



Wednesday, May 20, 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 - April 28, 2020

D. STAFF REPORTS

1. Summary of selected financial and operational matters

E. APPEARANCES

1. Public Comment

F. EXECUTIVE

Awards, Amendments & Change Orders

1. Award a professional services contract to Pendulum Strategies, LLC for federal governmental policy consulting and support in an amount not to exceed \$100,000.
2. Award a professional services contract to Cassidy and Associates for federal governmental policy consulting and support in an amount not to exceed \$240,000.

General

3. Deliberate and consider authorizing a challenge grant service agreement with the Severe Storm Prediction, Education, and Evacuation from Disasters ("SSPEED") Center at Rice University to assist in further developing the Galveston Bay Park Plan storm surge defense system, in the amount of \$250,000, contingent on securing additional grant funding totaling \$750,000.

G. COMMERCIAL

Leases

1. Approve a second amendment to the lease with Ports America Texas, Inc., for an additional one-year term for approximately 1,216 net rentable square feet of office space at the Barbours Cut Terminal Administration Building, effective no earlier than June 1, 2020, at an annual rent of \$29,910.

2. Approve a two-year and eight-month lease with Auto Warehousing Co. for approximately 8.15 acres out of the Port Authority's Block 14, at the Bayport Auto Terminal, effective as of May 1, 2020, at an annual base rent of \$356,578, subject to the annual increase in the Consumer Price Index.
3. Approve a lease with Dixie Cullen Interests, Inc. for approximately 2.49 acres located at 922 Maxine St. and Clinton Drive, effective no earlier than June 1, 2020, for a term of twenty-three years and seven months at an annual rate of \$74,820 at full operations, subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index.
4. Approve a property exchange with LyondellBasell Acetyls, LLC (Lyondell) at Sims Bayou, to facilitate dock construction for Port Authority lessee TPC Group LLC: (1) Lyondell conveys (a) a 0.159 fee simple tract and (b) a subsurface easement on a 0.146 acre tract, including building restrictions; (2) the Port Authority conveys a 0.536 fee simple tract subject to a subsurface easement and building restrictions in favor of the Port Authority; and (3) Lyondell pays the Port Authority \$8,500, the difference in appraised values between the exchanged interests.
5. Approve a no-fee access license with Harris County, Texas, for an eight-year term effective no earlier than June 20, 2020, for an approximately 1.6010-acre strip of land and a 0.2394-acre tract of land out of the Beltway 8 property in connection with the Beltway 8 bridge construction project.

H. FINANCE

General

1. Approve an order authorizing the sale of Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2020A (NON-AMT) and Unlimited Tax Refunding Bonds, Series 2020B (Taxable), in an aggregate principal amount not to exceed \$309,345,000, and matters incident thereto.
2. Adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments.

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 \$499,500 for analysis and design for the rehabilitation and repair of Wharf 8 at Turning Basin Terminal to the top-ranked proposers: staff ranking – first, Moffatt & Nichol; second, Lloyd Engineering, Inc.; and third, Halff Associates, Inc.
2. Approve staff's ranking of vendors and award an architectural services contract in an amount not to exceed \$107,500 for the design of Ramp Road 8 gate modifications and guardhouse at Turning Basin Terminal to the top-ranked proposers: staff ranking – first, PDG, Inc. dba PDG Architects; second, STOA International Architects; and third, J. Morales, Inc.
3. Approve staff's ranking of vendors and award a contract in an amount not to exceed \$1,121,840 for the annual wharf and rubber tire gantry crane painting in 2020 at Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Blastco Texas, Inc.; second, CFG Industries, LLC; and third, Royal Bridge, Inc.

4. Approve staff's ranking of vendors and award a construction contract in an amount not to exceed \$8,909,500 for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, McCarthy Building Companies, Inc.; and second, Russell Marine, LLC.
5. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$200,000 to perform construction material testing for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal to the top-ranked proposers: staff ranking – first, Aviles Engineering Corporation; second, Professional Services Industries, Inc.; and third, Raba Kistner, Inc.
6. Award a professional services contract to LJA Engineering, Inc. to perform engineering services for the design of the Freight Station Road Dedicated Right-Turn Lanes and U-turn Connector at Bayport Container Terminal in an amount not to exceed \$424,531.
7. Amend the professional services contract with Cobb Fendley and Associates, Inc. for additional work for the Freight Station Road utilities and drainage at Bayport Container Terminal in an amount not to exceed \$156,900.
8. Approve a change order with FUSED, LLC to perform additional work associated with the construction of rail spur at the Bayport Container Terminal in an amount not to exceed \$100,100.

Permits/Licenses/Pipeline Easements

9. Approve the renewal the following expiring Port Authority license for a new ten-year term: ExxonMobil Corporation.
10. Issue a pipeline license to Phillips 66 Carrier LLC for a 4-inch natural gas pipeline under and across Port Terminal Railroad Association's Southside Mainline Railroad right-of-way.
11. Amend a pipeline license issued to Praxair, Inc. to add an additional crossing north of the existing 10- inch nitrogen pipeline under and across Port Terminal Railroad Association's Southside Mainline railroad right-of-way.

J. OPERATIONS

Reject & Other Actions

1. Reject the bid and authorize re-advertisement for competitive sealed bids for the purchase of miscellaneous plumbing supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

Awards, Amendments & Change Orders

2. Ratify certain emergency purchases for COVID-19 response as set forth on Exhibit A and authorize additional purchase order funding for continuing pandemic response services with Workplace Safety Screenings for \$720,000 and Ambassador Services, LLC for \$560,000.
3. Award a three-year contract to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal and Bayport Container Terminal, in an amount not to exceed \$200,000.

4. Authorize payment to Navis LLC for annual maintenance services for the marine terminal management software system for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$770,955.

5. Authorize payment to Smart Tecs LLC for annual maintenance services for the marine terminal gate operating software system for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$324,688.

General

6. Enter into Freight Handling Assignment Agreements for terminal services at Barbours Cut Terminal and Bayport Auto Terminal and amend the Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal to extend the terms of the agreements through August 31, 2020.

K. PEOPLE

General

1. Hearing and possible action to amend the Port Authority's 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to opt into programs offered under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that relate to retirement plans.

L. PORT SECURITY AND EMERGENCY OPERATIONS

Awards, Amendments & Change Orders

1. Approve staff's ranking of proposers and award the unarmed, uniformed security officer services contract in an amount not to exceed \$21,000,000 for a period of three years, with the option for one additional two-year term, to the top-ranked proposer: staff ranking – first, AlliedUniversal Security Services LLC; second, Securitas Security Services USA; and third, G4S Secure Solutions (USA) Inc.

2. Amend the existing purchase order to Motorola Solutions for the purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations, Port Security, and Emergency Operations Departments using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$140,000.

3. Amend the existing purchase order with Harris County for radio repairs in an amount not to exceed \$60,000.

M. TECHNOLOGY

Awards, Amendments & Change Orders

1. Issue a purchase order to Datavox, Inc. for purchase of information technology components (switches, access points, and associated peripherals) for Container Yard 7 South, using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$120,000.

N. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultation regarding claims against Exxon Land Development, Inc. and ExxonMobil Pipeline Company

2. Real Estate (Section 551.072, Texas Open Meeting Act), including disposition of Beltway 8 and Barbours Cut Terminal, and Bayport Terminal 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 - June 23, 2020
2. Adjourn Port Commission Meeting

F. EXECUTIVE

Subject	1. Award a professional services contract to Pendulum Strategies, LLC for federal governmental policy consulting and support in an amount not to exceed \$100,000.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, award a professional services contract to Pendulum Strategies, LLC in an amount not to exceed \$100,000, for a one-year term effective July 1, 2020, and further authorize the Executive Director to do any and all things in his opinion reasonable for necessary to give effect to the foregoing.

Category:

Awards, Amendments, & Change Orders

Department:

Government Relations

Staff Contact:

Spencer Chambers

Background:

The Port Authority currently contracts with Pendulum Strategies, LLC to consult on federal policy priorities, assist in developing strategic plans and objectives, and facilitate effective communication with government officials and their staffs.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize a twelve-month contract with Pendulum Strategies, LLC for continued federal consulting and support services.

