

MINUTES

Board of Directors of the Houston Ship Channel Security District

**Houston, Texas
November 12, 2013**

The regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on November 12, 2013 at 2:00 p.m. The meeting was held, open to the public, at West Gulf Maritime Association, Board Room, 3rd Floor, 1717 Turning Basin Drive, Portway Plaza Building, Houston, 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
Lewis A. Brown
Bobby Clement
Clayton Curtis, Treasurer
Richard Henderson
Jake Leavins
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Mike Stewart, Assistant Secretary
Steve Stewart, Vice Chair

and all of said persons were present, except Director Leavins and Director Henderson, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), counsel for the District, and CAPT. Bill Diehl, Patrick Seeba and Al Cusick of the Greater Houston Port Bureau ("GHPB").

Item 1: Call to Order

The meeting was called to order at 2:06 p.m.

Item 2: Appearances

Chair Riley asked if anybody wished to address the Board. Mr. John Walker of the United States Coast Guard ("USCG") thanked the Board for sponsoring the SECUREX table top exercise. He stated it was a huge success with 160 participants and he really appreciated the Board's support in this exercise.

Item 3: Approval of Minutes

Director Michael Stewart moved and Director Brown seconded that the September 10, 2013 Minutes of the Board of Directors meeting be approved, as presented. Motion passed unanimously.

Director Michael Stewart Moved and Director Curtis seconded that the October 8, 2013 Minutes of the Board of Directors meeting be approved, as presented. Chairman Riley notified the Board

that CAPT. Bill Diehl was not present at the October 8, 2013, Board of Directors Meeting and stated that the Minutes should be adjusted to reflect same. The Motion was then amended and seconded by the same parties, to note that CAPT. Bill Diehl was not present at the meeting. The motion passed unanimously.

Item 4: Hearing on Appeals to 2013 Assessments

Mr. Cusick advised the Board that the Appeals sub-committee had met with all but one of the companies who submitted appeals and either requested to meet with the committee or whose appeal could not be addressed by the committee based upon the documentation provided. Director Steve Stewart stated that the process was handled very well and he extended his thanks to the Greater Houston Port Bureau and the Appeals Committee for their efforts. At 2:20 p.m., Chair Riley opened a public hearing on the appeals, timely received by the District (with the exception of Walton Barge Terminal, which will be heard at a later date.)

4.1 Receive information from interested facilities

Chair Riley asked if any facilities wished to address the Board or present additional evidence supporting their appeal. No one appeared to do so. At 2:21 p.m., Chair Riley closed the hearing.

4.2 Receive recommendations from sub-committee

Mr. Cusick noted that summaries of each appeal, including the committee's recommendation, are included in the Directors meeting materials, copies of which are attached hereto as Exhibit "A".

4.3 Take action on granting or denying of appeals and making appropriate adjustments, as necessary

Director Curtis informed the Board that, based upon the sub-committee's recommendations, the net change in the assessments would be a \$178,500 reduction. Director Michael Stewart moved and Director Steve Stewart seconded that the Board approve each of the sub-committee's recommendations relative to granting and denying of appeals. Motion passed unanimously.

Item 5: Greater Houston Port Bureau

5.1 Status of Payment Assessments

CAPT. Bill Diehl stated that 122 companies had paid their assessments to date and 31 companies were delinquent. A complete copy of the Greater Houston Port Bureau report is attached to these Minutes as Exhibit "A".

5.2 Status Report on Zone Director Nominations

CAPT. Diehl informed the Board that voting for the Zone Directors deadline is December 6 and the results should be known to the Board by the December meeting.

5.3 Status on Public Outreach

CAPT. Diehl informed the Board that Mr. Seeba is in the process of meeting with the facilities in the District to better understand their expectations of the District.

5.4 Status of Annual Meeting/Luncheon

CAPT. Diehl advised the Board that the Annual Meeting and Luncheon plans were proceeding well. He stated that there would be a press conference from 11:00 a.m. – 11:30 a.m. and that the following participants would have security equipment on display in the hotel and also in the parking lot:

- a. City of Baytown Police Department
- b. City of Houston Homeland Security
- c. City of Houston Police Department
- d. Harris County Information Technology Department
- e. Harris County Sheriff's Department

5.5 Status of Projects

CAPT. Diehl advised the Board that things were progressing well and his staff was still meeting with facility owners and representatives.

Item 6: City of Houston

6.1 Update of air support patrols by City of Houston

Mr. Richard Retz gave a report on the City's air support patrols, stating that 113 flight/training hours had been logged over the last month at a total fuel cost of \$17,791.80. A copy of the City of Houston's air support patrol report is included as Exhibit "B".

Item 7: Harris County

Mr. Doug Adkinson handed out a magazine article regarding the County's LTE broadband project.

