



PHA Talking Points

DRAFT/CONFIDENTIAL

March 28, 2011

Libya

- In January 2011, prior to the recent unrest in Libya, the Port of Houston Authority granted a request to meet with Khamis Gadhafi during an educational visit he made to the United States.
- The Port Authority was among a number of national and local institutions he visited in the course of an internship associated with his Masters of Business Administration. During his visit, he toured several Port Authority facilities and received briefings on trade relations.
- In recent years, the U.S. government has eased diplomatic relations with Libya. In 2010, in conjunction with U.S. efforts to encourage trade with Libya, the U.S. entered into a bilateral trade agreement with Libya. Port Authority representatives have traveled to Libyan ports, and the Port Authority entered into informal agreements to encourage future trade with the region.
- The friendship agreements that were signed are not binding as the PHA cannot enter into formal trade agreements with foreign governments.
- However, it is customary for Port officials to visit foreign countries and their facilities to share best practices and encourage trade.

Commissioners' Expense Reports

(Regarding transparency concerns about how expenses are captured and reported in an aggregated fashion)

- In an effort to boost transparency within the PHA, we have taken a number of steps to provide more information to the public, including holding more open meetings to discuss ongoing PHA business and items such as the budget.
- This includes the ways in which we report commissioners' expenses. Well ahead of this report, we have been actively working with our financial adviser to review our policies and make recommendations for ways to increase transparency relative to the reporting of Commissioners' expenses. What changes do we anticipate going forward relative to expense capture and reporting?

Bayport Cruise Terminal

- It is important to point out that the PHA did not build the terminal to attract cruise passengers. The Bayport Container and Cruise Terminal is an economic development opportunity for entities that do businesses with cruise terminals (florists, service providers, etc.).
- To that end, following the Feb. 22, executive session, Port Commissioners approved an RFP that has been disseminated to major cruise lines and negotiations are continuing. Currently, we are working with multiple cruise lines on passenger vessel availabilities and itineraries.
- At the same time, we have an obligation to spur economic activity and job creation within the region and are open to hearing from the private sector regarding complementary activities at the site and other appropriate development opportunities.
- *(If asked about taxpayer dollars used to fund Bayport Terminal operations)* The PHA does not use taxpayer funds to cover the cost of terminal maintenance, security and insurance.

- The PHA's mandate is to create jobs and economic opportunity for the region. For these types of projects, our horizon for creating sustained economic value can be 20 to 30 years. It is unrealistic to expect a long-term investment of this magnitude to yield results in 3-5 years.
- For instance, this process mirrors the public discourse surrounding the Barbour's Cut Container Terminal decades ago following PHA's initial investment in the project. Today Barbour's Cut is the largest, most modern container terminal in the Gulf Coast region—just one of our many successes. We envision the same potential for the Bayport Cruise and terminal facilities.

Perceived Conflicts of Interest, AECOM/Chairman Edmonds

- Chairman Edmonds has fully disclosed his relationship with AECOM. Port Commissioners are volunteers and are not compensated for serving on the Commission.
- Though, he was not legally required to do so, Chairman Edmonds formally notified the PHA on Feb. 1, 2011 regarding his consulting agreement with AECOM. Per the agreement, neither he nor his company shall liaison, represent or provide advice or information to AECOM regarding matters affecting or in connection with the PHA.
- Additionally, Chairman Edmonds filed a Local Government Officer Conflicts Disclosure Statement regarding his consulting agreement and noted that he would abstain from participation in—and direct compensation from—any business decision related to the PHA and AECOM.
- Lastly, AECOM is a recognized industry leader in technical and management support services to the transportation industry. PHA has had long-term business relationships with this globally recognized firm (and other qualifying business partners) that pre-date Chairman Edmonds' leadership role with the PHA.

Argentina James & Public Relations Consulting Services

(Based on the outcome of discussions with the General Counsel, these may be amended or expanded depending upon the confidentiality clauses in the separation agreement.)

- Mrs. James was employed by the PHA for eight years and continues to provide value in a consulting capacity. Given her significant experience regarding Port-related matters in the public domain, we may call upon her from time-to-time for consultation. Our severance agreement with Mrs. James includes compensation for public affairs consulting services as requested.
- As a public agency, we have many stakeholders to which we must routinely communicate. It is customary for the PHA to seek public relations counsel from third parties to assist the PHA in accurately and thoroughly communicating what is happening at the Port of Houston and how we are impacting people's lives in the region.