F. EXECUTIVE

Subject	2. Award a professional services contract to Cassidy and Associates for federal governmental policy consulting and support in an amount not to exceed \$240,000.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, award a professional services contract to Cassidy and Associates for federal governmental policy consulting and support, in an amount not to exceed \$240,000 for a one-year term, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Government Relations

Staff Contact:

Spencer Chambers

Background:

In order to advance the project to widen and deepen the Houston Ship Channel, Port Authority staff has served additional support to assist its work with the U.S. Army Corps of Engineers regarding its Houston Ship Channel expansion improvement study and, moving forward, with staff's efforts to obtain authorization and funding for the project.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize a twelve-month contract with Cassidy and Associates for federal consulting and support services.

F. EXECUTIVE

Subject **3. Deliberate and consider authorizing a challenge grant service agreement with the Severe Storm Prediction, Education, and Evacuation from Disasters ("SSPEED") Center at Rice University to assist in further developing the Galveston Bay Park Plan storm surge defense system, in the amount of \$250,000, contingent on securing additional grant funding totaling \$750,000.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, deliberate and consider authorizing a challenge grant service agreement with the Severe Storm Prediction, Education, and Evacuation from Disasters ("SSPEED") Center at Rice University to assist in further developing the Galveston Bay Park Plan storm surge defense system, in the amount of \$250,000, contingent on securing additional grant funding totaling \$750,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:
General

Department:
Executive

Staff Contact:
Erik Eriksson

Background:

A team at the SSPEED Center at Rice University, working with private industry partners, has developed a plan to address the threat of hurricane storm surge flood waters that could inundate east Harris County residential areas and the Houston Ship Channel industrial complex. This Galveston Bay Park Plan storm surge defense system (Plan) would include a barrier within Galveston Bay, and would potentially be associated with a future ship channel project.

At its June 25, 2019 meeting, the Port Commission authorized staff to assist in further developing the Plan. Staff subsequently continued discussions with interested parties regarding the matter, mindful that its planning and construction cannot interfere with the ongoing project to obtain authorization, funding, and completion of a widened ship channel through Galveston Bay, a major component of "Project 11," the ongoing Houston Ship Channel – Expansion Channel Improvement Project.

On August 23, 2019, the U.S. Army Corps of Engineers (Corps), the Texas General Land Office (GLO), and the SSPEED Center publicly announced the compatibility of the Coastal Barrier proposal of the Corps and GLO with the Galveston Bay Park Plan.

At its August 27, 2019 meeting, Harris County Commissioners Court authorized the County Attorney to work with third parties to prepare a proposal for permits in connection with this project and retained a law firm to assist the effort, with funding totaling \$20,000.

Following a discussion at the September Port Commission meeting, on October 3, 2019, the commission met in special session to permit representatives of the SSPEED Center to make a presentation of the Plan to the Port Commission and local mayors in attendance for that purpose, and further discuss the matter. Staff is informed that representatives of the SSPEED Center have subsequently conducted other meetings with public officials.

This item is again on the agenda for the Port Commission to consider Port Authority participation in funding to advance the SSPEED Center's work on the Galveston Bay Park Plan.

Staff Evaluation/Justification:

Staff requests that the Port Commission deliberate and consider authorizing a challenge grant service agreement with the SSPEED Center to assist in further developing the Park, in the amount of \$250,000, contingent on securing additional grant funding totaling \$750,000.

G. COMMERCIAL

Subject	1. Approve a second amendment to the lease with Ports America Texas, Inc., for an additional one-year term for approximately 1,216 net rentable square feet of office space at the Barbours Cut Terminal Administration Building, effective no earlier than June 1, 2020, at an annual rent of \$29,910.
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Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve a second amendment to the lease with Ports America Texas, Inc., for an additional one-year term for approximately 1,216 net rentable square feet of office space at the Barbours Cut Terminal Administration Building, effective no earlier than June 1, 2020, at an annual rent of \$29,910, 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. 2015-0519-29, the Port Commission authorized the Port Authority to enter into a two-year lease with Ports America Texas, Inc. for approximately 1,216 net rentable square feet of office space at the Barbours Cut Terminal Administration building. The property is used for general office purposes.

By Minute No. 2017-0321-13, the Port Commission authorized the Port Authority to amend the lease for an additional three-year term.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve this proposed second amendment to the lease.

G. COMMERCIAL

Subject **2. Approve a two-year and eight-month lease with Auto Warehousing Co. for approximately 8.15 acres out of the Port Authority's Block 14, at the Bayport Auto Terminal, effective as of May 1, 2020, at an annual base rent of \$356,578, subject to the annual increase in the Consumer Price Index.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, approve a two-year and eight-month lease with Auto Warehousing Co. for approximately 8.15 acres out of the Port Authority's Block 14, at the Bayport Auto Terminal, effective as of May 1, 2020, at an annual base rent of \$356,578, subject to the annual 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:

Auto Warehousing Co. (AWC) has leased approximately 33.8 acres of the referenced property on a month-to-month basis since November 2016. The property is used primarily for import of automobiles, other multiple wheel vehicles, and general cargo. AWC operations include loading, unloading, and delivering vehicles, installing accessories, conducting repairs, inspection, processing, storage, and uses incidental thereto, and incidental handling and storage of other general, non-liquid cargo.

AWC has now proposed to reduce the leased premises to approximately 8.15 acres and lease the property for a two-year and eight-month lease effective as of May 1, 2020. The two-year and eight-month term is intended to align with the Port Authority's need for the terminal property and the expiration of AWC's Fiat-Chrysler Import Services agreement.

Approval of a new AWC Freight Handling Assignment at the Bayport Terminal Auto Import Facility is associated with the approval of this lease recommendation.

Staff Evaluation/Justification:

Staff recommends approval of a two-year and eight-month lease with Auto Warehousing Co. on the terms described above.

G. COMMERCIAL

Subject	3. Approve a lease with Dixie Cullen Interests, Inc. for approximately 2.49 acres located at 922 Maxine St. and Clinton Drive, effective no earlier than June 1, 2020, for a term of twenty three years and seven months at an annual rate of \$74,820 at full operations, subject to an annual increase of the greater of 3% or the increase in the Consumer Price Index.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve a lease with Dixie Cullen Interests, Inc. for approximately 2.49 acres located at 922 Maxine St. and Clinton Drive, effective no earlier than June 1, 2020, for a term of twenty three years and seven months at an annual rate of \$74,820 at full operations, subject to an annual increase 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:

Dixie Cullen Interests, Inc. (Dixie Cullen) is currently leasing a 10.40 acre tract (9100 Mississippi St.) and a 2.35 acre tract (927 Maxine St.) directly across the street from the subject 2.49 acre tract located at 922 Maxine St. and Clinton Drive. The subject property was leased to R. Warehousing and Port Services, Inc. for a one-year term which expired April 30, 2020. Dixie Cullen previously expressed interest in leasing 922 Maxine St. as soon as it became available.

For the first twelve months of the lease term, the rental amount will be \$1,000 per month while Dixie Cullen constructs improvements to the property in the approximate amount of \$100,000. Improvements will include repairs to site drainage pipes and ditches, additional stabilization, new lighting and removing and replacing all fencing and gates, and security devices to conform to FTZ regulations related to their extreme heavy cargo and crane-served business.

The Port Authority completed acquisition of both Maxine St. properties on March 29, 2019 and committed to a short-term lease with R. Warehousing, which has now expired. This short-term lease aligned with the intent of Dixie Cullen to then expand into the 922 Maxine Property, with a lease that would run co-terminus with its 927 Maxine St. and 9100 Mississippi St. leases. The new lease should help provide for additional general cargo to cross Port Authority Turning Basin docks.

Staff Evaluation/Justification:

Staff reviewed the request by Dixie Cullen and recommends the Port Commission approve a twenty-three-year and seven-month lease.

G. COMMERCIAL

Subject	4. Approve a property exchange with LyondellBasell Acetyls, LLC (Lyondell) at Sims Bayou, to facilitate dock construction for Port Authority lessee TPC Group LLC: (1) Lyondell conveys (a) a 0.159 fee simple tract and (b) a subsurface easement on a 0.146 acre tract, including building restrictions; (2) the Port Authority conveys a 0.536 fee simple tract subject to a subsurface easement and building restrictions in favor of the Port Authority; and (3) Lyondell pays the Port Authority \$8,500, the difference in appraised values between the exchanged interests.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve a property exchange with LyondellBasell Acetyls, LLC (Lyondell) at Sims Bayou, to facilitate dock construction for Port Authority lessee TPC Group LLC: (1) Lyondell conveys (a) a 0.159 fee simple tract and (b) a subsurface easement on a 0.146 acre tract, including building restrictions; (2) the Port Authority conveys a 0.536 fee simple tract subject to a subsurface easement and building restrictions in favor of the Port Authority; and (3) Lyondell pays the Port Authority \$8,500, the difference in appraised values between the exchanged interests; and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Real Estate

Staff Contact:

R. D. Tanner

Background:

This proposed land exchange between the Port Authority and Lyondell would permit TPC Group LLC (TPC), currently leasing the adjacent 5.49-acre tanker dock from the Port Authority, to construct a bulkhead for its new ship dock location and dock basin on 1.52 acres owned by the Port Authority. The bulkhead is required by the Houston Pilots following vessel allisions with the existing TPC dock, and is expected to help minimize the danger of future ship/dock allisions.

