

MINUTES

**Board of Directors of the
Houston Ship Channel Security District**

**Deer Park, Texas
May 13, 2014**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on May 13, 2014, open to the public, at The Mustang Building, 2nd Floor, Shell Learning Center, 4400 Highway 225, Deer Park, Texas, in accordance with the duly posted Notice of Public Meeting. The roll was called of the officers and members of the Board, as follows:

Todd Adamec, Assistant Secretary
Didier Auber
Randy Black
Lewis A. Brown
Jimmy Burke
Clayton Curtis, Treasurer
Richard Henderson
Chuck King
Gary Scheibe, Chair
Tom Schroeter, Secretary
Steve Stewart, Vice Chair

and all of said persons were present, except Directors Brown, Henderson, and Stewart, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, L.L.P. (“SPH”), counsel for the District, and CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau (“GHPB”), project manager and administrator for the District.

Call to Order

Chair Scheibe called the meeting to order at 2:00 p.m.

Appearances

Chair Scheibe called for any appearance by the public.

Director Schroeter informed those present of the death of Mr. James Edmonds. Mr. Edmonds was a former Chairman of the Port Commission and a driving force in the formation of the Houston Ship Channel Security District. Director Schroeter noted the District owes much of its initial success to Mr. Edmonds.

Approval of Minutes

The Board considered the approval of the minutes of its meeting held on April 8, 2014. After review of the draft minutes presented, Director King motioned, with Director Schroeter seconding, for approval of the minutes of the April 8, 2014, meeting. The motion passed unanimously.

Status Report from the Greater Houston Port Bureau

Mr. Cusick presented the financial and investment reports to the Board and reported that the District's checking account balance for its general operating fund was \$268,267.04 following disbursements of \$112,434.69 and deposits of \$150,000.00 during the month of April. He noted that the District's money market account balance was \$7,537,410.98 following receipts during the month of April totaling \$11,655.00, and interest of \$309.71. Mr. Cusick presented three (3) invoices for Board approval: (1) an invoice received from Harris County for \$46,744.96; (2) an invoice received from the Greater Houston Port Bureau for \$29,628.07; and (3) an invoice from the Witt O'Brien's for \$44,966.60. Director Burke moved that the financial and investment reports be approved and the invoices presented be approved for payment. Director King seconded the motion, which passed unanimously.

Mr. Cusick presented an update as to the collections of the District's 2013 Assessment payments and reported that 156 companies have paid \$3,265,500.00 in assessments and \$64,028.65 in penalties and interest. He advised that four (4) companies are delinquent on payment of their base assessment, penalties and interest. One of those companies met with the District to discuss its assessment and inclusion in the District. The uncollected assessments, penalties and interest total \$49,140.00

Mr. Cusick advised that he has contacted the law firm of Perdue Brandon Fielder Collins and Mott LLP for assistance in collecting the unpaid assessments. An item relative to engaging the firm for collection efforts is included later on the agenda for this month's meeting.

CAPT. Diehl briefed the Board on the GHPB's project management efforts on behalf of the District. He asked Mr. Sawicki, of Witt O'Brien's, to update the Board on the Port-wide Risk Mitigation and Business Continuity Plan project extension. Mr. Sawicki advised the Board that a kickoff meeting was held at the United States Coast Guard ("USCG") facility located at 13411 Hillard St, Houston, TX 77034, which was attended by representative from the USCG, Harris County Information Technology Center, Harris County Sheriff's Office ("HCSO"), Port of Houston Authority, Shrader Engineering, the GHPB and Witt O'Brien's. He stated that, during the past 3 weeks, the team has gathered documents on the current status of the network; gathered system background documentation; obtained access keys and badges to network sites; and conducted preliminary software assessments at the Dairy Ashford Tag Store ("DATS") monitoring center and TranStar. He noted that field work on the expanded project will begin next week, and, with the upgrade of the hardware being utilized by the HCSO Security Monitoring and Analysis Group ("SMAG"), the evaluation will only be on the current status of the SMAG and no history will be available. He also reported that the Port-wide Risk Mitigation and Business Continuity Plan has been approved by the USCG.

CAPT. Diehl updated the Board on the status of the proposed Memorandum of Understanding between USCG and HCSO relative to mutual support on the waterways, which is currently under review by USCG's legal department.

CAPT. Diehl reported that the District hosted a Department of Homeland Security ("DHS") Vehicle Borne IED Detection workshop on May 7, 2014, at the Port of Houston Authority's Port Command Center. He noted that the workshop was attended by 17 persons, representing 11 companies, and feedback from the attendees was positive. He noted that there are opportunities for the District to host additional DHS security workshops in the future to the extent there is sufficient interest and attendance by District facilities. Chair Scheibe commented that this was the type of activity the District should continue to support.

