERCIAL

Subject

1. Approve a five-year lease with Houston Terminal LLC for approximately 2,007 square feet of office space in Stevedore Support Buildings No. 2 and 3 at Bayport Container Terminal, effective no earlier than September 1, 2020, at an annual rent of $62,603 with a 3% annual increase.

Meeting

Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access

Public

Type

Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting, approve a five-year lease with Houston Terminal LLC for approximately 2,007 square feet of office space in Stevedore Support Buildings No. 2 and 3 at Bayport Container Terminal, effective no earlier than September 1, 2020, at an annual rent of $62,603 with a 3% annual increase, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:

Leases

Department:

Real Estate

Staff Contact:

R. D. Tanner

Background:

By Minute No. 2018-0626-07, the Port Commission approved an extension of the term of Houston Terminal LLC's lease in Stevedore Support Building No. 2 by two additional years, expiring on August 31, 2020 (the original lease term commenced on July 1, 2016, and expired on August 31, 2018). The leased area of the building is approximately 575 gross square feet.

Separately by Minute No. 2017-0627-09, the Port Commission approved an extension of the term of that tenant's lease in Stevedore Support Building No. 3 by three additional years, expiring on August 31, 2020 (the original lease term commenced on September 1, 2015, and expired on August 31, 2017). The leased area of the building is approximately 1,432 gross square feet.

Houston Terminal LLC now desires to enter into a new five-year lease of the two office premises for a total of 2,007 gross square feet.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve this proposed lease agreement.
Subject

2. Approve a five-year four-month lease with Kinder Morgan Petcoke, L.P. for approximately 14.21 acres at Sims Bayou, effective no earlier than September 1, 2020, at an annual rent of $471,302 subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index.

Meeting

Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access

Public

Type

Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting, approve a five-year four-month lease with Kinder Morgan Petcoke, L.P. for approximately 14.21 acres at Sims Bayou, effective no earlier than September 1, 2020, at an annual rent of $471,302 subject to annual base rent escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:

Leases

Department:

Real Estate

Staff Contact:

R. D. Tanner

Background:

By Minute No. 2010-0831-12, the Port Commission authorized the Port Authority to enter into a lease with Kinder Morgan Petcoke, L.P. to for a ten-year term, for approximately 16 acres at the Port Authority’s Sims Bayou Block 2. The property is used for the bulk handling of petroleum coke product.

Kinder Morgan Petcoke, L.P. now desires to enter into a new five-year four-month lease. Their current leased area of 16 acres has been re-surveyed and revised to 14.21 acres.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve this proposed lease agreement.
Subject: 3. Approve an agreement with Third Texas Resources to acquire wetland mitigation credits relating to the U.S. Army Corps of Engineers development permit for the Port Authority’s Greens Bayou Terminal located at Interstate 10 and Penn City Road, in the amount not to exceed $1,200,000.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission at its July 30, 2020 meeting, approve the Port Authority to enter into an agreement with Third Texas Resources to acquire wetland mitigation credits relating to the U.S. Army Corps of Engineers development permit for the Port Authority’s Greens Bayou Terminal located at Interstate 10 and Penn City Road, in the amount not to exceed $1,200,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals: STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category: Leases

Department: Real Estate

Staff Contact: R. D. Tanner

Background:
By Minute Nos. 2017-0131-47 and 2017-0524-08, the Port Commission authorized a fifty-year lease agreement for approximately 346.41 acres of uplands and approximately 46 acres of submerged property with Contanda Wah Chang Terminals LLC, later renamed Contanda Greens Bayou Terminal, LLC (Contanda). Contanda which currently also has three other leases with the Port Authority, terminated its fourth lease referred to above during feasibility period in March of 2020.

In connection with the lease agreement, Contanda was entitling this green field unimproved land property which included a U.S. Army Corps of Engineers (USACE) development permit relating to wetlands mitigation and dredge permitting in preparation for the development of the property.

Under the USACE permit, Contanda had previously entered into an agreement with Third Texas Resources, LLC a subsidiary of RES Mitigation LLC (RES) to satisfy the requirement for wetlands mitigation under the permit. RES enters into agreements to develop its conservation tracts with third parties that allows them to purchase mitigation credits required under USACE permits.

Contanda previously made a down payment under its agreement with RES to provide these credits, and by the Port Authority has now negotiated a new agreement with RES providing for the securing of the mitigation credits required under the USACE permit. Securing these mitigation credits is critical to development of the property as these credits are difficult to obtain and are not widely available. The Port Authority agreement with RES includes credits for Contanda’s previous payment but requires the Port Authority to make final payment due under agreement.
Staff Evaluation/Justification:
Staff recommends the Port Commission approve this request to enter into an agreement with Third Texas Resources, LLC in order to secure the necessary wetland mitigation credits needed to develop this property.
Subject

1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed $300,000 for professional auditing services for the fiscal year ending 2020, with options to renew for two additional one-year terms, to the top-ranked responder: staff ranking – first, BKD LLP; second, Deloitte & Touche LLP; and third, RSM, LLP.

Meeting

Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access

Public

Type

Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting:

(a) approve staff’s ranking of the most qualified vendors, based on the selection criteria, in the following order - first, BKD LLP; second, Deloitte & Touche LLP; and third, RSM, LLP;

(b) award a professional services contract in an amount not to exceed $300,000 for professional auditing services for the fiscal year ending 2020, with options to renew for two additional one-year terms;

(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and

(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

Awards, Amendments & Change Orders

Department:

Controller

Staff Contact:

Curtis Duncan

Background:

The Port Authority is seeking an audit firm to perform professional auditing services beginning with fiscal year 2020, with options to renew for two additional one-year terms. The work would consist of the following auditing services in support of the Port Authority’s external financial reporting responsibilities:

- Port Authority financial statements and Comprehensive Annual Financial Report;
- Port Authority (Restated) Retirement Plan, including the Defined Benefit Pension Plan and OPEB Trust;
- Single Audit of state and federal grant expenditures in accordance with the Omni Circular; and
- Port Authority Promotion and Development Fund.

The Texas Water Code and bond covenants associated with Port Authority debt instruments require the Port Authority to secure an annual audit by a certified public accountant or a public accountant holding a license from the Texas State Board of Public Accountancy; all responders meet these requirements. Pursuant to federal government and Government Finance Officers Association best practices, governmental entities should enter into multiyear agreements of at least five years in duration when obtaining the services of independent auditors. In addition, best practices include an audit procurement process that is structured so that the principal factor in the selection of an independent auditor is the auditor’s ability to perform a quality audit.
The Port Authority notified vendors regarding its request for proposals (RFPs) using the Port Authority’s BuySpeed Eprocurement System and the project was advertised on the Port Authority’s website and in a local newspaper. Ten vendors downloaded the project materials from BuySpeed.

**Staff Evaluation/Justification:**
On June 24, 2020, seven RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required analysis and design services:

- BKD LLP
- Deloitte & Touche LLP
- RSM, LLP

* Note that BDK LLP includes professionals who previously were associated with Grant Thortan LLP, the Port Authority’s current audit firm.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to BKD LLP, in an amount not to exceed $300,000 for professional auditing services for the fiscal year ending 2020, with options to renew for two additional one-year terms.
Subject  2. Approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources cooperative purchase contract, for one year in an amount not to exceed $98,289.

Meeting  Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access  Public

Type  Action

Recommended Action  The Port Commission, at its July 30, 2020 meeting, approve the purchase of annual software subscription and support services for Cognos budgeting software from Mark III Systems, Inc., using a State of Texas Department of Information Resources (TxDIR) cooperative purchase contract, for one year in an amount not to exceed $98,289, find that this purchasing method provides the best value to the Port Authority for this item, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals  STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:  Awards, Amendments & Change Orders

Department:  Finance

Staff Contact:  David Jochnau

Background:  The Port Authority uses IBM's Cognos software as a tool for budget preparation, reporting, and analysis, and compilation of the Port Authority's cargo statistics. Annual renewals offer support services to provide for software revision upgrades and technical support.

The Port Authority is seeking approval to secure these support services using the TxDIR, a department of the State of Texas with cooperative purchasing programs available to the Port Authority.

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

Accordingly, staff recommends that the Port Commission approve this purchase of such services from Mark III Systems, Inc. through the TxDIR cooperative purchasing program and determine that this procurement method provides best value to the Port Authority.
3. Approve extension of the contract with AndCo Consulting LLC for investment advisory services related to the Port Authority Pension Plan, Port Authority Other Post-Employment Benefits (OPEB) Plan, and defined contribution and deferred compensation plans, for an additional and final one-year period, in an amount not to exceed $137,500.

The Port Commission, at its July 30, 2020 meeting, approve extension of the contract with AndCo Consulting LLC for investment advisory services related to the Port Authority Restated Retirement Plan, the irrevocable trust established for other post-employment benefits plan, and defined contribution and deferred compensation plans, for an additional and final one-year period, in an amount not to exceed $137,500, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

The Port Commission approved a one-year extension of the contract with AndCo Consulting LLC for investment advisory services related to the Port Authority Pension Plan, the OPEB Plan, and defined contribution and deferred compensation plans, for an additional and final one-year period, in an amount not to exceed $137,500.

Staff Evaluation/Justification:
AndCo Consulting has provided value-added investment consulting services for the various benefit plans, including assistance with the 2019 negotiation and restructuring of the 401(a) and 457(b) plans with Nationwide. Their efforts have resulted in well-diversified portfolios, and favorable expense ratios.