However, the planned construction would protrude into an adjoining 0.159-acre Lyondell tract. Accordingly, the exchange would convey the 0.159-acre tract and a subsurface easement on a 0.146-acre tract to the southeast to the Port Authority.

In addition, it appears that Lyondell encroaches on a 0.536-acre strip of land owned by the Port Authority that lies between the Port Authority's 1.52-acre tract and Lyondell's adjacent facility. The exchange would resolve any encroachment issue that may exist.

Staff Evaluation/Justification:

Staff recommends approval of the land exchange between the Port Authority and Lyondell on the terms described above.

G. COMMERCIAL

Subject	5. Approve a no-fee access license with Harris County, Texas, for an eight-year term effective no earlier than June 20, 2020, for an approximately 1.6010-acre strip of land and a 0.2394-acre tract of land out of the Beltway 8 property in connection with the Beltway 8 bridge construction project.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve a no-fee access license with Harris County, Texas, for an eight-year term effective no earlier than June 20, 2020, for an approximately 1.6010-acre strip of land and a 0.2394-acre tract of land out of the Beltway 8 property in connection with the Beltway 8 bridge construction project., 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:
Licenses

Department:
Real Estate

Staff Contact:
R. D. Tanner

Background:

The activities permitted under this access license would directly support construction work pertaining to the Sam Houston Tollway (Beltway 8) Bridge over the Houston Ship Channel. The eight-year term of this access license is co-terminus with the existing Access License and Temporary Construction Workspace agreement (PHA File No. 201-0084) south of the Beltway 8 bridge, among the Port Authority, Port Terminal Railroad Association, and the County.

Staff Evaluation/Justification:

Staff recommends approval of this no-fee access license with Harris County.

H. FINANCE

Subject	1. Approve an order authorizing the sale of Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2020A (NON-AMT) and Unlimited Tax Refunding Bonds, Series 2020B (Taxable), in an aggregate principal amount not to exceed \$309,345,000, and matters incident thereto.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve an order authorizing the sale of Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2020A (NON-AMT) and Unlimited Tax Refunding Bonds, Series 2020B (Taxable), in an aggregate principal amount not to exceed \$309,345,000; confirming the terms and form thereof; confirming the payment of the principal thereof and interest thereon; authorizing the preparation and distribution of an official statement to be used in connection with the sale of the bonds; and making other provisions regarding such bonds, including use of the proceeds thereof, and matters incident thereto; and further authorize the Chairman of the Port Commission and the Executive Director to do any and all things reasonable or necessary, in the opinion of either person, to give effect to the foregoing.

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

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez/Tim Finley

Background:

The Port Authority has previously issued unlimited tax port improvement and general obligation bonds, some of which were callable October 1, 2019, others which are callable October 1, 2020, with a current refunding opportunity available within 90 days prior to the call date. Additionally, the Port Authority's Unlimited Tax Refunding Bonds, Series 2011A (AMT) are callable October 1, 2021, creating potential opportunities for a taxable advanced refunding or forward delivery in connection with such bonds. The Port Authority has received unsolicited proposals and inquiries from various financial institutions regarding the opportunity to refund such bonds.

In accordance with Section 5007.007(j) of the Texas Special District Local Laws Code, the Harris County Commissioners Court has the power to refund outstanding bonds of the Port Authority without the need for a bond election.

Staff Evaluation/Justification:

By Minute No. 2020-0428-17, the Port Commission: (i) approved and adopted the "Resolution Finding Necessity for the Issuance of Bonds and Providing for Certification to Commissioners Court" regarding the issuance of refunding bonds to purchase or refund and defease all or a portion of the outstanding Unlimited Tax Refunding Bonds, Series 2010B (Non-AMT); Series 2010C (Non-AMT); Series 2010D-1 (Non-AMT); Series 2010D-2 (Non-AMT); Series 2010E (Non-AMT); and Series 2011A (AMT); (ii) affirmatively found and declared that the best interests of the taxpayers of the Port Authority will be served by such a refunding and that the Commissioners Court of Harris County, Texas, be petitioned to

authorize the issuance thereof for and on behalf of the Port Authority; and (iii) selected and appointed bond counsel, disclosure counsel, financial advisor, lead underwriter, and other underwriters to advise and assist in the issuance of these refunding bonds.

Based on current market conditions, which are subject to change, the refunding opportunity is expected to realize a significant debt service cost savings, on a net present value basis, of \$70-80 million.

In order to complete the bond refunding, staff recommends that the Port Commission authorize various additional actions relating thereto, including approval of an order authorizing sale of Port of Houston Authority of Harris County, Texas, Unlimited Tax Refunding Bonds, Series 2020A (Non-AMT) and Unlimited Tax Refunding Bonds, Series 2020B (Taxable).

H. FINANCE

Subject	2. Adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, adopt a revised Investment Policy for Port Authority funds, including operating, construction, debt service and bond reserve funds, and approve the Port Authority's revised Internal Controls for Investments, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:

General

Department:

Treasury

Staff Contact:

Roland Gonzalez

Background:

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

By Minute No. 2019-0924-22, the Port Commission reviewed and approved the Investment Policy, investment strategies, and Internal Controls for Investments.

Staff Evaluation/Justification:

The Investment Policy, investment strategies and Internal Controls for Investments have been reviewed by (a) Port Authority staff, (b) Hilltop Securities Asset Management, the Port Authority's investment advisor, and (c) the Audit Committee of the Port Commission.

Revisions have been proposed, which comply with the requirements of the Public Funds Investment Act. This includes:

- (a) removing the Senior Director, Treasury position as Investment Officer, and
- (b) designating the Director, Treasury as Investment Officer for the Port Authority.

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

Port Authority staff recommends adoption of the revised Investment Policy, which includes the investment strategies, and approval of the Internal Controls for Investments, as proposed.

Port of Houston Authority

Investment Policy



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

Adopted May 20, 2020

Minute No. 2020-

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INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Port Commission, as the governing body of the Port of Houston Authority of Harris County, Texas (the “Authority”) effective May 20, 2020, pursuant to Chapter 2256 of the Texas Government Code, as amended (the “Public Funds Investment Act” or the “Act”).

ARTICLE I PURPOSE AND SCOPE

Section 1.1. Purpose

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

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

Section 1.2. Scope

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

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

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

ARTICLE II
DEFINITIONS

Section 2.1. Definitions

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

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

- K. **“Public Funds Collateral Act”** means Chapter 2257, Texas Government Code, as amended from time to time.
- L. **“Public Funds Investment Act”** means Chapter 2256, Texas Government Code, as amended from time to time.

ARTICLE III
INVESTMENT OFFICER

Section 3.1. Investment Officer

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

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

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

Section 3.2. Training

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

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

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

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

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

Section 3.4. Solicitation of Offers or Bids

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

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

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

Section 3.5. Certifications from Sellers of Investments

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

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

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

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

Section 3.6. Reporting by the Investment Officer

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

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

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

Section 3.7. Assistance with Investment Procedures

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

Section 3.8. Settlement Basis

All purchases of investments, except investments in bank deposits, certificates of deposit, local government investment pools or in mutual funds, shall be made on a delivery versus payment ("DVP") basis, pursuant to Section 2256.005(b)(4)(E) of the Act, through a custodian bank. The safekeeping entities and custodians for all Authority investments and for all Collateral pledged to secure Authority funds shall be selected by the Investment Officer from the list of approved financial institutions at which the Authority's accounts may be maintained. The current list is attached hereto as Exhibit "C".

