

MINUTES

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

**Houston, Texas
October 9, 2012**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on October 9, 2012 at 2:00 p.m. The meeting was held, open to the public, at West Gulf Maritime Association (WGMA), Board Room, Third Floor, 1717 Turning Basin Drive, Portway Plaza Building, Houston, Texas 77029 in accordance with the duly posted Notice of Public Meeting. The roll was called of the officers and members of the Board, as follows:

Lewis A. Brown
Clayton Curtis, Treasurer
Richard Henderson
Charles (Chuck) King
Jake Leavins
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Mike Stewart – Assistant Secretary
Steve Stewart
Ray Yellig, Vice Chair

and all of said persons were present, except Director Brown, Director Curtis, Director Henderson and Director King, thus constituting a quorum. Director Schroeter entered later in the meeting as noted in these minutes. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau (“GHPB”), Administrator for the District, RADM Tim Sullivan and Jay Ahern from The Chertoff Group and Robert Schoen from AcuTech Consulting.

Item 1: - Call to Order

The meeting was called to order at 2:01 p.m.

Item 2: - Appearances

Chair Riley asked if anybody wished to address the Board. John Walker, Sector Houston Galveston, United States Coast Guard (USCG), advised the Board that the Area Maritime Security Council (AMSC) is currently working on the five (5) year revision cycle and needs to perform a security assessment of the sector, which will dovetail with the Portwide Risk Management/Mitigation Plan update for which the District is preparing its request for proposals (RFP). AMSC is currently working with Mr. Cusick to make sure that all aspects of the sector assessment are covered in the scope of the District’s RFP.

Item 3: - Approval of Minutes

3.1 August 14, 2012

Director Yellig moved and Director Leavins seconded that the minutes of the August 14, 2012, Board of Directors meeting be approved, as presented. Motion passed unanimously.

3.2 September 11, 2012

Director Steve Stewart moved and Director Yellig seconded that the minutes of September 11, 2012, Board of Directors meeting be approved, as presented. Motion passed unanimously.

Item 4: - Status Report – Greater Houston Port Bureau

4.1 Written Report CAPT. Diehl presented his monthly written status report to the Board, a copy of which is attached hereto as Exhibit A. He advised that the District has collected 2012 assessment installment payments from 84 of the 123 companies to date. He further advised that the District website has been updated with meeting notices and minutes of Board meetings. He stated that the District's 2012 Annual Report would be available at the Annual Meeting. Progress was continuing on the development of a RFP for the selection of a company to perform the Portwide Risk Management/Mitigation Plan update, for which the District has obtained funding through a Port Security Grant. He assured that Board that the GHPB is continuing to monitor Harris County project milestones/deliverables and follow-up on USCG Sector Building requirements.

4.2 Update regarding Round 12 Port Security Grant Program and RFP: Formal notification of the award of the grant was received on September 12, 2012. The grant budget approval was received on October 3, 2012, but will need to be verified when the contract for the project is awarded. CAPT. Diehl reported that John Walker, USCG, had reviewed the draft RFP.

4.3 Update of nomination schedule for Zone Directors: The pre-announcement of the nominating process and address verification letter was mailed to facility owners on October 1, 2012. The actual request for candidates for Zone Director Nominations will be sent October 15, 2012.

4.4 Annual Meeting and Luncheon: An advance announcement to "Reserve the Date" was sent on September 14, 2012 to all members of the District. The official invitations will be emailed to company contacts and facility contacts the week of October 8, 2012. At the same time, printed invitations will be mailed to a VIP list. A draft of the annual meeting agenda was presented to the Directors for their input. A new poster of Member Facilities is ready to be sent to the printer and will again be displayed at the Annual Luncheon.

4.5 PIER: The GHPB staff met with Chuck Wolf to begin transfer of the PIER System to operation by the Port Bureau. Josh Whitehead attended 4 days of PIER training classes and will be the District's technical support liason for the PIER system.

4.6 Quarterly Investment Officers Report: Mr. Al Cusick presented the Quarterly Investment Officers Report to the Board, a copy of which is attached hereto as Exhibit B.

4.7 Quarterly Financial Statements: In the absence of Mr. Curtis, Mr. Al Cusick presented the quarterly Financial Statements to the Board, a copy of which is attached hereto as Exhibit C.

4.8 District Boundaries: A new legal description of the proposed District boundaries is being prepared.

Chair Riley thanked CAPT. Diehl for his report.

Item 5: - The Chertoff Group

5.1 Status report from Chertoff Group; possible action relative to report and recommendations: Tim Sullivan (RADM ret.), Jay Ahern and Robert Schoen informed the Board that Deliverable 1 had been completed and a presentation regarding the findings relative to revision of the District's boundaries had been provided to Commissioner Morman. Mr. Ahern noted that Deliverables 2 and 3 have also been substantially completed, and Chertoff and AcuTech are actively working on Deliverable 4 and are expecting feedback today from a subcommittee of the Board. He noted that law enforcement has been very helpful to the Chertoff Group in their efforts to complete their work for the District and the efforts of County, USGG and City personnel represented a great team effort. RADM Sullivan stated that he hoped to have the final report ready for the Board the week of November 8.