Subject: 3. Approve extension of the contract with AndCo Consulting LLC for investment advisory services related to the Port Authority Pension Plan, Port Authority Other Post-Employment Benefits (OPEB) Plan, and defined contribution and deferred compensation plans, for an additional and final one-year period, in an amount not to exceed $137,500.
compared to average market fees, with annual savings of over $1,000,000. Additionally, the term has assisted with compliance reporting to satisfy SB322 - Investment Practices and Performance Reporting, as well as development of annual investment fee disclosures which will be included in the annual Pension Plan financial statements, and these services have been included within its existing fee structure.

Staff recommends that the Port Commission approve an extension of the AndCo Consulting contract for an additional and final one-year period, ending on October 31, 2021.
Subject 4. Adopt resolutions to amend the Port of Houston Authority Other Post-Employment Benefits (OPEB) Trust Agreement.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting, adopt resolutions to amend the Port of Houston Authority Other Post-Employment Benefits Trust Agreement and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category: General

Department: Finance

Staff Contact: Roland Gonzalez/Tim Finley

Background:
By Minute No. 2011-1025-11, the Port Commission authorized the Port Authority to adopt resolutions relating to the Port Authority’s participation in the OPEB Trust of Texas, a multi-employer trust established for other post-employment benefits obligations.

By Minute No. 2014-1028-34, the Port Commission adopted resolutions authorizing establishment of a new irrevocable trust for the Port Authority’s OPEB liabilities, funding the new OPEB Trust, the transfer of assets from the Port Authority’s account at OPEB Trust of Texas to the new OPEB Trust, and investment of OPEB Trust assets with investment managers and funds approved by the Port Commission.

As of June 30, 2020, the market value of the OPEB Trust assets was approximately $80.3 million, which was 113% of the actuarially determined OPEB liability. Accordingly, the OPEB Trust is well funded to begin paying OPEB-related expenses directly to health care providers in certain instances and to reimburse the Port Authority for payments the Authority makes to health care and other service providers for OPEB expenses.

Staff Evaluation/Justification:
Port Authority staff worked with Haynes & Boone, the Port Authority’s benefits counsel, to prepare the resolution and proposed amendments. The proposed amendments, listed below, have been reviewed by the OPEB Plan Trustee, BBVA USA. The proposed amendments are primarily intended to enable a Port Authority “Authorized Person” to direct the OPEB Trust to pay expenses directly to health care providers and to reimburse the Port Authority for payments the Authority makes to health care providers, as needed.

Port Authority staff recommends that the Port Commission adopt the resolutions to amend the Port of Houston Authority OPEB Trust Agreement to provide:

Section 3.01 The Plan Administrator or an Authorized Person may direct...payments be made (a) directly to health care providers or (b) to the Authority to reimburse the Authority for payments made by the Authority to health care and other service providers to satisfy the [Port Authority’s] OPEB Obligation.
Section 4.01 The [Trust] Assets may not be used for, or diverted to, any other purpose, except as for a purpose that is permitted under Code Section 115 or other applicable law.

Section 6.02 [The] Trustee may reimburse the Authority from the Trust Fund for expenses of the Plan or the Trust to the full extent permitted by applicable law.

Section 11.01 Distributions of benefits are obligations of the Authority payable from the Trust, to the extent funded, as more fully described herein.
WHEREAS, the Port of Houston Authority OPEB Trust Agreement (the “Trust Agreement”) created a multiple-employer pooled account arrangement (the “OPEB Trust”) pursuant to Texas law, open to participation only by government entities (each an “Employer”) whose income is excludable from federal income taxation under Section 115 of the Internal Revenue Code of 1986, as amended (the “Section 115”); and

WHEREAS, the fundamental purpose of the OPEB Trust is to fund post-employment benefits other than pension benefits (“OPEB”), such as medical, dental, vision, life insurance, long-term care and similar health benefits, offered by an Employer to its employees as specified in each Employer's applicable statute, ordinance, policies and/or collective bargaining agreements; and

WHEREAS, Port of Houston Authority of Harris County, Texas, a political subdivision of the State of Texas (the “Authority”), previously established and currently maintains the Port of Houston Authority OPEB Plan (the “Plan”), a post-retirement health care plan to provide OPEB to its former employees and beneficiaries (the “OPEB Obligation”); and

WHEREAS, BBVA USA, as successor to Compass Bank, is the current trustee of the OPEB Trust that was created and is maintained pursuant to the Trust Agreement; and

WHEREAS, Section 4.01 of the Trust Agreement provides, in relevant part: “Under no circumstances may the Assets be used for, or diverted to, any other purpose, except as permitted under Code Section 115 or other applicable law”; and

WHEREAS, payments made directly by the Authority to health care and other service providers to satisfy OPEB Obligation are obligations of the Authority that otherwise would be required to be paid directly by the Authority in the absence of the OPEB Trust; and

WHEREAS, Article I of the Trust Agreement provides, in relevant part, that the OPEB Trust is created “for the purpose of... providing payments to health care providers (or reimbursing the Authority for payments to health care and other service providers) to satisfy the OPEB Obligation”; and

WHEREAS, Section 6.02 of the Trust Agreement provides, in relevant part, “further, pursuant to Instruction from the Plan Administrator or an Authorized Person, the Trustee may reimburse the Authority from the Trust Fund for expenses of the Plan to the extent permitted by the Plan and applicable law”; and
WHEREAS, pursuant to Section 9.01 of the Trust Agreement, the Trust Agreement may be amended at any time, and from time to time, by an instrument identified as an amendment hereto that is approved or ratified by the Authority and the Trustee, effective as of the date specified therein; and

WHEREAS, the Authority desires to amend the Trust Agreement to clarify that, in accordance with a purpose of the Trust as set forth in Article I, the Trustee has the authority to reimburse the Authority, from time to time, from the assets of the Trust Fund for OPEB Obligation payments made by the Authority to health care and other service providers to satisfy the OPEB Obligation; and

WHEREAS, the Authority desires to amend the Trust Agreement to clarify that the Trustee may reimburse the Authority from the Trust Fund for permissible expenses of the Trust in addition to the permissible expenses of the Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Authority, by action of its governing body, the Port Commission of the Port Commission of the Port of Houston Authority of Harris County, Texas (the “Port Commission”), hereby approves, adopts, ratifies, and confirms the “First Amendment to the Port of Houston Authority OPEB Trust Agreement” to be effective as of July 30, 2020 (the “Effective Date”), in substantially the same form as set forth in the attached Exhibit A for review by the members of the Port Commission.

[Signature page follows.]
ADOPTED by the Port Commission of the PORT OF HOUSTON AUTHORITY OF HARRIS COUNTY, TEXAS, at a meeting duly called and held on the _____ day of ________________ 2020.

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

ATTEST:

____________________________________
Erik Eriksson
Chief Legal Officer
Port of Houston Authority of Harris County, Texas

Minute No. 2020-___________

[Exhibit A follows.]
EXHIBIT A

FIRST AMENDMENT TO THE
PORT OF HOUSTON AUTHORITY
OPEB TRUST AGREEMENT

1. The first paragraph of Section 3.01 of the Trust Agreement is hereby amended and replaced, in its entirety, with the following new first paragraph:

   **3.01 Benefit Account:** The Plan Administrator or an Authorized Person shall have the responsibility for making benefit payments under each Plan. The Plan Administrator or an Authorized Person may (a) direct that any such benefit payments be made by the Trustee from the General Account or (b) establish a Benefit Account which shall be a commercial checking account in a federally insured banking institution (including the Trustee, if applicable) for such payment purposes. The Plan Administrator or an Authorized Person may direct that such payments be made (a) directly to health care providers or (b) to the Authority to reimburse the Authority for payments made by the Authority to health care and other service providers to satisfy the OPEB Obligation. The Plan Administrator or an Authorized Person shall have the responsibility to assure that any such commercial banking account is properly insured. The Trustee shall make transfers of funds from the General Account to the Benefit Account at such time and in such amounts as the Plan Administrator or an Authorized Person may from time to time direct. The Plan Administrator shall authorize one or more Employees or an Authorized Person to sign manually or by facsimile signature any and all checks, drafts and orders against the Benefit Account, and the depository bank is authorized to honor any and all checks, drafts and orders so signed, regardless of by whom or by what the actual or purported facsimile signature or signatures may have been affixed thereto, if such signature or signatures resemble those duly filed.

2. Section 4.01 of the Trust Agreement is hereby amended and replaced, in its entirety, with the following new Section 4.01:

   **4.01 Exclusive Benefit:** The Assets shall be held in the Trust and prudently invested for the exclusive purpose of providing OPEB to Covered Persons and defraying the reasonable administrative and actuarial expenses of the Plan and Trust. The Assets may not be used for, or diverted to, any other purpose except for a purpose that is permitted under Code Section 115 or other applicable law.