ARTICLE IV
INVESTMENT OBJECTIVES

Section 4.1. Provisions Applicable To All Funds

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

Section 4.2. Objectives

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

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

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

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

Section 4.3. Authorized Investment Instruments

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

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

- agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b) of the Act; or
- (iii) secured in accordance with Chapter 2257, Texas Government Code, or in any other manner and amount provided by law for deposits of the Authority.
- G. Certificates of deposit that meet the requirements of Section 2256.010(b) of the Public Funds Investment Act, namely:
- (i) the funds are invested through: (A) a broker that has its main office or a branch office in this State as selected by the Investment Officer from Exhibit “C”, the list of approved financial institutions adopted by the Authority as required by Section 2256.025; or (B) a depository institution that has its main office or a branch office in this State as selected by the Investment Officer;
 - (ii) the broker or the depository institution selected by the Investment Officer arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Authority;
 - (iii) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
 - (iv) the Investment Officer appoints the depository institution, an entity described by Section 2257.041(d) of the Public Funds Collateral Act, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Authority with respect to the certificates of deposit issued for the account of the Authority secured in any other manner and amount provided by law for deposits of the Authority.
- H. Fully collateralized repurchase agreements as authorized by the Public Funds Investment Act under a master repurchase agreement which includes appropriate provisions regarding delivery, substitution, margin maintenance, margin amounts, seller representations, and governing law.
- I. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by Section 2256.013 of the Public Funds Investment Act. All commercial paper purchased must be rated not less than “A-1”, “P-1”, or the equivalent by at least two nationally recognized credit rating agencies or must be

rated at least “A-1”, “P-1” or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof. Commercial paper may be purchased directly from issuers or through banks or broker-dealers, as approved and listed on Exhibit “C”.

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

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

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

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

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

Section 4.5. Internal Controls for Investments

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

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

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

Section 4.6. Maturity

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

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

Section 4.7. Diversification

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

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

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

Section 4.8. Risk Tolerance

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

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

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

Section 4.9. Safekeeping and Custody

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

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

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

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

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

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

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

ARTICLE V INVESTMENT STRATEGIES FOR PARTICULAR FUNDS

Section 5.1. Investment Strategy for the Operating Fund

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

Section 5.2. Investment Strategy for the Debt Service Fund

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

Section 5.3. Investment Strategy for the Construction Fund

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

Section 5.4. Investment Strategy for the Bond Reserve Fund

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

ARTICLE VI MISCELLANEOUS

Section 6.1. Superseding Clause

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

Section 6.2. Annual Review

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

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

Section 6.3. Conflicts

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

Section 6.4. Review and Adoption at Open Meeting

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

Adopted on the 20th day of May, 2020.

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

ATTEST:

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

EXHIBIT “A”

**Port of Houston Authority
Authority Designees**

Authority Designees employed by the Authority

Chief Financial Officer
Director, Treasury
Controller
Treasury Manager

* * *

EXHIBIT “B”

**CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS
AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT**

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

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

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

Date: _____, 20____

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

1. I am an individual offering to enter into an investment transaction with the Authority or a “qualified representative” of the Business Organization offering to enter an investment transaction with the Authority, as applicable, as such terms are used in the Public Funds Investment Act, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to the Authority investments (collectively referred to herein as the “Investments”) that comply with the Public Funds Investment Act and the Authority’s Investment Policy dated May 20, 20_20_ (the “Investment Policy”).
3. I or a registered investment professional that services the Authority’s account, as applicable, have/has received and reviewed the Investment Policy, which the Authority has represented is the complete Investment Policy of the Authority now in full force and effect. I or the Business Organization, as applicable, shall comply with such Investment Policy until the Authority provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy, in which case I or the Business Organization, as applicable, shall comply with the amended or newly adopted Investment Policy.

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

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

By: _____

Name: _____

Title: _____

EXHIBIT “C”

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

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

Amegy Bank of Texas
Backstrom McCarley Berry & Co.
Bank of America Merrill Lynch
Bank of New York Mellon
Bank of Texas
Barclays Bank
BB&T Corporation
BBVA Compass Bank
Blaylock Van, LLC
BNP Paribas
BOSC, Inc. (an affiliate of Bank of Texas)
Cabrera Capital Markets
Cadence Bank
Cantella & Co., Inc.
Cantor Fitzgerald
Capital One
Citibank, N.A.
Citigroup Global Markets
Comerica Bank
Drexel Hamilton
Federal Reserve Bank
Frost Bank
FTN Financial (an affiliate of First Tennessee Bank)
Goldman Sachs
Hancock Whitney Bank
Hilltop Securities Asset Management, LLC
Hilltop Securities Inc.
HSBC Bank
IberiaBank
JPMorgan Chase Bank
Ladenburg Thalmann
Morgan Stanley
MUFG Bank (formerly: Bank of Tokyo Mitsubishi UFJ)
Mutual of Omaha Bank
Oppenheimer
Piper Jaffray

PNC Bank
Raymond James
Regions Bank
Rice Financial Products Company
Robert W. Baird & Co.
Royal Bank of Canada (and affiliates of RBC Capital)
Siebert Cisneros Shank & Co., L.L.C.
Stephens Inc.
Stern Brothers
Stifel, Nicolaus & Company, Inc.
SunTrust Bank (and affiliates of SunTrust Robinson Humphries)
Trustmark Bank
UBS Financial Services
Union Bank
US Bank
Wells Fargo Bank

Money Market Mutual Funds:

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

Investment Pools:

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

Commercial Paper – Direct Issuers:

Toyota Motor Credit Corp.
General Electric Company
General Electric Capital Corp (GECC)
Exxon Mobil

* * *



Financial Policies & Procedures

Internal Controls for Investments

Effective May 20, 2020

1.0 Purpose

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

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

2.0 Scope

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

3.0 Guidelines

3.1.0 Investment Objectives and Categories

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

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

3.2.0 Mitigating Risk

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

3.3.0 Responsibilities

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

- 3.3.4 **Authority Designees** may be appointed to handle various aspects of the investment management process (a) as may be recommended by the Chief Financial Officer or the Investment Officer, (b) as approved by the Port Commission or the Executive Director of the Authority, and (c) as listed on Exhibit “A” to the Investment Policy. The Chief Financial Officer and the Investment Officer are considered Authority Designees with regard to the internal controls outlined herein as well as in the Investment Policy.
- 3.3.5 The Port Commission has adopted standard banking resolutions designating various individuals as **Authorized Agents**. In order to minimize the risk of fraudulent accounts and embezzlement of funds or assets, two Authorized Agents, acting together, are required (a) to sign agreements relating to cash, investments, and safekeeping of securities, (b) to open and close accounts, including investment brokerage and custody accounts, and (c) to designate and change **Authorized Signatories** for such accounts.
- 3.3.6 As an added measure, the Authority shall provide certificates of resolutions and certificates of signatories to financial institutions, signed by the Secretary or an Assistant Secretary of the Authority, certifying the signatures of those Authorized Agents and/or Authorized Signatories authorized for specific accounts.
- 3.3.7 Pursuant to a Financial Advisor Agreement effective December 16, 2002, as may be amended from time to time, the Authority has engaged Hilltop Securities Inc. and its affiliate Hilltop Securities Asset Management, LLC (collectively, “***Financial Advisor***”) for the performance of various investment advisory services, including but not limited to assistance with development of the Authority’s investment policy, consultation on proposed investment strategies, and preparation of quarterly investment reports. The Financial Advisor may be substituted or replaced by action of the Port Commission, in which case the new firm would be responsible for the duties of the Financial Advisor outlined herein.

3.4.0 Executing Investment Transactions

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

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

3.5.0 Safekeeping of Securities

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

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

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

3.6.0 Competitive Bidding Process

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

3.7.0 Accounting

- 3.7.1 The Authority's Financial Accounting department is responsible for booking all investment transactions to the general ledger, including all customary journal entries (e.g., accruals of investment income, valuation of investments, gain or loss on sale of

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

3.8.0 Reporting

- 3.8.1 The Financial Advisor shall prepare monthly and quarterly reports showing details of security holdings, changes in market value, earned income, and investment transactions for the period.
- 3.8.2 The Treasury Manager and the Investment Officer shall review the reports from the Financial Advisor, and resolve any discrepancies or issues with said reports.
- 3.8.3 The Investment Officer shall prepare and cause to be provided to the Port Commission a quarterly report including information on investment holdings, maturity dates, book and market values, and investment transactions during the period. Said report shall be signed by the Investment Officer, and shall indicate whether such investment transactions are in compliance with the Investment Policy and the Public Funds Investment Act. A cover letter with a brief summary of market and economic issues impacting the investment portfolio may also be submitted with the quarterly report.
- 3.8.4 The quarterly investment reports shall also be provided to the Authority's independent auditor at least annually. The latter should review these reports in connection with its annual examination of the Authority's financial statements in accordance with generally accepted auditing standards.