(If pressed for more information on Mrs. James' use of company property, using her influence to solicit donations to youth sports league, Sheila Jackson Lee, Al Green linkage, needs to be discussed further)

- We have very clear policies that have been in place for some time regarding the use of PHA property for personal use. Mrs. James was aware of these policies during her time here. If your report sheds light on areas that need improvement we will certainly examine the findings to improve our procedures.
- (This bullet is just an FYI, we may need to develop talking points after further discussion) The Clifford Group received for various public relations projects (approximately \$90k annually). We are investigating this relationship internally.

The Burkes and the Ongoing Relationship with the Economic Alliance

- Following a thorough review by the Port Commission, the Economic Alliance was awarded a contract to conduct a transportation-related study. Some time after receipt of the award, Chad Burke was elected President of the organization.
- The Economic Alliance is a valued community partner and is a widely-supported organization. Businesses, communities and chambers of commerce all serve in leadership roles to grow the economy in the Port region.

Note: Did Commissioner Burke abstain from the vote?

Board Tension (Tied to Commissioner Lanier and Separation Agreement with Argentina James)

- We are aware of comments Commissioner Lanier has made in the previous two Commission meetings regarding our CEO and Chairman. We understand her areas of concern and are working to address them with her.
- We support Commissioner Lanier's calls for more transparency related to Port business will work with her to support that mutual goal. I would like to point out that we have been more transparent than ever before regarding the budget and progress related to our strategic initiatives. Previously many of these items were handled internally and now they are held as open meetings.
- The seven-member Port Commission is the governing body of the Port of Houston Authority. The city of Houston and the Harris County Commissioners Court each appoint two commissioners. These two governmental entities jointly appoint the chairman of the Port Commission. The Harris County Mayors & Councils Association and the city of Pasadena each appoint one commissioner.
- These independently appointed Commissioners are expected to reflect a variety of points of view.

7.8.18.1695

Lisa Ashley

From: Clint Woods [C Woods@piercom.com]
Sent: Monday, March 28, 2011 1:42 PM
To: Lisa Ashley
Cc: Nancy Sims
Subject: Update

Lisa,

I spoke with Nancy this afternoon and we have some updates.

-Regarding the Earth Day sponsorship, we both believe you should continue supporting this initiative as planned. We believe it will generate some positive exposure and the sponsorship will have no bearing on the "13 Undercover" piece. As we discussed earlier, I think it might also be viewed as a peculiar move by PHA employees if you pulled the plug at this late hour given you have supported this cause for three years.

-Nancy is presently reviewing the first draft of the talking points. However, we will not be able to share the document until later this evening when her meetings conclude and we can finalize the document.

-Nancy and I are still mulling the options for a possible sit-down interview with Wayne and preparing the Chairman, Commissioners and/or the CEO accordingly. We will provide recommendations by tomorrow morning, but it is Nancy's experience that Wayne will not provide questions and topics to be covered in advance of the briefing.

Have you heard from Wayne today?

Clint

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Lisa Ashley

From: Clint Woods [CWood@piercom.com]
Sent: Tuesday, April 05, 2011 12:45 PM
To: Lisa Ashley; Olga Rodriguez; Nancy Sims
Subject: New Ch 13 Story

Lisa and Olga,

Wayne updated this story online just now, appearing to take credit for the dissolution of the informal agreement with Libya and that of POHAIC.

Here is the link.

http://abclocal.go.com/ktrk/story?section=news/13_undercover&id=8054314

Let's discuss this afternoon.

Clint

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Lisa Ashley

From: Clint Woods [CWoods@piercom.com]
Sent: Monday, March 28, 2011 9:07 AM
To: Olga Rodriguez; Nancy Sims
Cc: Lisa Ashley
Subject: RE: Port of Houston Authority _ statement

Nancy, Lisa and I spoke this morning regarding this proposed idea. Please call me to discuss when you land. Thanks.

Clint

From: Olga Rodriguez [mailto:orodriguez@poha.com]
Sent: Monday, March 28, 2011 8:00 AM
To: Nancy Sims; Clint Woods
Subject: FW: Port of Houston Authority _ statement

Nancy and Clint:

See below. Wayne will attend our April 5th Port Commission meeting.
Olga

From: Lisa Ashley
Sent: Saturday, March 26, 2011 7:28 PM
To: Olga Rodriguez; Erik Eriksson
Cc: Alec G. Dreyer
Subject: Re: Port of Houston Authority _ statement

I propose that we do not allow Wayne Dolcefino to ambush the Chairman, Commissioners or Alec, as he might wish, but instead schedule the interview (s) following the Port Commission meeting. I would formally confirm who Mr. Dolcefino wants to interview and request the range of questions or topics in advance. We should then not only prep the Chairman and/or commissioners, CEO with talking points, but also rehearse the responses on camera as well. Finally, we should arrange to have our own production camera record Mr. Dolcefino's interview, so that we have a copy of our responses in their entirety for our own records and use. Of course this is contingent on if the Chairman, Commissioners or CEO agree to be interviewed. In any case, all will be provided talking points in advance.