3. Section 6.02 of the Trust Agreement is hereby amended and replaced, in its entirety, with the following new Section 6.02:

   **6.02 Expenses of Administration:** The Trustee shall be entitled to reasonable compensation for its services hereunder and to reimbursement of its reasonable out-of-pocket expenses, as provided in the Fee Schedule attached hereto as Exhibit B to the Trust Agreement, and that are reasonably incurred by the Trustee in the performance of its duties hereunder. All such compensation and expenses of the Trust may be disbursed by the Trustee from the Trust Fund upon receipt of an Instruction. Without limiting the rights of the Trustee as otherwise provided in this Trust Agreement, pursuant to Instruction from the Plan Administrator or
Authorized Person, the Trustee shall pay from the Trust Fund expenses of the Plan and Trust, or compensation to Persons providing services to the Plan or Trust, including, but not by way of limitation, expenses or compensation related to actuarial, legal, accounting, printing, computer, recordkeeping, investment, performance evaluation or any other material or service provided to the Plan; and, further, pursuant to Instruction from the Plan Administrator or an Authorized Person, the Trustee may reimburse the Authority from the Trust Fund for expenses of the Plan or the Trust to the full extent permitted by applicable law. Notwithstanding the foregoing, if the Trust Fund is insufficient, such expenses and compensation shall be paid directly by the Authority. Nothing herein shall prohibit the Authority from paying any such amounts from a source other than the Assets if the Authority so elects in its discretion.

4. **Section 11.01 of the Trust Agreement is hereby amended and replaced, in its entirety, with the following new Section 4.01:**

**11.01 Nature of Trust:** Neither the full faith and credit nor the taxing power of the Authority, if any, is pledged to the distribution of any benefits or payments under the Trust. Except for contributions and other amounts held in Trust, no other amounts are pledged to the distribution of benefits hereunder. Distributions of benefits are obligations of the Authority payable from the Trust, to the extent funded, as more fully described herein. No Employee, or dependent or Beneficiary of any Employee, may compel the Authority to make any payments into the Trust or to distribute any funds from the Trust.

Distributions of Assets are not debts of the Authority within the meaning of any constitutional or statutory limitation or restriction. Such distributions are not legal or equitable pledges, charges, liens or encumbrances, upon any property, income, receipts, or revenues of the Authority, except for amounts held in the Trust to be applied for the permitted purposes of the Trust.

Neither the Authority nor the Trustee guarantees the Trust Fund from any investment losses or depreciation of the Assets, or the payment of any amount which may become due to any Person under the Plan or Trust.

*[End of First Amendment.]*
I. INFRASTRUCTURE

Subject 1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed $978,146 for the design to construct Container Yard 3 at Barbours Cut Terminal to the top-ranked proposers: staff ranking – first, RPS Infrastructure, Inc.; second, Hatch Associates Consultants, Inc.; and third, Lockwood, Andrews, and Newnam, Inc.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action
(a) approve staff’s ranking of vendors, based on the selection criteria, in the following order – first, RPS Infrastructure, Inc.; second, Hatch Associates Consultants, Inc.; and third, Lockwood, Andrews, and Newnam, Inc.;
(b) award a professional services contract to RPS Infrastructure, Inc., the top-ranked proposer for the design to construct Container Yard 3 at Barbours Cut Terminal in an amount not to exceed $978,146;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background:
Per the current Barbours Cut Terminal master plan, rubber-tire gantry (RTG) runways and associated container storage areas are being reconfigured to maximize twenty-foot equivalent unit (TEU) volumes and to improve operational efficiencies. These new configurations, however, do not match the 2000/2001 constructed layouts of the RTG runways in Barbours Cut Container Yard 3. This project, therefore, would replace the existing 8-inch concrete pavement to include the design of 18-inch roller compacted concrete (RCC). Also included would be the design of new storm water trench drains, relocation of high mast light poles, fire hydrants, and restriping the inter-terminal road onto the proper alignment.

The Port Authority notified vendors regarding its request for qualifications (RFQs) 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 vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On May 6, 2020, eight RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required analysis and design services:

- RPS Infrastructure, Inc.
- Hatch Associates Consultants, Inc.
- Lockwood, Andrews, and Newnam, Inc.
Following staff Executive Committee review, staff recommends that the Port Commission award a contract to RPS Infrastructure, Inc. for the design to construct Container Yard 3 at Barbours Cut Terminal, and act as otherwise described above.
I. INFRASTRUCTURE

Subject 2. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed $18,745,998 for the construction of Container Yard 2 South at Bayport Container Terminal to the top-ranked proposer: staff ranking - first, Satterfield & Pontikes Construction, Inc.; second, McCarthy Building Company, Inc.; and third, Archer Western Construction, LLC.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access Public
Type Action
Recommended Action The Port Commission, at its July 30, 2020 meeting:
   (a) approve staff's ranking of the vendors providing best value to the Port Authority, based on the selection criteria, in the following order - first, Satterfield & Pontikes Construction, Inc.; second, McCarthy Building Company, Inc.; and third, Archer Western Construction, LLC.
   (b) award a construction contract to Satterfield & Pontikes Construction, Inc. to construct Container Yard 2 South at Bayport Terminal, in an amount not to exceed $18,745,998;
   (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
   (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: This project consists of the construction of approximately 18-acres of container yard at Container Yard 2 South, located on the east end of Bayport Container Terminal.

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

Staff Evaluation/Justification: On April 22, 2020, six CSPs 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 identified the following vendors, listed in order of ranking, as providing the best value for the required services:

- Satterfield & Pontikes Construction, Inc.
- McCarthy Building Company, Inc.
• Archer Western Construction, LLC

Staff recommends that the Port Commission award a contract to Satterfield & Pontikes Construction, Inc. and act as otherwise described above.
I. INFRASTRUCTURE

Subject 3. Approve staff's ranking of vendors and award a professional services contract in an amount of $350,000 to perform construction material testing for the construction of Container Yard 2 South at Bayport Container Terminal to the top-ranked proposers: staff ranking - first, Terracon Consultants, Inc.; second, Aviles Engineering Corp.; and third, Raba Kistner, Inc.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting:
(a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, Terracon Consultants, Inc.; second, Aviles Engineering Corp.; and third, Raba Kistner, Inc.;
(b) award a professional services contract to Terracon Consultants, Inc. to perform construction material testing during the construction of Container Yard 2 South at Bayport Terminal, in an amount not to exceed $350,000;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: This procurement includes construction material testing services for the construction of Container Yard 2 South at Bayport Container Terminal. Per Section 60.463(c) of the Texas Water Code, in certain circumstances the Port Authority is required to hire a third-party inspection firm to independently test the acceptability of construction material installed by the contractor. This procurement would provide such third-party inspection services.

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

Staff Evaluation/Justification:
On April 8, 2020, twelve RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Terracon Consultants, Inc.
- Aviles Engineering Corp.
- Raba Kistner, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Terracon Consultants, Inc. and act as otherwise described above.
I. INFRASTRUCTURE

Subject 4. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed $154,979 to construct a security system at Container Yard 7 and the west empty yard at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Tekplan Solutions Texas, LLC; and second, Dowley Security Systems, Inc.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting:
(a) approve staff’s ranking of the vendors providing best value to the Port Authority, based on the selection criteria, in the following order – first, Tekplan Solutions Texas, LLC; and second, Dowley Security Systems, Inc.;
(b) award a construction contract to Tekplan Solutions Texas, LLC to construct a security system at Container Yard 7 and the west empty yard at Bayport Container Terminal, in an amount not to exceed $154,979;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: This project consists of the installation of surveillance cameras, electric wiring to power cameras, fiber optic cables, network switches, and support hardware to mount cameras on existing concrete poles installed along the west side of Container Yard 7 and the west empty yard at the Bayport Terminal. The project will provide security surveillance for the west side of the terminal.

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

Staff Evaluation/Justification: On June 17, 2020, two CSPs were received, opened, and publicly read. 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 providing the best value for the required services:

- Tekplan Solutions Texas, LLC
- Dowley Security Systems, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Tekplan Solutions Texas, LLC and act as otherwise described above.
I. INFRASTRUCTURE

Subject 5. Approve staff’s ranking of vendors and award a construction contract in an amount not to exceed $941,000 for trench drain repairs at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Jerdon Enterprise, L.P.; second, McCarthy Building Companies, Inc.; and third, Forde Construction Company, Inc.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting:
(a) approve staff’s ranking of the vendors providing best value to the Port Authority, based on the selection criteria, in the following order – first, Jerdon Enterprise, L.P.; second, McCarthy Building Companies, Inc.; and third, Forde Construction Company, Inc.;
(b) award a construction contract to Jerdon Enterprise, L.P. for trench drain repairs at Bayport Container Terminal, in an amount not to exceed $941,000;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background:
This project consists of the repair of approximately 540 linear feet of trench drain at Bayport Container Terminal, including demolition, trench drain concrete wall repair, installation of concrete struts, and trench drain framing, repaving, and striping.

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

Staff Evaluation/Justification:
On July 1, 2020, four CSP’s were received, opened, and publicly read. 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 providing best value for the required services:

- Jerdon Enterprise, L.P.
- McCarthy Building Companies, Inc.
- Forde Construction Company, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Jerdon Enterprise, L.P. and act as otherwise described above.
I. INFRASTRUCTURE

Subject

6. Approve staff’s ranking of vendors and award a two-year environmental consulting agreement in an amount not to exceed $200,000 for storm water quality program management to the top-ranked proposer: staff ranking- first, Terra Nova Consulting, Inc.; second, Spirit Environmental, LLC; and third, Halff Associates.