3.9.0 Collateral

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

4.0 Review and Adoption

4.1.0 Periodic Review

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

4.2.0 Adoption at Open Meeting

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

Adopted on the 20th day of May, 2020.

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

ATTEST:

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

Minute No. 2020-

I. INFRASTRUCTURE

Subject	1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$499,500 for analysis and design for the rehabilitation and repair of Wharf 8 at Turning Basin Terminal to the top-ranked proposers: staff ranking – first, Moffatt & Nichol; second, Lloyd Engineering, Inc.; and third, Halff Associates, Inc.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Moffatt & Nichol; second, Lloyd Engineering, Inc.; and third, Halff Associates, Inc; (b) award a professional services contract to Moffatt & Nichol, the top-ranked proposer for analysis and design for the rehabilitation and repair of Wharf 8 at Turning Basin Terminal in an amount not to exceed \$499,500; (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 would include the design of a new fender system, the design of wharf repairs, and a study to determine options and associated construction cost estimates for increasing the capacity of the wharf for heavier cargo.

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. Twenty-one vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:
On March 11, 2020, five 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:

- Moffatt & Nichol
- Lloyd Engineering, Inc.
- Halff Associates, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Moffatt & Nichol for analysis and design for the rehabilitation and repair of Wharf 8 at Turning Basin Terminal.

I. INFRASTRUCTURE

Subject	2. Approve staff's ranking of vendors and award architectural services contract in an amount not to exceed \$107,500 for the design of Ramp Road 8 gate modifications and guardhouse at Turning Basin Terminal to the top-ranked proposers: staff ranking – first, PDG, Inc. dba PDG Architects; second, STOA International Architects; and third, J. Morales, Inc.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, PDG Architects ; second, STOA International Architects; and third, J. Morales, Inc. ; (b) award a professional architectural services contract to PDG Architects, the top-ranked proposer for the design of Ramp Road 8 gate modifications and guardhouse at Turning Basin Terminal in an amount not to exceed \$107,500; (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 would include the design for the removal and replacement of the existing Ramp Road 8 speed gates at the Turning Basin Terminal with a precast manned guardhouse with gate arms and double swing gates. This project would also consist of preparing site plans, including the assessment of existing utilities in order to determine the most feasible location for placement of the proposed guardhouse. The selected respondent would assist in the selection of materials and the precast industrial guardhouse, develop performance specifications and complete the detailed design necessary for all planned improvements.

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. Five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On March 11, 2020, four 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 programming and design services:

- PDG Architects
- STOA International Architects
- J. Morales, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to PDG Architects for the Ramp Road 8 gate modifications and guardhouse at Turning Basin Terminal.

I. INFRASTRUCTURE

Subject	3. Approve staff's ranking of vendors and award a contract in an amount not to exceed \$1,121,840 for the annual wharf and rubber tire gantry crane painting in 2020 at Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking – first, Blastco Texas, Inc.; second, CFG Industries, LLC; and third, Royal Bridge, Inc.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, Blastco Texas, Inc.; second, CFG Industries, LLC; and third, Royal Bridge, Inc.; (b) award a contract to Blastco Texas, Inc. for the annual wharf and rubber tire gantry crane painting in 2020 at Barbours Cut and Bayport Container Terminals, in an amount not to exceed \$1,121,840; (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 would consist of painting and metal restoration of the wharf and rubber tire gantry cranes to ensure cranes are in optimal condition to prevent corrosion damage to the metal surfaces of the cranes.

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. Twelve vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On April 8, 2020, three 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:

- Blastco Texas, Inc.
- CFG Industries, LLC
- Royal Bridge, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Blastco Texas, 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 \$8,909,500 for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal to the top-ranked proposer: staff ranking – first, McCarthy Building Companies, Inc.; and second, Russell Marine, LLC.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order – first, McCarthy Building Companies, Inc.; and second, Russell Marine, LLC; (b) award a construction contract to McCarthy Building Companies, Inc. for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal, in an amount not to exceed \$8,909,500; (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 installing new ship to shore (STS) crane tie downs on Wharf 5 to support the larger 158-ft tall STS cranes currently planned for, that are replacing the existing 100-ft tall STS cranes. This project also consists of repairing minor damage identified by recent visual inspections under both Wharves 4 and 5.

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. Fifty-five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On April 15, 2020, four 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:

- McCarthy Building Companies, Inc.
- Russell Marine, LLC

I. INFRASTRUCTURE

Subject	5. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$200,000 to perform construction material testing for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal to the top-ranked proposers: staff ranking – first, Aviles Engineering Corporation; second, Professional Services Industries, Inc.; and third, Raba Kistner, Inc.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of vendors, based on the selection criteria, in the following order – first, Aviles Engineering Corporation; second, Professional Service Industries, Inc.; and third, Raba Kistner, Inc.; (b) award a professional services contract to Aviles Engineering Corporation to perform construction material testing services for the rehabilitation of Wharves 4 and 5 at Bayport Container Terminal 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 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 procurement would include construction material testing services for the rehabilitation of Wharves 4 and 5 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-five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On February 12, 2020, nine RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- Aviles Engineering Corporation

- Professional Services Industries, Inc.
- Raba Kistner, Inc.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Aviles Engineering Corporation and act as otherwise described above.

I. INFRASTRUCTURE

Subject	6. Award a professional services contract to LJA Engineering, Inc. to perform engineering services for the design of the Freight Station Road Dedicated Right-Turn Lanes and U-turn Connector at Bayport Container Terminal in an amount not to exceed \$424,531.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, award a professional services contract to LJA Engineering, Inc. to perform engineering services for the design of the Freight Station Road Dedicated Right-Turn Lanes and U-turn Connector at Bayport Container Terminal in an amount not to exceed \$424,531, 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 proposed scope of work of this contract would consist of providing the general functions needed for design as well as construction phase services for the Freight Station Road Dedicated Right Turn Lanes and U-Turn Connector at the Bayport Terminal. This would include a complete design package and specifications, any required coordination efforts needed to gain approval for the project, and any additional services needed to obtain bids/ proposals for construction.

Staff Evaluation/Justification:

Following staff Executive Committee review, staff recommends that the Port Commission award a professional services contract to LJA Engineering, Inc. and act as otherwise described above.

I. INFRASTRUCTURE

Subject **7. Amend the professional services contract with Cobb Fendley and Associates, Inc. for additional work for the Freight Station Road utilities and drainage at Bayport Container Terminal in an amount not to exceed \$156,900.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, approve an amendment to the professional services contract with Cobb Fendley and Associates, Inc. for additional work for the Freight Station Road utilities and drainage at Bayport Container Terminal in an amount not to exceed \$156,900, 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. 2017-0425-16, the Port Commission awarded a partial award (Phase 1) for a professional services contract to Cobb Fendley and Associates, Inc. for \$175,000 to determine requirements for underground and private utilities supporting the Freight Station Road development at the Bayport Terminal. Included in the 2017 award was the authority to amend the professional services contract for the balance of the services at a later date (Phase 2) to complete the site preparation design for the remaining undeveloped properties at Bayport Terminal.

Staff now seeks an amendment totaling \$156,900 to complete Phase 2, consisting of the following:

- Survey of the area, including a topographical survey
- Hand clearing to perform line-of-sight calculations
- Creation of digital drawings and integrations with the Port Authority's GIS database
- Design of the fill placement construction plans
- Creation of construction procurement documentation
- Bid and construction phase services

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

I. INFRASTRUCTURE

Subject	8. Approve a change order with FUSED, LLC to perform additional work associated with the construction of rail spur at the Bayport Container Terminal in an amount not to exceed \$100,100.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, approve a change order to FUSED, LLC to perform additional work associated with the construction of rail spur at the Bayport Container Terminal in an amount not to exceed \$100,100, 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, LLC for the construction of rail spur at Bayport Terminal.

The change order proposed by the contractor was due to monthly costs for traffic control barricades and signs and temporary storm water pollution prevention plans and controls, required in accordance with project time extensions resulting from weather delays, RFI submittals and coordination of tasks.

Staff Evaluation/Justification:

Staff has reviewed FUSED, LLC'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 the renewal the following expiring Port Authority license for a new ten-year term: ExxonMobil Corporation.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, authorize the Port Authority to approve the renewal of the following expiring license for new ten-year term: ExxonMobil Corporation, 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:

The pipeline licensee listed below has applied to renew its licenses:

<u>Company</u>	<u>File No.</u>	<u>License Fee</u>
ExxonMobil Corporation	2010-0095	\$31,660

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association if applicable. The license is to be renewed subject to the Port Authority's usual terms and conditions.