CAPT. Diehl reported on the PortStar Security Training System (the "System"). He advised the Board that the GHPB had spoken with users of the PortStar System at the Port of Houston Authority, including both of the FSO's, the head of contract security, and the POHA security program manager, all of whom spoke very highly of the program. He stated that acquiring licenses for the System and making the training available to all District members would allow the District to become a helpful hub of security information for its members. CAPT. Diehl briefly outlined the justification, objectives, implementation and management, evaluation metrics, and costs for the System. He reported that a price of \$10,000.00 for 700 licenses per year had been negotiated for the System. Mr. John Manganaro of the USCG asked if the system would be updated to meet the new MARAD standards. CAPT. Diehl responded that the System vendor advised that PortStar would be updated along with any other changes required to meet all training requirements. Director Curtis asked if a person would be a fully certified FSO upon completion of the FSO course. Chair Scheibe responded that the System vendor advised him that a FSO certificate would be issued upon completion of the course. Mr. Ringold suggested that, in the event the Board decides to purchase the System licenses and make same available for facility use, funds received from the Port of Houston Authority be used for same. Director Curtis moved that the Port Bureau accept the quote as presented for \$10,000 for 700 licenses and that funds received from the Port of Houston Authority be used for payment. Director Auber seconded the motion. The motion passed unanimously.

CAPT. Diehl updated the Board on his management and outreach efforts on behalf of the District, which include a meeting with Mr. Ringold and representatives of Ingenia Polymers to discuss the District and how the 2013 Assessment Plan was structured. He distributed the current issue of the District's Newsletter and copies of the 2nd Quarter 2014 issue of Economic Alliance which highlights the Houston Ship Channel and the District. CAPT. Diehl advised the Board that he participated in the April 15th FEMA Working group and, along with Chair Scheibe and Director Stewart, met with FEMA Associate Administrator Brian Kamoie. He and Director Schroeter met with representatives of Johns Hopkins University to discuss cyber security and power infrastructure.

CAPT. Diehl informed the Board that Mr. Seeba was in Washington, DC attending the 2014 US Government Security Conference. While in Washington, Mr. Seeba was to meet with Tamara Webster as a follow-up to the FEMA Workshop held on April 15, 2014. The purpose is to help develop a performance matrix for Port Security Grant Program ("PGSP") grants.

CAPT. Diehl additionally informed the Board that the District will be providing support to the USCG FSO Workshop on May 22, 2014. Mr. Seeba will be making a short presentation on the District at the workshop. The annual Maritime Awareness, Security & Terrorism Training (MASTT) will be held on June 17, 2014. Once again the District will be providing support for this training seminar.

Chair Scheibe reported on his attendance at the American Fuel and Chemical Manufacturers Security Conference meeting in San Antonio.

Status Report from Harris County

Mr. Doug Adkinson of Harris County reported for ITC regarding camera availability status. He said the microwave replacement project is scheduled to be completed by June 30, 2014, which will greatly increase camera availability. This project has no cost to the District. Forty five (45) new low light / high quality Panasonic cameras are being purchased as part of the 2012 PSGP maintenance grant to replace existing cameras with issues. This also is no cost to the District.

Mr. Adkinson announced the County's intent to apply for several 2014 PSGP grants and to seek District contribution for the 25% matching fund requirement. The projects are (1) a grant for \$2,500,000 to replace aging and out-of-date hardware on the port information network; and (2) a grant to enhance the fiber optic redundancy of the existing port information network. Chair Scheibe said that these sounded like projects that fit within the guidelines established by the District, but reminded the County that they must provide all of the necessary documentation and undergo the same project evaluation as all other projects before the requests will be considered by the Board.

Deputy Lee reported the HCSO activity for April as follows:

Water	74.5 patrol hours; \$3,543.29 for Fuel; \$82.50 for maintenance
Land	112 patrol hours; \$4,614 for fuel; \$1,657.95 for maintenance
Air	10 hours of Rotary Wing flights and 4 hours of Fixed Wing flights
SMAG	576 hours for a cost of \$15,926.40
Industry Deputy	Coordination Meetings – 22.5 hours; OEM/Drills/Events/Inspections – 49.5 hours

Status Report from City of Houston

No one was present from the City of Houston to make a report.

Status Report from Witt O'Brien's / Shrader Engineering

This report was previously given during the Status Report of Greater Houston Port Bureau.