Meeting

Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access

Public

Type

Action

Recommended Action

The Port Commission, at its July 30, 2020, meeting:
(a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, Terra Nova Consulting, Inc.; second, Spirit Environmental, LLC; and third, Halff Associates;
(b) award a two-year environmental consulting agreement to Terra Nova Consulting, Inc. for storm water quality program management in an amount not to exceed $200,000;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further, authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

Strategic Objective 4a. - Implement an innovative environmental leadership strategy

STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

Awards, Amendments & Change Orders

Department:

Environmental Affairs

Staff Contact:

Trae Camble

Background:

The Port Authority is seeking to obtain an environmental consultant to assist the Port Authority’s Environmental Affairs Department (EAD) staff with storm water quality program management, including compliance with the Port Authority’s Municipal Separate Storm Sewer System Permit, Storm Water Management Program, the Multi-Sector General Permits, and Construction General Permits; conducting storm water sampling throughout Port Authority facilities; identifying, implementing, and monitoring Best Management Practices; and assisting with other activities related to storm water quality issues as directed by EAD staff.

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-seven vendors downloaded the project materials from the BuySpeed.

Staff Evaluation/Justification:

On June 3, 2020, five RFPs responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:
• Terra Nova Consulting, Inc.
• Spirit Environmental, LLC
• Halff Associates

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Terra Nova Consulting, Inc. and act as otherwise described above.
I. INFRASTRUCTURE

Subject 7. Amend the professional services contract with Hatch Consultants, Inc. for additional engineering services associated with the Port Authority Facility Inspection and Condition Assessment Program for electrical and communications in an amount not to exceed $179,954.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, approve an amendment to the professional services contract with Hatch Consultants, Inc. for additional engineering services associated with the Port Authority Facility Inspection and Condition Assessment Program (FICAP) for electrical and communications in an amount not to exceed $179,954, and authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: The FICAP for Maritime Assets has been implemented by the Port Authority to provide condition rating information to support its maritime asset management and engineering.

As part of the broad asset management program, a specific electrical distribution and communications program has been started to document and evaluate the condition of all electrical and communications assets. The program includes a FICAP manual for electrical and communication assets in the field, document baseline values of electrical parameters as tested on electrical equipment, newly-developed electrical and communication drawings, and integration of the new information into the Port Authority’s geographic information system (GIS) system.

On January 30, 2019 a professional services contract was issued to Hatch Consultants, Inc. totaling $474,500 for the FICAP for port-wide electrical and communications. It was amended on July 9, 2019 by and additional $42,500 to add a terminal to the contract.

This proposed amendment would consist of performing site inspections and engineering condition assessment on existing electrical and communications infrastructure at the Turning Basin Terminal to implement the FICAP manual.

Staff Evaluation/Justification: Staff has reviewed Hatch Consultants, Inc.’s proposal and found it to be fair and reasonable and recommends that the Port Commission approve this amendment.
I. INFRASTRUCTURE

Subject 8. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yard 7 at Bayport Container Terminal in an amount not to exceed $58,957.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, approve a change order to McCarthy Building Companies, Inc. to perform additional work associated with the construction of Container Yard 7 at Bayport Container Terminal in an amount not to exceed $58,957, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: By Minute No. 2018-0731-21, the Port Commission awarded a construction contract to McCarthy Building Companies, Inc. for the construction of Container Yard 7 at Bayport Container Terminal.

The change order proposed by the contractor includes the following items:

- Purchase and install new electric actuator for RTG wash down to match surrounding electrical infrastructure
- Additional striping in the northern portion of Container Yard 7 and in other areas where applicable, to support continuous operations

Staff Evaluation/Justification: Staff has reviewed McCarthy Building Companies, Inc.’s proposal and found it to be fair and reasonable and recommends that the Port Commission authorize this change order.
I. INFRASTRUCTURE

Subject 9. Approve a change order with Fused Industries, LLC to perform additional work associated with the rail spur at Bayport Container Terminal in an amount not to exceed $155,708.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, approve a change order with Fused Industries, LLC to perform additional work associated with the rail spur at Bayport Container Terminal in an amount not to exceed $155,708, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Project and Construction Management

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

Background: By Minute No. 2018-0925-28, the Port Commission awarded a construction contract to Fused Industries, LLC for the rail spur at Bayport Container Terminal.

This change order includes quantity increases for concrete, handrail, and 18-inch diameter storm water drainage pipe. It also includes a reduction of quantities for 24-inch diameter storm water drainage pipe.

Staff Evaluation/Justification: Staff has reviewed the proposal submitted by Fused Industries, LLC and found it to be fair and reasonable and recommends that the Port Commission authorize this change order.
I. INFRASTRUCTURE

Subject

10. Award professional services consulting contracts to provide strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project to PricewaterhouseCoopers Advisory Services, LLC and EcoLogix Group, Inc. in amounts not to exceed $324,547 and $282,350, respectively.

Meeting

Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access

Public

Type

Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to award professional services consulting contracts to provide strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project to PricewaterhouseCoopers Advisory Services, LLC and EcoLogix Group, Inc. in amounts not to exceed $324,547 and $282,350, respectively, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Project 11

Department:

Channel Improvement

Staff Contact:

Lori S. Brownell, P.E.

Background:

Expanding the Houston Ship Channel (HSC) is one of the most significant infrastructure projects in the nation. The HSC is the nation’s busiest waterway with 20,000 ship transits and over 200,000 barge movements each year, and growth in both imports and exports requires improvements sooner than the customary process would provide. Therefore, the Port Authority is promoting an accelerated approach to the main parts of the project to construct them in the 2021-2024 timeframe.

The Port Authority currently plans to lead the procurement and construction of segments 1A, 1B, 1C, 2, 3, and 4, beginning as soon as the first half of 2021. Nine design packages are currently in the design process with 100% design completions targeted for year-end 2020. This work will require multiple contractor capabilities, including hydraulic and mechanical dredging, Dredge Material Placement Area (DMPA) construction, upland site clearing and preparation, and bulkhead construction, at a total cost estimated at $900 million. Soliciting channel construction services of this magnitude requires significant advance preparation to steward public funds and resources in the most responsible way while optimizing performance, and ensuring contracting execution receives optimal competitive responses, anticipates and manages risks, and avoids unnecessary delays.

Staff Evaluation/Justification:

These professional services would provide decision support in the form of market evaluation and execution strategies, including planning and execution of procurement and capital projects management, with contracting approaches that optimize value in terms of total cost, schedule, and risk for stakeholders. This decision support is expected to help the Port Authority evaluate project technical requirements, supplier capabilities, and scenarios for implementing the procurements with effective sequencing and phasing, applying alternative contract models as appropriate, and employing efficient
qualification methods and selection criteria, and arrangement of program management that targets efficient performance with competitive market results.

Five firms provided proposals and were interviewed for this project. Staff recommends awarding contracts to PricewaterhouseCoopers Advisory Services, LLC and EcoLogix Group, Inc. based on their proposal quality and efficiency, and their complementary capabilities, firms that staff has concluded should provide the best value for the Port Authority and for HSC objectives as well.
# I. INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Subject</th>
<th>Amend the professional engineering and auditing services contracts supporting the Houston Ship Channel Expansion Channel Improvement Project with Atkins North America, Inc. in an amount not to exceed $950,000 and with Freese and Nichols, Inc. in an amount not to exceed $50,000.</th>
</tr>
</thead>
</table>

### Meeting
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

### Access
Public

### Type
Action

### Recommended Action
The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to amend the professional engineering and auditing services contracts supporting the Houston Ship Channel Expansion Channel Improvement Project with Atkins North America, Inc. in an amount not to exceed $950,000 and with Freese and Nichols, Inc. in an amount not to exceed $50,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

### Category:
Project 11

### Department:
Channel Improvement

### Staff Contact:
Lori S Brownell, P.E.

### Background:
By Minute No. 2020-0428-39, the Port Commission approved $350,000 to Atkins North America, Inc. and $150,000 to Freese and Nichols, Inc., for both firms to provide professional engineering and auditing services to support the Houston Ship Channel Expansion Channel Improvement Project on an as-needed basis. Since then, $219,115 of $350,000 has been paid to Atkins North America, Inc. to perform auditing services for Project 10 (the Houston Galveston Navigation Channel) and Project 11 (the Houston Ship Channel Expansion Channel Improvement Project, HSC ECIP).

### Staff Evaluation/Justification:
An additional, total not to exceed amount of $1,000,000, allocated as described above, is requested for engineering and auditing services to be performed by Atkins North America, Inc. and Freese and Nichols, Inc. for the HSC ECIP.

Federal policy requires that planning, engineering, and designs (PED), provided by the local sponsor, be reviewed and approved by the U.S. Army Corps of Engineers (USACE). The additional funding would allow the engineering consultants to complete the original intent for obtaining these professional engineering and auditing services, such as accounting related services, value engineering, and third-party design review for the 65% packages. Further funding will be required later this fall for completing the design review of the 95%, and 100% deliverables.

This third-party design review and value engineering oversight is expected help the Port Authority to meet or exceed the applicable USACE regulations and guidance criteria.