Staff recommends approval.

I. INFRASTRUCTURE

Subject **10. Issue a pipeline license to Phillips 66 Carrier LLC for a 4-inch natural gas pipeline under and across Port Terminal Railroad Association's Southside Mainline Railroad right-of-way.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, authorize the Port Authority to issue a pipeline license to Phillips 66 Carrier LLC for a 4-inch natural gas pipeline under and across 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:

Phillips 66 Carrier LLC, Port Authority File No. 2020-0110, has applied for a pipeline license for a 4-inch natural gas pipeline under and across Port Terminal Railroad Association's Southside Mainline Railroad right-of-way, in the James Seymore Survey, A-698, in Harris County, Texas.

The new pipeline would connect a Kinder Morgan meter station to Phillips 66 Pasadena.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions 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 **11. Amend a pipeline license issued to Praxair, Inc. to add an additional crossing north of the existing 10-inch nitrogen pipeline under and across Port Terminal Railroad Association's Southside Mainline railroad right-of-way.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, authorize the Port Authority to amend a pipeline license issued to Praxair, Inc. to add an additional crossing north of the existing 10-inch nitrogen pipeline under and across 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:

Praxair, Inc., Port Authority File No. 2020-0060, has applied to amend a pipeline license to add an additional crossing north of the existing 10-inch nitrogen pipeline under and across Port Terminal Railroad Association's Southside Mainline railroad right-of-way, in the Thomas Earle Survey, A-18, in Harris County, Texas.

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 \$6,363. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. OPERATIONS

Subject **1. Reject the bid and authorize re-advertisement for competitive sealed bids for the purchase of miscellaneous plumbing supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, reject the bid and authorize re-advertisement for competitive sealed bids for the purchase of miscellaneous plumbing supplies for Barbours Cut Terminal, Bayport Container Terminal and Turning Basin Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

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

Category:
Reject & Other Actions

Department:
Maintenance

Staff Contact:
Paulo Soares

Background:
The Port Authority maintains a vast plumbing network at Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal which requires a myriad of replacement parts including fittings, connectors, valves, unions, and flanges for daily operation. On April 1, 2020, one competitive sealed bid (CSB) was received for the purchase of miscellaneous plumbing supplies for these terminal supplies. The only CSB received was deemed unresponsive.

Staff Evaluation/Justification:
Staff recommends that the Port Commission reject the bid and authorize re-advertisement for competitive sealed bids for the purchase of miscellaneous plumbing supplies for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

J. OPERATIONS

Subject **2. Ratify certain emergency purchases for COVID-19 response as set forth on Exhibit A and authorize additional purchase order funding for continuing pandemic response services with Workplace Safety Screenings for \$720,000 and Ambassador Services, LLC for \$560,000.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, ratify certain emergency purchases for COVID-19 response as set forth on Exhibit A, and authorize purchase orders for continuing pandemic response services with Workplace Safety Screenings for \$720,000 and Ambassador Services, LLC for \$560,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Port Operations

Staff Contact:

Paulo Soares

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 Port Commission approval, and staff has endeavored to notify the Port Commission within forty-eight hours of such purchases as required.

At its April 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.
- Staff anticipates that an additional \$720,000 will be needed to continue these services until the end of July.

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 \$200,000 has been spent (through April 25) on such services.
- Staff anticipates that an additional \$560,000 will be needed to continue these services until the end of July 2020, in addition to the currently-remaining \$561,000 authorized for the firm's regular services.

Staff Evaluation/Justification:

Accordingly, staff requests that the Port Commission ratify the purchases for COVID-19 response under Water Code Section 60.4035(a)(1), as set forth on Exhibit A.

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 - \$720,000 for temperature screenings, and
- Ambassador Services, LLC - \$560,000 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.

Emergency Purchase Orders - COVID 19

As of 5/12/2020

PO Nbr	Total	DATE	DEPARTMENT	VENDOR	SHORT DESCRIPTION	Billed	Paid
205746	\$ 18,303.25	5/6/2020	BCT	Ambassador	INFORMAL - SANITATION BCT WEEK 4	\$ 18,303.25	\$ -
205745	\$ 18,303.25	5/6/2020	BCT	Ambassador	INFORMAL - SANITATION BCT WEEK 5	\$ 18,303.25	\$ -
205717	\$ 20,490.25	4/30/2020	BAYPORT	Ambassador	INFORMAL - SANITATION BAYPORT WEEK 5	\$ 20,490.25	\$ -
205715	\$ 21,880.50	4/30/2020	BAYPORT	Ambassador	INFORMAL - SANITATION BAYPORT WEEK 1	\$ 21,880.50	\$ -
205714	\$ 20,490.25	4/30/2020	BAYPORT	Ambassador	INFORMAL - SANITATION BAYPORT WEEK 2	\$ 20,490.25	\$ -
205713	\$ 20,490.25	4/30/2020	BAYPORT	Ambassador	INFORMAL - SANITATION BAYPORT WEEK 4	\$ 20,490.25	\$ -
205712	\$ 20,490.25	4/30/2020	BAYPORT	Ambassador	INFORMAL - SANITATION BAYPORT WEEK 3	\$ 20,490.25	\$ -
205696	\$ 19,645.16	4/28/2020	BCT	Ambassador	INFORMAL - SANITATION BCT WEEK 1	\$ 19,645.16	\$ -
205695	\$ 18,303.25	4/28/2020	BCT	Ambassador	INFORMAL - SANITATION BCT WEEK 2	\$ 18,303.25	\$ -
205693	\$ 18,303.25	4/28/2020	BCT	Ambassador	INFORMAL - SANITATION BCT WEEK 3	\$ 18,303.25	\$ -
205690	\$ 3,400.00	4/28/2020	BCT	Ambassador	INFORMAL - DECONTAMINATION EQUIPMENT	\$ 3,400.00	\$ -
Grand total	\$ 200,099.66						
205754	\$ 370,000.00	5/7/2020	All locations	Workplace Safety Screenings	FORMAL - COVID 19 TEMPERATURE SCREENINGS	\$ -	\$ -
205623	\$ 310,000.00	4/7/2020	All locations	Workplace Safety Screenings	FORMAL - COVID 19 TEMPERATURE SCREENINGS	\$ 260,526.40	\$ 260,526.40
Grand total	\$ 680,000.00						
TOTAL	\$ 880,099.66					Billed as of date \$ 460,626.06	Paid as of date \$ 260,526.40

J. OPERATIONS

Subject	3. Award a three-year contract to Darr Equipment Company, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal and Bayport Container Terminal, in an amount not to exceed \$200,000.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, award a three-year contract to Darr Equipment Company for the purchase of spare and replacement parts for forklifts and container handling equipment at Barbours Cut Terminal and Bayport Container Terminal, using the Local Government Purchasing Cooperative's Buyboard Program, a cooperative purchase program, in an amount not to exceed \$200,000, 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 #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2017-1212-50, the Port Commission awarded a two-year contract to Darr Equipment Company in the amount not to exceed \$200,000 for the purchase of spare and replacement parts for forklifts and container handling equipment for Barbours Cut Terminal and Bayport Container Terminal. This contract has expired. The Port Authority currently owns a total of forty-one forklifts, two empty, and four loaded container handling machines that will be covered under this three-year contract. These units require numerous spare parts for preventive maintenance and repairs and are used daily to move various objects, load and unload trucks, and transport heavy objects around Port Authority properties.

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

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring these spare and replacement parts through the BuyBoard program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

Staff recommends that the Port Commission approve a three-year contract to Darr Equipment Company using the BuyBoard Cooperative Purchasing Program as providing the best value to the Port Authority.

J. OPERATIONS

Subject 4. Authorize payment to Navis LLC for annual maintenance services for the marine terminal management software system for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$770,955.

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, authorize payment to Navis LLC for annual maintenance services for the marine terminal management software system for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal for a one-year term beginning July 1, 2020 in an amount not to exceed \$770,955, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments, & Change Orders

Department:

Port Operations

Staff Contact:

Mike Shaffner

Background:

By Minute No. 2001-0326-32, a contract (Contract) was awarded to Navis LLC to provide for the implementation and maintenance of a marine terminal management software system for use at Port Authority terminals. The Management Software System is currently used by the Operations Department to manage the Port Authority's Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal, and by the Accounting Department for billing at these terminals.

Since expiration of the initial one-year maintenance term, the Port Commission has approved each subsequent annual maintenance renewal. The current annual maintenance term will expire on June 30, 2020.