Item 6.: - City of Houston

6.1 Update on air support patrols by City of Houston: Mr. Dennis Storemski of the City of Houston stated that the City's helicopters patrolled the District for 81.6 hours in August and 51 hours in September. A specific report regarding dates, times of day and hours flown would be given in a future report to the Board. He advised that on September 27, 2012, the City successfully participated in a CIMA emergency response drill. He reported that the City took delivery of a new patrol boat which will patrol the Ship Channel six (6) hours a day, seven (7) days a week. Chair Riley thanked Mr. Storemski for his report.

Item 7: - Harris County

7.1 Update of vehicle transfer from Harris County to surrounding agencies: Deputy Tommy Diaz of the Harris County Sheriff's Office informed the Board that FEMA approved the transfer of the vehicles not presently being used by the County to other local law enforcement agencies. He advised that the local agencies receiving vehicles would need to obtain approval for acceptance from their respective governing bodies and then the matter would be put before Harris County Commissioners Court for approval.

7.2 Consider approval of Amendment to Agreement between Harris County and the District: Mr. Ringold informed the Board he was waiting for information from Harris County Sheriff's Office regarding the monthly cost for SMAG night shift operations. He expected to meet with Harris County officials in the near future to address such costs. He advised that the

Agreement would be ready to be presented to Harris County Commissioners Court for approval once the SMAG cost was determined and inserted into the amendment.

7.3 Discussion and possible action on operations and maintenance invoices from Harris County: Mr. Cusick advised that the District had received invoices from Harris County in the amount of \$28,244.24 for operation and maintenance expenses. He advised that he had reviewed the invoices and they appear to be within the scope of the District's agreement with the County. Director Scheibe moved and Director Michael Stewart seconded that the invoices be approved. Motion passed unanimously.

Item 8: - Port of Houston Authority

8.1 Discussion and potential action on renewal of Annual Agreement between District and Port of Houston Authority: Discussion on this matter was delayed until Director Schroeter was present at the meeting. Director Schroeter arrived at the meeting at 3:30 p.m. and after Executive Session this matter was discussed. Director Michael Stewart moved and Director Leavins seconded that the Agreement between the Port of Houston Authority and the District be approved. Motion passed unanimously.

Item 9: – Discussion and possible action regarding attendance and participation at Gulf Ports Association meeting on November 14, 2012 in New Orleans

Chair Riley noted that Director Scheibe will be unable to attend the Gulf Ports Association meeting on November 14, 2012. Chair Riley was informed that Director Schroeter would be willing to attend on behalf of the District if no other Director was able to do so.

Item 10: - Discussion and possible action regarding setting of regular Board Meeting in November 2012

After discussion it was decided that the Board would hold a Special Meeting on Tuesday, November 6, 2012 at WGMA at 2:00 p.m.

Item 11: - Discussion of items and possible action pertaining to 2013 Legislative Session

Discussion was held regarding issues that may need to be bought before the Legislature in 2012. Director Yellig inquired about the necessity of engaging a lobbyist. Chair Riley noted he believes that most of the desired legislative changes that had been brought to his attention thus far are non-substantive or non-controversial, and could be carried without the need of a lobbyist. The Board noted that any proposed legislation should be sent to the Texas Chemical Council, Texas Oil and Gas Association and ECHMA for their review and comment prior to introduction of a bill.

Item 12: - Executive Session

At 3:00 p.m. Chair Riley called for a ten minute recess followed by an Executive Session. The following statement was read by Director Michael Stewart:

“The Board of Directors of the Houston Ship Channel Security District will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code Section 551, Subchapter D, to deliberate regarding any of the following:

- A. Consultation with attorneys, including legal issues concerning discussion of contract terms in contracts with Harris County
- B. Deliberation regarding deployment and implementation of security services and projects, including:

Update on Harris County Security Projects including Operations Monthly (to include reports on water and land patrols)

- i. Report from Harris County Sheriff’s Office
- ii. Report from ITC Department
- iii. Status of cameras – Harris County PID Department

- C. Deliberation regarding security audits, including:

Report by Chertoff Group regarding status of its security assessment work and findings

Pursuant to the Government Code, Section 551, Subchapter E, the closed meeting shall be recorded. The Board will reconvene in public session after the closed meeting is adjourned.”

Item 14: - Reconvene in Open Session and take any action regarding items discussed in Executive Session

At 4:30 p.m. the Board of Directors meeting reconvened in open session. It is to be noted that Director Schroeter arrived at the meeting at 3:30 p.m. Chair Riley asked the Board if there were any matters on which the Board would like to take action. Director Michael Stewart moved and Director Scheibe seconded that the Board approve the installation of an electric meter for the newly installed cameras by the Battleship Texas and pay the corresponding monthly utility costs. Motion passed unanimously. Director Michael Stewart moved and Director Schroeter seconded that Mr. Ringold move forward with discussions with the HCSO regarding the funding for SMAG and that the proposed Amendment to the Agreement between the District and Harris County to extend the term of the Agreement to September 30, 2013, be approved, subject to the SMAG funding costs not exceeding a total of \$250,000. Motion passed unanimously.

Item 15: Adjourn

There being no further business coming out of Executive Session, Director Yellig moved and Director Michael Stewart seconded the meeting adjourn. Motion passed unanimously. Meeting adjourned at 4:35 p.m.

The above is a correct copy of the Minutes of the October 9, 2012, meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Michael Stewart, Assistant Secretary