Legal Report – Schwartz, Page & Harding, LLP

Mr. Ringold reported that the Office of the Attorney General (OAG) issued a response to the District's brief relative to the open records request received from Walton Barge Terminal ("WBT") and discussed same with the Board. He advised that once non-exempt documents are

received back from the OAG, all non-exempt responsive documents will be made available to WBT for inspection.

Change Order to the Agreement for Professional Services with Witt O'Brien's LLC

Director King moved that the Change Order be approved as presented. Director Schroeter seconded the motion. The motion passed unanimously.

Addendum to the Harris County Agreement for the Marine Unit Command Center

Mr. Ringold reported that he had drafted an addendum to the County Agreement to address the funding and construction of the Marine Unit Command Center and forwarded same to Mr. Adkinson for County review and comment. Mr. Adkinson advised the addendum had been forwarded to the Harris County Attorney's office for review.

Interlocal Agreement with the City of Houston

Mr. Ringold said the City decided not to sign an interim extension of the current Air Support Agreement, preferring to incorporate everything into the new agreement. He said he received the latest draft revisions from the City today, provided the Board with a draft of the proposed agreement for review, and asked that this item be considered next month.

Resolution Authorizing an Additional Penalty on Delinquent Accounts

Mr. Ringold presented and discussed with the Board the subject resolution. Director Burke moved the adoption of the resolution as presented. Director Adamec seconded the motion. The motion passed unanimously.

Assessment Collection Agreement

Mr. Ringold presented and discussed with the Board the subject agreement, and noted it was a three (3) party agreement among the District, Perdue Brandon Fielder Collins & Mott LLP, and SPH. After discussion on the agreement presented, Director Curtis moved approval of the agreement as presented. Director Black seconded the motion. The motion passed unanimously.

Potential Projects for Funding through the 2014 Port Security Grant Program

Deputy Lee announced the HCSO intends to apply for 2014 PSGP grants and was seeking for the District to contribute the 25% matching funds. The project would be for the installation of a boat ramp costing \$1,100,000 at the location of the new Marine Command Unit facility near the Washburn Tunnel. Chair Scheibe asked if the project could be completed in the 24 months of the grant considering the environmental impact studies that would be necessary. Deputy Lee indicated that it is anticipated that schedule can be achieved. Again, Chair Scheibe reminded him that the project request approval process must be followed.

Deputy Lee said at some point the HCSO and the District should consider evaluating the BRS Lab's AISight behavioral recognition analytical software for use with selected existing cameras on the network. The initial cost would be \$305,550 with the District portion being the 25%

matching funds for a PSGP grant. The annual license/maintenance for use on 50 cameras would be \$44,500. Chair Scheibe that he was not inclined to consider the District funding any new software until the existing network hardware and connections are stable.

Mr. Cusick read an email from the City of Baytown requesting the District to consider providing the 25% matching funds for \$76,850 in projects for: a) Marine Firefighter Training - \$16,850; b) Surface Air Supply Dive System for 4 simultaneous divers - \$60,000. This equipment will allow the Baytown Dive Team to seek Type 1 certification. Chair Scheibe asked that the City of Baytown be represented at the District's monthly meetings along with its other partners.

District Licensing of the PortStar Seaport Training System

This matter was discussed and approved earlier in the meeting during the Status Report of the GHPB.

Procedures for keeping a Record of Closed Sessions

Mr. Ringold explained that the Chapter 551 of the Texas Government Code provides that records of closed sessions (other than consultations with an attorney) may be kept by a recording or a certified agenda. Director Schroeter moved that the District adopt the certified agenda method of recording closed sessions. Director King seconded the motion. The motion passed unanimously.

Executive Session

There were no items to be considered in Executive Session.

Items for future agenda

CAPT. Diehl asked if a date and speaker had been selected for the Annual Meeting and Luncheon. He suggested Thursday, November 13, 2014 as a date. Chair Scheibe asked the Directors to consider possible speakers and bring the names to the next meeting.

Chair Scheibe gave an update on his meeting with Jim Jones, the Director of the Energy Security Committee, and said he was going to follow up on possibly using the Trap Wire system to help security communications in the downstream markets of the energy industry.

Adjourn

At 3:40 Director Curtis moved that the meeting adjourn. Director Adamec seconded the motion. The motion passed unanimously.

Next Meeting

The next meeting of the Board is scheduled for Tuesday, June 10, 2014, at 2:00 P.M. at the Shell Learning Center, 4400 Highway 225, Deer Park, Texas.

The above is a correct copy of the Minutes of the May 13, 2014 regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Gary Scheibe, Chair

ATTEST:



Thomas G. Schroeter, Secretary