Staff Evaluation/Justification:

The Contract describes the year-to-year maintenance services that are required to be performed and sets forth the maintenance fee for each one-year maintenance term. The maintenance fee for each one-year term is based upon the combined annual through-put (TEU) at the container terminals and tonnage for the general cargo facilities for the immediately preceding year, plus six fixed amounts associated to additional licensed software modules.

Staff has been advised by Navis LLC that based upon the through-put for the immediately preceding year, the maintenance fee for July 1, 2020 through June 30, 2021 would be an amount not to exceed \$770,955.

Staff recommends the Port Commission approve this services fee for Navis LLC.

J. OPERATIONS

Subject **5. Authorize payment to Smart Tecs LLC for annual maintenance services for the marine terminal gate operating software system for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$324,688.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, authorize payment to Smart Tecs LLC for annual maintenance services for the marine terminal gate operating software system for Barbours Cut Terminal and Bayport Container Terminal for a one-year term beginning July 1, 2020 in an amount not to exceed \$324,688, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Port Operations

Staff Contact:

Mike Shaffner

Background:

By Minute No. 2016-1025-26, a contract (Contract) was awarded to Smart Tecs LLC to provide for the implementation and maintenance of a marine terminal gate operating software system for use at Port Authority terminals. The marine terminal gate operating software system is currently used by the Operations Department to interchange trucks and containers at Bayport Container Terminal and Barbours Cut Terminal.

Additional funding is now required for the annual maintenance and support period starting July 1, 2020.

Staff Evaluation/Justification:

The Contract describes the year-to-year maintenance services that are required to be performed and sets forth the maintenance fee for each one-year maintenance term. The services provided under this agreement are critical to the proper functioning of the container terminals gate operation.

Staff recommends the Port Commission approve this services fee for Smart Tecs LLC.

J. OPERATIONS

Subject **6. Enter into Freight Handling Assignment Agreements for terminal services at Barbours Cut Terminal and Bayport Auto Terminal and amend the Freight Handling Assignment Agreements for terminal services at the Turning Basin Terminal to extend the terms of the agreements through August 31, 2020.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission at its May 20, 2020 meeting, authorize the Port Authority to enter into a Freight Handling Assignment Agreement for terminal services at the Barbours Cut Terminal as set forth in Exhibit "A", effective May 1, 2020 for a term of three years; enter into a Freight Handling Assignment Agreement for terminal services at the Bayport Auto Terminal effective June 1, 2020 for a term coterminous with the terminal Lease with Auto Warehousing Co.; and extend the current Freight Handling Assignment Agreements at the Turning Basin Terminals for a term of three months effective June 1, 2020, waiving 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.

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

Category:
General

Department:
Turning Basin

Staff Contact:
Jeff Davis

Background:

The cargo handling services at the public facilities at the Turning Basin Terminal, Barbours Cut Terminal, and Bayport Auto Terminal 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 will perform freight handling services at the assigned facilities. Pursuant to the Agreements, the stevedores guarantee to handle minimum tonnages or to 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 Nos. 2017-0129 and 2016-0726-33, the Port Commission granted the Port Authority the authority to enter into Agreements at the Turning Basin Terminal, Barbours Cut Terminal and Bayport Auto Terminal.

Staff Evaluation/Justification:

Port Authority staff has reviewed and evaluated the current Agreements and future needs of the Port Authority and recommends that the Port Commission permit the Port Authority enter into Agreements for terms of three years at the Barbours Cut Terminal, effective June 1, 2020 and at the Bayport Auto Facility for a term that is coterminous with the Auto Warehousing Co. lease at the facility.

In addition, staff recommends the Port Commission permit the Port Authority to extend the terms of the Agreements at the Turning Basin Terminals for an additional three-months for further evaluation. During these additional three months it is recommended that the guaranteed minimum tonnages not be applied.

Exhibit "A"

Turning Basin Terminal	
Assigned Area(s)	Assignee
CD 10, 11, 16, 17, 18, 19, 20, 22, 23, 25, 26, 27, 28, 29, 30, 31 and 32W (1/2)	Cooper / Ports America, LLC
CD 8, 9, 21, Shed 25A, 32E (1/2)	Richardson Stevedoring and Logistics Services, Inc.
CD 12 (Vehicles Only)	APS Stevedoring, LLC

Barbours Cut Container Terminal	
27,500 sq. ft of Shed Area Numbered 3	Cooper / Ports America, LLC
27,500 sq. ft. of Shed Area Numbered 3	Ceres Gulf, Inc.

Bayport Auto Terminal	APS Stevedoring, LLC
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K. PEOPLE

Subject	1. Hearing and possible action to amend the Port Authority's 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to opt into programs offered under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that relate to retirement plans.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission conduct a hearing at its meeting on May 20, 2020, and take action to amend the Port Authority's 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to opt into programs offered under the Coronavirus Aid, Relief, and Economic Security (CARES) Act that relate to retirement plans, and further authorize the Executive Director to do any and all things in his opinion reasonable and necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:
General

Department:
Human Resources

Staff Contact:
Roger W. Walter

Background:

The Port Authority sponsors the Port of Houston Authority Defined Contribution Plan (the "Defined Contribution Plan"), a defined contribution retirement benefit plan for employees hired or rehired on and after August 1, 2012, with a sliding scale for Port Authority contributions, based on percentages of base salary; such contributions vest after three years of service.

The Port Authority also sponsors the Port of Houston Authority 457(b) Deferred Compensation Plan (the "Deferred Compensation Plan"), a retirement plan funded by employee contributions.

On March 27, 2020, President Trump signed into law the CARES Act, which includes provisions effective 2020 that change rules relating to retirement plans.

Subject to certain conditions, the CARES Act gives the Port Authority the option to offer Defined Contribution Plan and Deferred Compensation Plan participants the following programs:

1. Coronavirus-Related Distribution Program: Until December 31, 2020, participants who have been impacted by COVID-19 may be eligible withdraw up to the lesser of 1) \$100,000 (across both Plans) or 2) the participant's total vested balance(s) in the Plans, without incurring early withdrawal penalties. Taxes on these withdrawals can be paid over a three-year period. These amounts may be rolled over into an IRA or paid back into the originating Plan within three years.
2. Coronavirus-Related Enhanced Loan Program: Until September 23, 2020, participants who have been impacted by COVID-19 may be eligible for loans up to the lesser of 1) \$100,000 or 2) the participant's total vested balance(s) in the Plans. Such loans are normally capped at \$50,000.
3. Waiver of Required Minimum Distributions: A participant who is scheduled to receive a required minimum distribution in calendar year 2020 is not required to receive the distribution in 2020.

Staff Evaluation/Justification:

Staff recommends that the Port Authority offer its Defined Contribution Plan and Deferred Compensation Plan participants the opportunity to participate in the CARES Act distribution and enhanced loan

programs. These programs are intended to provide financial relief to individuals who have been impacted by COVID-19 by allowing them greater access to their vested retirement funds. Staff recommends that any participant who is scheduled to receive a required minimum distribution in 2020 will by default not receive such distribution unless he or she affirmatively elects to receive the distribution in 2020.

Texas Water Code Sec. 60.011 provides that the Port Commission may change the Plans after notice to employees and a hearing. On May 14, 2020, notice was given to employees regarding (i) the recommendation to amend the Plans as described above, and (ii) the Port Commission hearing on the matter scheduled for May 20, 2020.

Staff recommends that the Port Commission conduct a hearing on this matter and adopt the attached resolution to amend the Plan as described above.

RESOLUTION TO AMEND

THE PORT OF HOUSTON AUTHORITY 457(b) DEFERRED COMPENSATION PLAN

AND

THE PORT OF HOUSTON AUTHORITY 401(a) DEFINED CONTRIBUTION PLAN

WHEREAS, Port of Houston Authority of Harris County, Texas (the “Employer”) sponsors the Port of Houston Authority 457(b) Deferred Compensation Plan effective June 18, 1982, as previously amended and restated, and the Port of Houston Authority 401(a) Defined Contribution Plan effective August 1, 2012, as previously amended and restated (collectively, the “Plans”); and

WHEREAS, on March 27, 2020, the Coronavirus, Aid, Relief, and Economic Security Act (the “CARES Act”) was signed into law; and

WHEREAS, the Employer wishes to now amend the Plans to allow eligible participants to participate in the following programs offered under Section 2202 and Section 2203 of the CARES Act:

1. Coronavirus-Related Distribution Program: Until December 31, 2020, participants who have been impacted by COVID-19 may be eligible withdraw up to the lesser of 1) \$100,000 (across both Plans) or 2) the participant’s total vested balance(s) in the Plans, without incurring early withdrawal penalties. Taxes on these withdrawals can be paid over a three-year period. These amounts may be rolled over into an IRA or paid back into the originating Plan within three years.
2. Coronavirus-Related Enhanced Loan Program: Until September 23, 2020, participants who have been impacted by COVID-19 may be eligible for loans up to the lesser of 1) \$100,000 or 2) the participant’s total vested balance(s) in the Plans.
3. Waiver of Required Minimum Distributions: A participant who is scheduled to receive a required minimum distribution in calendar year 2020 is not required to receive the distribution in 2020.