Staff recommends the Port Commission approve this additional funding for these Project 11 engineering consultants.
I. INFRASTRUCTURE

Subject 12. Enter into reimbursement agreements for design and permitting with eight pipeline companies for ten pipelines related to segment 4 of the Houston Ship Channel Expansion Channel Improvement Project at a cost not to exceed $2,000,000 per pipeline, for which the Port Authority would be responsible for one half the cost per pipeline, for a total amount not to exceed $10,000,000.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to enter into reimbursement agreements for design and permitting with the following eight pipeline companies: Kinder Morgan Texas Pipeline LP (two pipelines); HSC Pipeline Partnership, LLC; Seminole Pipeline Company LLC; Explorer Pipeline Company; Colonial Pipeline Company; Praxair Inc, (two pipelines); Equistar Chemicals, LP; and INEOS USA LLC, for ten pipelines related to segment 4 of the Houston Ship Channel Expansion Channel Improvement Project at a cost not to exceed $2,000,000 per pipeline, of which the Port Authority would be responsible for one half the cost per pipeline, for a total amount not to exceed $10,000,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Project 11

Department:
Channel Operations

Staff Contact:
Garry McMahan

Background:

As part of the Houston Ship Channel Expansion Channel Improvement Project (HSC ECIP), several pipelines would have to be removed and relocated in order to meet U.S. Army Corps of Engineers safety requirements. The companies owning these pipelines are: Kinder Morgan Texas Pipeline LP (two pipelines); HSC Pipeline Partnership, LLC; Seminole Pipeline Company LLC; Explorer Pipeline Company; Colonial Pipeline Company; Praxair Inc, (two pipelines); Equistar Chemicals, LP; and INEOS USA LLC.

Port Authority staff has identified an additional pipeline that will need to be relocated and expects to return to the Port Commission to authorize that agreement, once its owner has been identified.

Federal rules require the local sponsor to pay half of the costs for the relocations which includes, among other things, design, permitting, and construction.

The estimated costs of this design work currently ranges from $500,000 to $2,000,000 per pipeline, but staff has requested authority for greater amounts, pending further determination of these costs.

Estimated costs for relocation are estimated to range from $4.2 million to $20 million per pipeline. The design phase is expected to help narrow down those costs, and the Port Authority would also be responsible for half of those costs.

Staff Evaluation/Justification:
Channel Operations Department staff recommends approval at this time to facilitate continued accelerated progress on the HSC ECIP project.
## I. INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Subject</th>
<th>13. Issue a transmission line license to Comcast Cable Communications Management, LLC for one coaxial cable line over and across Turning Basin Terminal West.</th>
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</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
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<tr>
<td>Access</td>
<td>Public</td>
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<tr>
<td>Type</td>
<td>Action</td>
</tr>
<tr>
<td>Recommended Action</td>
<td>The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one coaxial cable line over and across Turning Basin Terminal West, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</td>
</tr>
</tbody>
</table>

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

**Department:**
Channel Operations

**Staff Contact:**
Garry McMahan

**Background:**
Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0159, has applied for a transmission line license for one coaxial cable line over and across Turning Basin Terminal West, in the John Brown Survey, A-8. The line provides service to Port Authority tenant Hansen-Mueller Company, Port Authority File No. 1998-0338.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $675 application fee and the $2,500 as-built deposit have been paid. Staff recommend the license fee be waived since this project would provide service to a Port Authority tenant, Hansen-Mueller Company.

Staff recommends approval.
## I. INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Subject</th>
<th>14. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Bulk Materials Handling Plant Terminal.</th>
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</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
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<tr>
<td>Access</td>
<td>Public</td>
</tr>
<tr>
<td>Type</td>
<td>Action</td>
</tr>
<tr>
<td>Recommended Action</td>
<td>The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Bulk Materials Handling Plant Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</td>
</tr>
</tbody>
</table>

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

**Department:**
Channel Operations

**Staff Contact:**
Garry McMahan

**Background:**
Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0160, has applied for a transmission line license for one fiber optic cable line over, under, and across the Bulk Materials Handling Plant Terminal, in the Richard & Robert Vince Survey, A-76. The line provides service to Port Authority tenant Kinder Morgan Petcoke, LP, Port Authority File No. 2007-0230.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $675 application fee and the $2,500 as-built deposit have been paid. Staff recommend the license fee be waived since this project will provide service to existing tenant, Kinder Morgan Petcoke, LP.

Staff recommends approval.
I. INFRASTRUCTURE

Subject: 15. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the North L Street property.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the North L Street property, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
Permits/Licenses/Pipeline Easements

Department:
Channel Operations

Staff Contact:
Garry McMahan

Background:
Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0173, has applied for a transmission line license for one fiber optic cable line under and across the North L Street property, in the Johnson Hunter Survey, A-35. The line provides service to Port Authority tenant Frontier Logistics, Port Authority File No. 2014-0043.

Staff Evaluation/Justification:
The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $675 application fee and the $2,500 as-built deposit have been paid. Staff recommend the license fee be waived since this project will provide service to existing tenant, Frontier Logistics.

Staff recommends approval.
I. INFRASTRUCTURE

**Subject**
16. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the Barbours Cut Terminal.

**Meeting**
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**
Public

**Type**
Action

**Recommended Action**
The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line under and across the Barbours Cut Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

**Department:**
Channel Operations

**Staff Contact:**
Garry McMahan

**Background:**
Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0174, has applied for a transmission line license for one fiber optic cable line under and across the Barbours Cut Terminal, in the Johnson Hunter Survey, A-35. The line provides service to the U.S. Customs and Border Patrol, a partner of the Port Authority.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $2,500 as-built deposit has been paid. Staff recommend the application and license fee be waived since this project will provide service to the U.S. Customs and Border Patrol.

Staff recommends approval.
### I. INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Subject</th>
<th>17. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Barbours Cut Terminal.</th>
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</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
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<tr>
<td>Access</td>
<td>Public</td>
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<tr>
<td>Type</td>
<td>Action</td>
</tr>
<tr>
<td>Recommended Action</td>
<td>The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Barbours Cut Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</td>
</tr>
</tbody>
</table>

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

**Department:**
Channel Operations

**Staff Contact:**
Garry McMahan

**Background:**
Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0185, has applied for a transmission line license for one fiber optic cable line over, under, and across the Barbours Cut Terminal, in the Johnson Hunter Survey, A-35. The line provides service to the Port Terminal Railroad Association.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $2,500 as-built deposit has been paid. Staff recommend the application and license fee be waived since this project will provide service to the Port Terminal Railroad Association.

Staff recommends approval.
Subject: 18. Issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Jacintoport Terminal.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast Cable Communications Management, LLC for one fiber optic cable line over, under, and across the Jacintoport Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Permits/Licenses/Pipeline Easements

Department: Channel Operations

Staff Contact: Garry McMahan

Background: Comcast Cable Communications Management, LLC, Port Authority File No. 2020-0175, has applied for a transmission line license for one fiber optic cable line over, under, and across the Jacintoport Terminal, in the William Harris & D Carpenter Survey, A-28. The line provides service to the U.S. Customs and Border Patrol, a partner of the Port Authority.

Staff Evaluation/Justification: The application was reviewed and approved by the Port Authority’s Channel Operations and Real Estate departments. The license is subject to the Port Authority’s usual terms and conditions. The $2,500 as-built deposit has been paid. Staff recommend the application and license fee be waived since this project will provide service to the U.S. Customs and Border Patrol.

Staff recommends approval.
I. INFRASTRUCTURE

Subject 19. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Southside Mainline railroad right-of-way.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Southside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Permits/Licenses/Pipeline Easements

Department: Channel Operations

Staff Contact: Garry McMahan

Background: Comcast of Houston, LLC, Port Authority File No. 2020-0197, has applied for a transmission line license for one fiber optic cable line over and across the Southside Mainline railroad right-of-way, in the William Vince Survey, A-78.

Staff Evaluation/Justification: The application was reviewed and approved by the Port Authority’s Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority’s usual terms and conditions and at a fee of $1,688. The $675 application fee and the $2,500 as-built deposit have been paid.

Staff recommends approval.
I. INFRASTRUCTURE

Subject 20. Issue a distribution and/or transmission line license to Vopak Moda Houston LLC for one 2-inch fiber optic cable under and across the Port Terminal Railroad Association’s Southside Mainline railroad right-of-way.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a distribution and/or transmission line license to Vopak Moda Houston LLC for one 2-inch fiber optic cable under and across the Port Terminal Railroad Association’s Southside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Permits/Licenses/Pipeline Easements

Department: Channel Operations

Staff Contact: Garry McMahan

Background: Vopak Moda Houston LLC, Port Authority File 2020-0161, has applied for a distribution and/or transmission line license for one 2-inch fiber optic cable under and across the Port Terminal Railroad Association’s Southside Mainline railroad right-of-way, in the George Ross Survey, A-646.

Staff Evaluation/Justification: The application was reviewed and approved by the Port Authority’s Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority’s usual terms and conditions and at a fee of $1,688. The $675 application fee and the $2,500 as-built deposit have been paid.

Staff recommends approval.
I. INFRASTRUCTURE

**Subject**

**Meeting**
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

**Access**
Public

**Type**
Action

**Recommended Action**
The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a pipeline license to Easton Energy Pipelines LLC for one 6-inch IC4 Isobutane pipeline under and across the northwest corner of the Rosa Allen Dredged Material Placement Area, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

**Department:**
Channel Operations

**Staff Contact:**
Garry McMahan

**Background:**
Easton Energy Pipelines LLC, Port Authority File No. 2020-0182, has applied for a pipeline license for one 6-inch IC4 Isobutane pipeline under and across the northwest corner of the Rosa Allen Dredged Material Placement Area, in the MA Callahan & Allen Vince Survey, A-9.