Lisa Ashley

Sent from my iPhone

On Mar 26, 2011, at 12:51 PM, "Erik Eriksson" <eeriksson@poha.com> wrote:

I thought I'd send this notice along with a link from last night's show. Ok with you?

Erik Eriksson
Port of Houston Authority
Privileged and Confidential

Begin forwarded message:

Over-Arching Messages

The Port Authority's mandate is to create jobs and economic opportunity for the region, and it takes the long view on the horizon for creating sustained economic value.

The Port of Houston was built by a "Vision". Can you imagine the naysayers when civic leadership wanted to dredge a 52-mile channel?

More than 100 years later, we are still here. Have we been perfect in these 100 years? Not completely. Have we built a Port that is a viable economic engine for Houston and for Texas? Absolutely.

The Port looks at opportunity. What potential do we have to expand our economic value for the region and provide much needed services?

We then work to bring our Vision to life. We invest in people, facilities and infrastructure for the future.

It takes courage to make tough decisions. We'll keep doing it, though, in honor of the first visionaries who proposed the channel. We'll face down our critics and continue to grow the Port.

Helpful Facts:

(Olga – add economic impact?)

The Port of Houston is a 25-mile-long complex of diversified public and private facilities located just a few hours' sailing time from the Gulf of Mexico. The port is ranked first in the United States in foreign waterborne tonnage (14 consecutive years); first in U.S. imports (19 consecutive years); second in U.S. export tonnage and second in the U.S. in total tonnage (19 consecutive years).

More than 220 million tons of cargo moved through the Port of Houston in 2009. More than 7,700 vessel calls were recorded at the Port of Houston during the year 2009.

CONFIDENTIALITY AGREEMENT

This **CONFIDENTIALITY AGREEMENT**, made and executed by PIERPONT COMMUNICATIONS, INC. , with Houston offices located at 1800 West Loop South, Suite 800, Houston, Texas 77027-3210 ("Pierpont"), NANCY SIMS ("Sims") and Clint L. Woods ("Woods") (Sims and Woods each being officers and employees of Pierpont), as of this 24th day of March, 2011.

Recital

Pierpont is a public relations company that has been engaged for agreed compensation by the Port of Houston Authority (PHA) and Port of Houston Authority International Corporation (POHAIC) with respect to certain issues and matters as further described below.

Agreement

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Pierpont, Sims and Woods hereby agree as follows:

1. The Port of Houston Authority (PHA) has requested that Pierpont consult with and advise PHA with respect to certain issues, including the involvement of PHA and/or the Port of Houston Authority International Corporation (POHAIC) in and maritime consulting services and trade matters involving the country of Libya as impacted by current events in Libya, including without limitation the reported death of Khamis Khadafy (a son of Muammar Khadafy) who, in January of 2011, made a visit to PHA.
2. Pierpont and each and all of its officers, employees and agents and any others under its control that have been, are or hereafter will be involved in any manner, or becoming apprised of any information concerning, any of the facts, information and events in the preceding paragraph will keep all such facts, information and events, when so ever and how so ever obtained, in absolute and strict confidence and shall not communicate or in any manner divulge same to any other person or entity without the express prior written consent of PHA.
3. It is agreed and acknowledged that monetary damages on account of any breach or violation of this Confidentiality Agreement would be difficult to ascertain and calculate and that, in any event, monetary damages would be inadequate with respect to the harm and loss to PHA and POHAIC from such breach or violation; accordingly, it is agreed that PHA and POHAIC, or either of them, may seek equitable relief, including appropriate injunctive relief (mandatory and otherwise) were such breach or violation, or the threat or apparent threat of same, to occur.

Pierpont Communications, Inc. hereby signs this Confidentiality Agreement by and through its undersigned representatives who represent that they are duly authorized to sign, and do so sign, such document on behalf of Pierpont and each of themselves.

PIERPONT COMMUNICATIONS, INC.

By: Nancy Sims
Nancy Sims, Individually and on behalf of Pierpont Communications, Inc.

Title: SVR

And by: Clint Woods
Clint L. Woods, Individually and on behalf of Pierpont Communications, Inc.

Title: SVR