NOW, THEREFORE, IT IS RESOLVED, that the Employer hereby elects the “Coronavirus-Related Distributions” and “Enhanced Loan” options set forth in the Plan Sponsor Election of CARES Act Provisions document attached hereto as Exhibit A;

RESOLVED, that the Plans are hereby amended, effective March 27, 2020, in accordance with the Plan Sponsor Election of CARES Act Provisions document attached hereto as Exhibit A;

RESOLVED, that any participant who is scheduled to receive a required minimum distribution in 2020 will by default not receive such distribution unless he or she affirmatively elects to receive the distribution in 2020;

RESOLVED, that the officers of the Employer, or any of them, are hereby authorized and directed to execute and implement the aforementioned Plan amendments for and on behalf of the Port of Houston Authority of Harris County, Texas, in substantially the same form as herein adopted and approved, together with any changes that such officers, or any of them, with the advice of legal counsel if deemed appropriate, have determined to be necessary or advisable; and

RESOLVED, that the officers of the Employer are hereby authorized and directed to take whatever other action that they, or any of them, may deem to be necessary or appropriate to effectuate the intent and purposes of this resolution, and any such actions that were previously taken in such respect being hereby approved, ratified and confirmed, in all respects, on behalf of the Employer.

PASSED, APPROVED AND ADOPTED this 20th day of May 2020.

ATTEST/SEAL

PORT OF HOUSTON AUTHORITY OF
HARRIS COUNTY, TEXAS

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Minute No. _____

L. PORT SECURITY AND EMERGENCY OPERATIONS

Subject	1. Approve staff's ranking of proposers and award the unarmed, uniformed security officer services contract in an amount not to exceed \$21,000,000 for a period of three years, with the option for one additional two-year term, to the top-ranked proposer: staff ranking – first, AlliedUniversal Security Services LLC; second, Securitas Security Services USA; and third, G4S Secure Solutions (USA) Inc.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting: (a) approve staff's ranking of proposers based on the selection criteria, in the following order – first, AlliedUniversal Security Services LLC; second, Securitas Security Services USA; and third, G4S Secure Solutions (USA) Inc.; (b) award the unarmed, uniformed security officer services contract to AlliedUniversal Security Services LLC, for a period of three years, with the option for one additional two-year term; (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 4c. - Support development of a robust Regional maritime workforce

Category:

Awards, Amendments & Change Orders

Department:

Security

Staff Contact:

Jessica Thomas

Background:

The Port Authority is seeking to continue its unarmed, uniformed security officer services for all Port Authority terminals and gates, to meet legally required mandates of the United States Coast Guard and the Maritime Transportation Security Act of 2002. The current three-year contract, that included two one-year extensions, concludes on August 1, 2020. Staff expects that at least 60 days would be required to transition service providers.

The Port Authority notified vendors regarding its request for proposals (RFPs) for contract security services 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 BuySpeed.

Staff Evaluation/Justification:

On April 1, 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 perform the services:

- AlliedUniversal Security Services LLC

- Securitas Security Services USA
- G4S Secure Solutions (USA) Inc.

This would be a three-year contract with an option for and additional two year term, which is standard within the security industry. The recommended "not to exceed amount" for the purchase order is only for the initial three-year term. Should staff determine in the future that the option years are recommended, staff will return to the Port Commission for approval of the extension, with new cost amounts under a new Recommendation for Commission Action.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to AlliedUniversal Security Services LLC for unarmed, uniformed security officer services and act as otherwise described above.

L. PORT SECURITY AND EMERGENCY OPERATIONS

Subject	2. Amend the existing purchase order to Motorola Solutions for the purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations, Port Security, and Emergency Operations Departments using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$140,000.
Meeting	May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its May 20, 2020 meeting, amend a purchase order to Motorola Solutions for purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations, Port Security, and Emergency Operations Departments using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$140,000, 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 #4 - STEWARDSHIP (Create Greater Value for the Region) Strategic Objective 4c. - Support development of a robust Regional maritime workforce Strategic Objective 2b. - Drive development of landside infrastructure and inland distribution networks

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

By Minute No. 2019-0326-41, the Port Commission awarded a purchase order in the amount of \$100,000 to Motorola Solutions. Motorola Land Mobile Radio (LMR) equipment, including handheld, mobile, and base stations, are used daily by Port Authority maintenance and operations personnel, crane operators, and clerks to accomplish their tasks in a safe and efficient manner. The Port Security and Emergency Operations and Operations Divisions, including contract security, maintenance, operations, police and fire departments also use Motorola LMR equipment to maintain security and operate at all terminals, and respond to incidents and other emergencies.

As the LMR equipment and assets continue to be consolidated under the Emergency Management Department, a better understanding of the need for new and replacement equipment has required an increase to the original purchase order. Since the vast majority of the approximately 1,200 radios are Motorola products, Motorola parts and accessories are required to service the LMR equipment.

The Houston-Galveston Area Council (H-GAC) cooperative purchasing program was established in 1973 pursuant to the Texas Interlocal Cooperation Act to enable governmental entities to obtain purchasing services that offer expedited procurement, volume purchasing discounts, contract administration, and research services.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that utilizing the H-GAC cooperative purchasing program for this procurement both satisfies competitive purchase requirements and provides best value to the Port Authority. This equipment will be provided by Motorola Solutions under the pricing schedule obtained from that vendor's contract RA05-18 with H-GAC.

Staff recommends that the Port Commission approve this best value determination and contract.

L. PORT SECURITY AND EMERGENCY OPERATIONS

Subject **3. Amend the existing purchase order with Harris County for radio repairs in an amount not to exceed \$60,000.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its meeting on May 20, 2020, authorize the Port Authority to amend the existing purchase order with Harris County for radio repairs in an amount not to exceed \$60,000, 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 4c. - Support development of a robust Regional maritime workforce
Strategic Objective 2b. - Drive development of landside infrastructure and inland distribution networks
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:
Awards, Amendments & Change Orders

Department:
Emergency Management

Staff Contact:
Colin Rizzo

Background:
As a TXWARN system partner the Port Authority uses the Harris County radio shop to conduct radio testing and repairs that cannot be completed by Port Authority radio technicians. When repairs are too complex to be completed at Harris County the equipment is sent to the Motorola Depot for repairs under the Harris County contract. This provides a cost savings to the Port Authority compared to sending equipment directly to Motorola for repairs.

The current Port Authority purchase order with Harris County for the radio repair and programming services is in an amount not to exceed \$40,000. The funds have now been depleted.

Staff Evaluation/Justification:
As the annual cost of radio repairs now potentially exceeds \$50,000, staff requests an amendment to the current purchase order with Harris County, in an amount not to exceed \$60,000. It is anticipated this funding would last five quarters.

Staff recommends the Port Commission approve the amendment of the existing purchase order with Harris County for radio repairs.

M. TECHNOLOGY

Subject **1. Issue a purchase order to Datavox, Inc. for purchase of information technology components (switches, access points, and associated peripherals) for Container Yard 7 South, using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$120,000.**

Meeting May 20, 2020 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its May 20, 2020 meeting, issue a purchase order to Datavox, Inc. for purchase of information technology components (switches, access points, and associated peripherals) for Container Yard 7 South, using the Texas Department of Information Resources' cooperative purchase program, in an amount not to exceed \$120,000, 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:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain the needed Information Technology (IT) equipment to support the operation of Container Yard 7 South which is currently under construction. The Texas Department of Information Resources (DIR) is a department of the State of Texas, and has cooperative purchasing programs which may be used by the Port Authority.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the purchase of this equipment 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 IT Department has determined that the best availability, price, and contract term for the items needed is provided by Datavox, Inc. under the pricing schedule obtained from that vendor's contract with DIR, and is therefore recommending this purchase.

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