**Staff Evaluation/Justification:**
The application was reviewed and approved by the Port Authority’s Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority’s usual terms and conditions and at a fee of $5,302. The $675 application fee and the $2,500 as-built deposit have been paid.

Staff recommends approval.
I. INFRASTRUCTURE

Subject  
22. Issue a pipeline license to Pasadena Performance Products, LLC for one 16-inch refined petroleum products pipeline under and across the Port Terminal Railroad Association’s Pasadena Rail Yard.

Meeting  
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access  
Public

Type  
Action

Recommended Action  
The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a pipeline license to Pasadena Performance Products, LLC for one 16-inch refined petroleum products pipeline under and across the Port Terminal Railroad Association’s Pasadena Rail Yard, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:  
Permits/Licenses/Pipeline Easements

Department:  
Channel Operations

Staff Contact:  
Garry McMahan

Background:  
Pasadena Performance Products, LLC, Port Authority File No. 2020-0180, has applied for a pipeline license for one 16-inch refined petroleum products pipeline under and across the Port Terminal Railroad Association’s Pasadena Rail Yard, in the William Vince Survey, A-78.

Staff Evaluation/Justification:  
The application was reviewed and approved by the Port Authority’s Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority’s usual terms and conditions and at a fee of $14,272. The $675 application fee and the $2,500 as-built deposit have been paid.

Staff recommends approval.
Subject 23. Issue a marine construction permit to Enterprise Marine Services LLC in connection with barge fleeting at an approximately 16.14 acre submerged lands leased site in Old River.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, authorize the Port Authority to issue a marine construction permit to Enterprise Marine Services LLC in connection with barge fleeting at an approximately 16.14 acre submerged lands leased site in Old River, 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: Channel Operations

Staff Contact: Garry McMahan

Background: The Port Commission has authorized a port adjacency submerged land lease agreement (2019-0130) with Enterprise Marine Services LLC, Port Authority File No. 2020-0158. Staff has determined that a marine construction permit for the approximately 16.14 acres leased site in Old River, adjacent to Lost Lake Dredged Material Placement Area, is required as well.

Enterprise Marine Services LLC has operated a fleet service for over 10 years and has owned property in the vicinity of this project for over twelve years.

Staff Evaluation/Justification: The application was reviewed and approved by the Port Authority’s Channel Operations department. The permit is to be issued subject to the Port Authority’s usual terms and conditions.

Staff recommends approval.
J. OPERATIONS

Subject  1. Approve staff’s ranking of vendors and award a contract in the amount not to exceed $595,000 for the purchase of one loaded container handling machine for Barbours Cut Terminal to the top-ranked proposer: staff ranking – first, Taylor Machine Works, Inc.; second, Briggs Equipment, Inc.; and third, Lonestar Lift.

Meeting  Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access  Public

Type  Action

Recommended Action

The Port Commission, at its July 30, 2020 meeting:
(a) approve staff’s ranking of vendors, based on the selection criteria, in the following order – first, Taylor Machine Works, Inc.; second, Briggs Equipment, Inc.; and third, Lonestar Lift;
(b) award a contract to the top-ranked proposer for the purchase of one loaded container handling machine for Barbours Cut Terminal in an amount not to exceed $595,000;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals  STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:  Awards, Amendments & Change Orders

Department:  Maintenance

Staff Contact:  Paulo Soares

Background:
The Port Authority currently owns four loaded container handling machines manufactured by Taylor Machine Works, Inc. including three at Barbours Cut Terminal and one at Bayport Container Terminal. These units are used daily by the Maintenance and Operations departments for handling of spreader bars and relocation of jersey barriers. Of the three units at Barbours Cut Terminal, two were manufactured in 1995, and one of which has been out of service for several months due to the lack of parts availability. Staff recommends this unit be surplussed.

This new machine requested by staff would be equipped with enhanced safety features, produce fewer emissions, and provide needed coverage in the swing lane.

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. Sixteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On May 20, 2020, four 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 product:
• Taylor Machine Works, Inc.
• Briggs Equipment, Inc.
• Lonestar Forklift

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Taylor Machine Works, Inc. and act as otherwise described above.
J. OPERATIONS

Subject 2. Award a contract to ZPMC North America, Inc. for the purchase of replacement short trolley rails for four wharf cranes at Bayport Container Terminal in an amount not to exceed $55,882.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, award a contract to ZPMC North America, Inc. for the purchase of replacement short trolley rails for four wharf cranes at Bayport Container Terminal in an amount not to exceed $55,882, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Maintenance

Staff Contact: Paulo Soares

Background: The Port Authority currently owns twelve ZPMC wharf cranes operating at its Bayport Container Terminal. Nine of these are of machinery on trolley (MOT) design, which places a significant load on trolley rails. The short trolley rails (four pieces per crane, approximately 4-ft. long each) located on the transitions between boom and girder are deteriorated on four cranes (209, 210, 211, and 214) commissioned from 2006 through 2010. This results in a significant “jolt” as the trolley crosses from boom to girder (and vice-versa) causing discomfort to the operator and electrical/mechanical problems that lead to operational downtime.

By Minute No. 2018-0626-27, the Port Commission awarded a contract to Industrial & Crane Services, Inc. for replacement of short trolley rails and Gantrex pads on six wharf cranes at Bayport Container Terminal in the amount of $2,388,600. Some short trolley rails that were replaced under that contract are currently damaged. The staff anticipates carrying out its own replacement work in this instance.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) for the purchase of replacement short trolley rails for four wharf cranes at Bayport Container Terminal using the Port Authority’s BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper.

Staff Evaluation/Justification: On June 3, 2020, one CSB was received and opened. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Staff recommends that the Port Commission award a contract to ZPMC North America, Inc. for the purchase of replacement short rails for four wharf cranes at Bayport Container Terminal.
J. OPERATIONS

Subject
3. Award a two-year contract to Hillmar Industries Ltd., the sole source provider, for the purchase of captive replacement parts for Hillmar wheel brakes and related components for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $300,000.

Meeting
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access
Public

Type
Action

Recommended Action
The Port Commission, at its July 30, 2020 meeting, award a two-year contract to Hillmar Industries Ltd., the sole source provider, for the purchase of captive replacement parts for Hillmar wheel brakes and related components for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed $300,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals
STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:
Awards, Amendments & Change Orders

Department:
Maintenance

Staff Contact:
Paulo Soares

Background:
The Port Authority currently owns a total of eighteen wharf cranes, including fifteen at Barbours Cut Terminal and three at Bayport Container Terminal, equipped with wheel/storm brakes manufactured by Hillmar Industries Ltd. of Canada. Three additional wharf cranes equipped with Hillmar brakes are scheduled to arrive at Bayport Container Terminal in 2021. These cranes are used daily for container handling operations. Therefore, the ability to expedite procurement of spare and replacement parts is critical to efficient terminal operation.

Staff Evaluation/Justification:
Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Hillmar Industries Ltd. is the sole authorized source of replacement Hillmar parts in the United States.

Staff recommends that the Port Authority enter into a two-year contract with Hillmar Industries Ltd. for the purchase of captive replacement parts for Hillmar wheel brakes and related components for wharf cranes, beginning on August 1, 2020 and ending on July 31, 2022. Replacement and spare parts would be purchased through this contract as needed to properly maintain these cranes and minimize operational downtime.
J. OPERATIONS

Subject 4. Award a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed $300,000.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, issue a purchase order to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, using the Texas Comptroller of Public Accounts, Texas Multiple Award Schedule, in an amount not to exceed $300,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Maintenance

Staff Contact: Paulo Soares

Background: By Minute No. 2018-0626-29, the Port Authority awarded a two-year contract to EVCO Partners, LP dba Burgoon Company for the purchase of miscellaneous shop supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in the amount of $300,000. Funds are nearly depleted. The Port Authority operates a total of sixteen maintenance shops at these facilities. These shops provide daily support to the Port Operations Division by maintaining equipment and facilities. Numerous supplies such as plumbing, electrical and hydraulic components, pumps, small motors, and valves are needed to properly maintain Port Authority assets.

Staff Evaluation/Justification: Procuring these supplies through the Texas Multiple Award Schedule (TXMAS) is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority. The Director of Procurement Services has determined that the use of this procurement program provides the best value for this purchase.

Staff has determined that EVCO Partners, LP dba Burgoon Company is the vendor that best meets the Port Authority’s requirements and offers the best price for miscellaneous shop supplies. EVCO Partners, LP dba Burgoon Company’s pricing was reviewed and approved by the TXMAS purchasing program. Accordingly, staff recommends that the Port Commission approve this best value determination and contract.
J. OPERATIONS

Subject
5. Issue a purchase order to Briggs Equipment for the purchase of one forklift model H450HD for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's BuyBoard Program, a cooperative purchase program, in an amount not to exceed $270,494.

Meeting
Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access
Public

Type
Action

Recommended Action
The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Briggs Equipment for the purchase of one forklift model H450HD for Barbours Cut Terminal, using the Local Government Purchasing Cooperative's BuyBoard program, a cooperative purchase program, in an amount not to exceed $270,494, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals
STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:
Awards, Amendments & Change Orders

Department:
Maintenance

Staff Contact:
Paulo Soares

Background:
Forklifts are heavily utilized in the daily operation of Port Authority terminals to move equipment. The Port Authority currently owns one large 1996 forklift machine operating at its Barbours Cut Terminal. Given its many years of operation and limited remaining useful life, staff recommends that this machine be held as a backup for operation on the swing line and a new one be purchased.

Staff Evaluation/Justification:
The Director of Procurement Services has determined that procuring a forklift through the Local Government Purchasing Cooperative's (LGPC) BuyBoard is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority. This cooperative is administered by the Texas Association of School Boards.

The Maintenance department has determined that the best availability, price, and contract term for the item needed is provided by Briggs Equipment under the pricing schedule obtained from that vendor's contract with Local Government Purchasing Cooperative's BuyBoard, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.
Subject: 6. Issue a purchase order to Heil of Texas for the purchase of one Schwarze Model M6SE Avalanche sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed $265,000.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Heil of Texas for the purchase of one Schwarze Model M6SE Avalanche sweeper for Barbours Cut Terminal, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed $265,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals: STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments, & Change Orders

Department: Maintenance

Staff Contact: Paulo Soares

Background: By Minute No. 2018-0416-25, the Port Authority awarded a contract to Heil of Texas in the amount of $229,950 for the purchase of one Schwarze sweeper for Barbours Cut Terminal. This machine was damaged by falling empty containers in a wind storm on May 27, 2020. After a preliminary inspection, estimated cost of repairs was determined to be $162,600.95, not including potential damages to chassis, frame, or other unrevealed component damage, which could increase repair cost to $200,000. Staff recommends that this damaged unit be surplussed and that one Schwarze Model M6SE Avalanche sweeper be purchased. Sweepers are heavily utilized on a daily basis throughout the terminal.

Staff Evaluation/Justification: The Director of Procurement Services has determined that procuring a sweeper through the purchasing program of Houston-Galveston Area Council (H-GAC) is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The Maintenance department has determined that the best availability, price, and contract term for the item needed is provided by Heil of Texas under the pricing schedule obtained from that vendor’s contract with H-GAC, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.
Subject: 7. Issue a purchase order to ASCO Equipment for the purchase of one Genie S-40 telescopic boom manlift with no jib and one Genie S-85 telescopic boom manlift with jib for Barbours Cut Terminal, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, in an amount not to exceed $202,860.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission, at its July 30, 2020 meeting, issue a purchase order to ASCO Equipment, using Local Government Purchasing Cooperative's BuyBoard, a cooperative purchase program, for the purchase of one Genie S-40 telescopic boom manlift with no jib and one Genie S-85 telescopic boom manlift with jib for Barbours Cut Terminal in an amount not to exceed $202,860, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals: STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category: Awards, Amendments & Change Orders

Department: Maintenance

Staff Contact: Paulo Soares

Background: The Port Authority currently owns five telescopic boom manlifts in operation at its Barbours Cut Terminal. These units are utilized by Maintenance and Information Technology (IT) personnel to service and maintain fifteen wharf cranes, fifty RTG cranes, IT hardware, and terminal lights on high mast poles. Additionally, three wharf cranes will arrive at this facility from Bayport Container Terminal in 2021. The oldest telescopic boom manlift currently onsite is a 2004 model Genie, which is no longer reliable or suitable for safe operation. Staff recommends that this unit be replaced with an 80-foot telescopic boom manlift and the Port Authority additionally acquire a 40-foot telescopic boom manlift for daily operational support.

Staff Evaluation/Justification: The Director of Procurement Services has determined that procuring telescopic boom manlifts through the Local Government Purchasing Cooperative's (LGPC) BuyBoard is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority. This cooperative is administered by the Texas Association of School Boards.

The Maintenance department has determined that the best availability, price, and contract term for the item needed is provided by ASCO Equipment under the pricing schedule obtained from that vendor’s contract with LGPC's BuyBoard, and is therefore recommending this purchase.

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

Subject 8. Issue a purchase order to Doggett Heavy Machinery for purchase of a John Deere 650K Crawler Dozer, using Sourcewell, a cooperative purchase program, in an amount not to exceed $170,000.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Doggett Heavy Machinery for purchase of a John Deere 650K Crawler Dozer, using Sourcewell, a cooperative purchase program, in an amount not to exceed $170,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:
Award, Amendments & Change Orders

Department:
Maintenance

Staff Contact:
Paulo Soares

Background:
The Port Authority is seeking to obtain a John Deer 650K Crawler dozer. The Port Authority's current 1958 CAT D6 (unit #94) is over 60 years old and does not align with the Port Authority's environmental stewardship goals. Due to age, wear and tear of operations, it has become costly to maintain and occasionally, we must rent an additional dozer to keep up with the high demand of work orders.

Staff Evaluation/Justification:
The Director of Procurement Services has determined that procuring the John Deer 650K Crawler dozer through the Sourcewell cooperative purchasing program (formerly the National Joint Purchasing Alliance) is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The Maintenance department has determined that the best availability, price, and contract term for the item needed is provided by Doggett Heavy Machinery under the pricing schedule obtained from that vendor's contract with Sourcewell, and is therefore recommending this purchase.

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

Subject 9. Issue a purchase order to Texas Pride Marketing for the purchase of a Mobile Column Lift system for Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard Program, in an amount not to exceed $72,000.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Texas Pride Marketing for the purchase of a Mobile Column Lift system for Turning Basin Terminal, using the Local Government Purchasing Cooperative's BuyBoard Program, in an amount not to exceed $72,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: Award, Amendments & Change Orders

Department: Maintenance

Staff Contact: Paulo Soares

Background: The Port Authority currently does not own a heavy equipment lift at Turning Basin Terminal; instead, an overhead crane is used for lifting heavy equipment. Staff has concluded that a safer alternative would be using a lift system designed to carry loads over to work stations. This would also free up the overhead crane for other maintenance work.

Staff Evaluation/Justification: The Director of Procurement Services has determined that procuring the heavy-duty Mobile Column Lift system through the BuyBoard Cooperative Purchasing Program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The BuyBoard website listed several pre-approved providers of equipment. Central Maintenance staff looked at several such providers and determined that the Mobile Column Lift system is the model that best meets the Port Authority's requirements, and that Texas Pride Marketing is the vendor with the best price for that model, and its pricing for the selected model was reviewed and approved by BuyBoard.

Accordingly, staff recommend that the Port Commission approve this best value determination and contract.
Subject: Ratify an emergency purchase for COVID-19 testing from UTMB Health for $75,000 and authorize additional purchase order funding for continuing pandemic response services with Workplace Safety Screenings for $400,000 and Ambassador Services, LLC for $450,000.

Background:
The COVID-19 pandemic continues to impact Port Authority operations and employees and require staff to make emergency purchases, including temperature screening and emergency cleaning services.

Water Code Section 60.4035(a)(1) permits the Executive Director and authorized officers to make emergency purchases and contracts in amounts that exceed $50,000 if necessary to, among other things, “to preserve or protect the public health and safety of the residents of the district.” As the Port Commission has been advised, Port Authority staff has concluded that this statute permits these COVID-19 procurements without the customary competitive procedures or prior to Port Commission approval, and staff has endeavored to notify the Port Commission within forty-eight hours of such purchases as required.

At its May meeting, the Port Commission ratified a number of previous procurements that totaled more than $50,000. It also approved additional emergency funding, including funds for the Workplace Safety Screenings firm.

- On April 7 the firm was previously issued an emergency purchase order for $310,000 to perform temperature screenings at Port Authority terminals.
- At the April meeting the Port Commission ratified a total of $680,000, that is expected to last until the end of May.
- At the May meeting the Port Commission ratified a total of $1,400,000, that is expected to last until the end of August.
- Staff anticipates that an additional $400,000 will be needed to continue these services until the end of September.

Separately, Ambassador Services, LLC provides general cleaning services at the container terminals pursuant to two contracts totaling $800,000 that were previously approved by the Port Commission.
However, since mid-March, additional services have been provided by the firm on a weekly basis, for disinfecting and sanitizing both facilities.

- Approximately $546,169 has been spent (through June 26) on such services.
- Staff anticipates that an additional $450,000 will be needed to continue these services until the end of September 2020, in addition to the currently remaining $367,000 authorized for the firm’s regular services.

**Staff Evaluation/Justification:**
Accordingly, staff requests that the Port Commission ratify a purchase for COVID-19 testing from UTMB Health under Water Code Section 60.4035(a)(1).

In addition, with the continuing need for emergency services related to the Port Authority’s COVID-19 response efforts, staff also requests that the Port Commission authorize the following additional purchase order amounts:

- Workplace Safety Screenings - $400,000 for temperature screenings, and
- Ambassador Services, LLC - $450,000 for disinfecting and sanitizing.

The requests will help the Operations Division continue to reliably and efficiently procure these emergency services. However, the nature of emergency management and the duration of this specific pandemic response are unpredictable, hence future requests for additional funding may be required.
Subject 11. Amend the Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal to extend the term of the agreement through December 31, 2020.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission at its July 30, 2020 meeting, extend the current Freight Handling Assignment Agreements at the Turning Basin Terminals for an additional term of four months effective September 1, 2020 and waive the guaranteed minimum tonnages during the extension period, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category: General

Department: Operations

Staff Contact: Jeff Davis

Background: By Minute No. 2017-0524-34, the Port Commission authorized entering into Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal.

Cargo handling services at the public facilities are performed by stevedores working in assigned locations under Freight Handling Assignment Agreements (Agreements) with the Port Authority. The Agreements set forth the terms and conditions under which the stevedores perform freight handling services at the assigned facilities. Pursuant to the Agreements, the stevedores also guarantee to handle minimum tonnages or pay specified revenue amounts, based upon the square footage of the assigned areas. Port Authority staff considers the projected cargo volumes of the stevedores in evaluating and recommending stevedores for assignment of particular facilities.

By Minute No. 2020-0520-35, the Port Commission authorized Freight Handling Assignments at the Turning Basin Terminals were extended for an additional three-month period for further evaluation; the guaranteed minimum tonnages would not be applied.

Staff Evaluation/Justification: Port Authority staff has reviewed and evaluated the current freight handling assignments and future needs of the Port Authority and recommends extending the term of the Freight Handling Assignments at the Turning Basin Terminals for an additional four-month period totaling a seven-month extension for further evaluation through December 31, 2020. During these additional three months it is recommended that the guaranteed minimum tonnages not be applied.
<table>
<thead>
<tr>
<th>Assigned Area(s)</th>
<th>Assignee</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD 10, 11, 16, 17, 18, 19, 20, 22, 23, 25, 26, 27, 28, 29, 30, 31 and 32W (1/2)</td>
<td>Cooper / Ports America, LLC</td>
</tr>
<tr>
<td>CD 8, 9, 21, Shed 25A, 32E (1/2)</td>
<td>Richardson Stevedoring and Logistics Services, Inc.</td>
</tr>
<tr>
<td>CD 12 (Vehicles Only)</td>
<td>APS Stevedoring, LLC</td>
</tr>
</tbody>
</table>
### J. OPERATIONS

<table>
<thead>
<tr>
<th>Subject</th>
<th>12. Approve a Marine Terminal Service Agreement between the Port Authority and Ocean Network Express Pte. LTD.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
</tr>
<tr>
<td>Access</td>
<td>Public</td>
</tr>
<tr>
<td>Type</td>
<td>Action</td>
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</tbody>
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**Recommended Action**

The Port Commission, at its July 30, 2020 meeting, approve a Marine Terminal Service Agreement between the Port Authority and Ocean Network Express Pte. LTD. for a term of ten years with an option to renew for an additional five years, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

**Category:**
General

**Department:**
Operations

**Staff Contact:**
Jeff Davis

**Background:**
Ocean Network Express Pte. LTD. (ONE) is party to an amended and restated Marine Terminal Services Agreement with an approval date of August 2, 2010, identified as FMC Agreement No. 201208-002, which ONE assumed via assignment from Nippon Yusen Kaisha on April 1, 2018. The assignment was approved by Minute No. 2018-0416-33.

**Staff Evaluation/Justification:**
Staff recommends the Port Commission approve the above on the terms described.
1. Approve staff’s ranking of vendors and award a professional services contract in an amount not to exceed $551,400 for JDEdwards Configurable Network Computing support, payable over five years to the top-ranked proposer: staff ranking – first, ManageForce Corporation; second, Smartbridge, LLC; and third, Cyret Technologies Inc.

The Port Commission, at its July 30, 2020 meeting:
(a) approve staff’s ranking of vendors, based on the selection criteria, in the following order – first, ManageForce Corporation; second, Smartbridge, LLC; and third, Cyret Technologies Inc.;
(b) award a contract to ManageForce Corporation, the top-ranked proposer for JDEdwards Configurable Network Computing support in an amount not to exceed $551,400;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means

Awards, Amendments & Change Orders

Information Technology

Christopher Brown

The Port Authority is seeking to obtain managed Configurable Network Computing support for the JDEdwards Enterprise Resource Planning software, to monitor and maintain its operating efficiencies through tuning and the application of software patches. Services are provided upon demand following established service level agreements.

The Port Authority notified vendors regarding its request for proposals (RFPs) 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-two vendors downloaded the project materials from BuySpeed.

On June 10, 2020, five RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- ManageForce Corporation
- Smartbridge, LLC
- Cyret Technologies Inc.
Following staff Executive Committee review, staff recommends that the Port Commission award a contract to ManageForce Corporation for managed services for JDEdwards Configurable Network Computing support.
## M. TECHNOLOGY

<table>
<thead>
<tr>
<th>Subject</th>
<th>2. Issue a purchase order to Red River Technology LLC for purchase of Information Technology network hardware, software, and associated peripherals to replace network hardware as part of the Information Technology master plan for calendar years 2020-2021, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $710,000.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meeting</td>
<td>Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY</td>
</tr>
<tr>
<td>Access</td>
<td>Public</td>
</tr>
<tr>
<td>Type</td>
<td>Action</td>
</tr>
<tr>
<td>Recommended Action</td>
<td>The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Red River Technology LLC for the purchase of Information Technology (IT) network hardware, software, and associated peripherals to replace network hardware as part of the IT master plan for calendar years 2020-2021, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $710,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.</td>
</tr>
<tr>
<td>Goals</td>
<td>Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port</td>
</tr>
<tr>
<td>Category:</td>
<td>Awards, Amendments &amp; Change Orders</td>
</tr>
<tr>
<td>Department:</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Staff Contact:</td>
<td>Ron Farrow</td>
</tr>
<tr>
<td>Background:</td>
<td>Port Authority staff seeks approval to purchase IT network hardware, software, and associated peripherals to replace network hardware as part of the IT master plan for the calendar years 2020-2021. 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 for this purpose.</td>
</tr>
<tr>
<td>Staff Evaluation/Justification:</td>
<td>The Director of Procurement Services has determined that procuring this IT network hardware, software, and associated peripherals through the Texas Department of Information Resources’ (DIR) purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.</td>
</tr>
<tr>
<td></td>
<td>The Information Technology department has determined that the best availability, price, and contract term for the item needed is provided by Red River Technology LLC under the pricing schedule obtained from that vendor’s contract with DIR, and is therefore recommending this purchase.</td>
</tr>
<tr>
<td></td>
<td>Accordingly, staff recommends that the Port Commission approve this best value determination and contract.</td>
</tr>
</tbody>
</table>
Subject: Issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority’s existing Information Technology infrastructure, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $70,568.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action:
The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Critical Start for purchase of Mimecast annual software licensing and software support to the Port Authority’s existing Information Technology infrastructure, using Texas Department of Information Resources’ cooperative purchase program, in an amount not to exceed $70,568, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals:
Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means
Strategic Objective 1c. - Deliver excellence and continuous improvement in all core functions

Category: Awards, Amendments & Change Orders

Department: Information Technology

Staff Contact:
Charles Thompson

Background:
The Port Authority is seeking to obtain renewal of licenses and maintenance for Mimecast products. Mimecast software provides the Port Authority with email information security and email archiving for record retention purposes, historical searches, and public record requests. The Port Authority has been utilizing Mimecast application and services for almost four years. 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 for this purpose.

Staff Evaluation/Justification:
The Director of Procurement Services has determined that procuring Mimecast licenses and maintenance through the Texas Department of Information Resources’ (DIR) purchasing program is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority.

The Information Technology department has determined that the best availability, price, and contract term for the item needed is provided by Critical Start 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.
M. TECHNOLOGY

Subject: 4. Issue a purchase order to NWN Corporation for purchase of the Netapp data storage maintenance renewal using National 18/056KD-44 HCDE Choice Partners, in an amount not to exceed $350,000.

Meeting: Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access: Public

Type: Action

Recommended Action: The Port Commission, at its July 30, 2020 meeting, issue a purchase order to NWN Corporation for purchase of the Netapp data storage maintenance renewal, using Harris County Department of Education’s Choice Partners, a cooperative purchase program, in an amount not to exceed $350,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals: Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means

Category: Awards, Amendments & Change Orders

Department: Information Technology

Staff Contact: Ron Farrow

Background: The Port Authority is seeking to obtain approval to purchase the Netapp data storage maintenance renewal using National 18/056KD-44 HCDE Choice Partners, and has cooperative purchasing programs which may be used by the Port Authority for this purchase.

Staff Evaluation/Justification: The Director of Procurement Services has determined that procuring the Netapp data storage maintenance renewal through the National 18/056KD-44 HCDE Choice Partners 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 NWN Corporation under the pricing schedule obtained from that vendor’s contract with National 18/056KD-44 HCDE Choice Partners, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.
Subject 5. Issue a purchase order to Smart-Tecs, the sole source provider, for the purchase of spare parts for the Gate Operating System environment in an amount not to exceed $57,000.

Meeting Jul 30, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its July 30, 2020 meeting, issue a purchase order to Smart-Tecs, the sole source provider, for the purchase of spare parts for the Gate Operating System (GOS) environment in an amount not to exceed $57,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means

Category: Awards, Amendments & Change Orders

Department: Information Technology

Staff Contact: Ron Farrow

Background: The Port Authority currently utilizes Smart-Tecs as their GOS provider to maintain and support all components with the GOS environment. Purchasing these spare parts directly from Smart-Tecs ensures that all components are supported by Smart-Tecs and would continue to be supported in the event there would be any issues with these components. In addition to the support of these devices by Smart-Tecs, any installation assistant or warranty work would be handled directly with Smart-Tecs technical support.

Staff Evaluation/Justification: Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Smart-Tecs is the sole authorized source of replacement parts in the United States.

Staff recommends the Port Commission approve the purchase order to Smart-Techs for the purchase of spare parts for the GOS environment.