7.1 Status Report Harris County Sheriff's Office (HCSO)

Deputy Diaz informed the Board that NICE had nominated HCSO for an award. He also stated that the HCSO had received a \$1,000,000 grant from the Department of Homeland Security for a Maritime Command Control Facility, that the HCSO would be asking the Board to consider paying for the 25% matching funds and that HCSO would be preparing a formal request to bring to the Board for consideration. He further stated that the project needed to be completed by August 31, 2015, and would be constructed by the Washburn Tunnel. Chairman Riley asked for volunteers to work with Deputy Diaz and Mr. Seeba of the GHPB on evaluating this project. Director Scheibe stated that a justification of the project needs to be prepared by the HCSO and presented to the Board. Director Steve Stewart suggested that the Board wait until they hear about all the supplementary projects that Harris County would be asking for the District to

support, and then form a committee to evaluate each. Major Michael Wong informed the Board that the meeting today would be Deputy Diaz' last meeting to attend, as he had been promoted to Sergeant and would be reassigned. He introduced Deputy Chris Lee, who would be replacing Deputy Diaz as the HCSO liaison to the District.

7.2 Status Report PID

Mr. Greg Karr stated that construction of the USCG facilities at Ellington Field is ongoing and that the construction of the fiber project to the USCG facilities commenced on November 11, 2013.

7.3 Status Report ITC

Mr. John Chaney stated that Harris County had received a \$2.6 million dollar grant from the Department of Homeland Security for a cyber-security project. He further stated that he was working with NICE and SMAG to help develop the project. It was suggested that he use the Advisory Council to assist him in this matter. Director Schroeter stated that he would be interested in assisting in this project also. Mr. Chaney stated that he would be asking the Board for their consideration in funding the 25% matching funds.

7.4 Update regarding SMAG/TWIC data (John Chaney)

Chairman Riley advised that this matter will be discussed in Executive Session.

7.5 Modification to Grant Funding Request

Please refer to Item 7.1 above.

7.6 Cyber-security project: request for matching and/or committee assistance; potential action thereon

Please refer to item 7.3 above.

Item 8: Legal

8.1 Status and possible action regarding Amendment to the GHPB contract with HSCSD

Mr. Ringold distributed and reviewed with the Board a proposed Amended and Restated contract with the GHPB. Chairman Riley stated that he would like the Chair added as a person to receive notices under the Contract. It was also determined that Mr. Ringold should change the amount of the GHPB's expense authorization to \$2500 and that prior approval be required for any expenditures over that amount. Chairman Riley pointed out to the Board that the total potential annual cost of the Contract to the District was \$404,000.00. Director Schroeter stated that this was a large number, but that he felt the District was getting good value considering it includes general administrative efforts, collection efforts, project management and professional representation. Director Scheibe stated EHCMA would probably support the Contract. Director Adamec stated that the people he had spoken to were very supportive of having the GHPB handle the affairs of the District in lieu of hiring a District Manager and he had received

positive feedback about same. Director Steve Stewart moved and Director Schroeter seconded that the Amended and Restated Contract be approved with the proposed changes. Motion passed unanimously.

8.2 Status of Amendment to Agreement between City of Houston and HSCSD regarding air support patrols and District funded projects

Mr. Ringold stated the City of Houston is working on a proposed draft that will be presented to the Board for approval after Legal review.

Item 9: Review of Order Establishing Authorization Limits for checks and Disbursements and Other Documents and Materials by the Officers of the Board of Directors of the District ("Order") and adoption of appropriate revisions thereto

Mr. Ringold presented and discussed proposed changes to the Order to address authorization limits for the GHPB. Chairman Riley asked that the Order be amended to limit the total checks written by the GHPB in a single month to \$15,000.00. Director Steve Stewart moved and Director Scheibe seconded that said Order be adopted, as amended. Motion passed unanimously.

Item 10: Discussion and possible action on payment of invoices for maintenance, operation and administration expenses.

10.1 Mr. Cusick presented the following invoices for approval:

Harris County Sheriff's Office	\$44,159.59
Greater Houston Port Bureau (October)	\$16,353.84
Greater Houston Port Bureau (November)	\$19,343.46
Schwartz, Page & Harding, LLP	\$ 8,214.10

Director Adamec moved and Director Brown seconded that the invoices presented be paid. Motion passed unanimously.

Item 11: Presentation by NICE

Mr. Karl Hammes and Mr. John Rennie gave a presentation to the Board regarding NICE. The Board members asked several questions regarding the capabilities of the product versus its current application by the County, to which Messrs. Hammes and Rennie responded.

Item 12: Witt O'Brien

12.1 Five (5) year Security Study status update

Mr. John McHugh provided an update on Witt O'Brien's efforts to date, including completion of review and summarization of the 2007 Study and analysis of stated vulnerabilities and determination of validity of same.

Item 13: Executive Session

At 3:50 p.m. Chairman Riley called for a ten minute recess. Director Schroeter read the following statement:

“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 and City of Houston and the Greater Houston Port Bureau
- B. Deliberation regarding assessments and security projects (including status of cyber security and other grants)

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 4:20 p.m. the Board of Directors meeting reconvened in open session. Chairman Riley asked the Board if there were any matters that would be coming out of closed session. Discussion ensued regarding the video feed to industry. Mr. Ringold suggested that the Greater Houston Port Bureau test the video feed to identify any system issues before access was given to facilities. Discussion was also held regarding the access to cameras. No action was taken.

Item 15: Consider items for future meeting agendas

None

Item 16: Adjourn

There was no other business to come before the Board. Director Adamec moved and Director Scheibe seconded that the meeting adjourn. Motion passed unanimously. Meeting adjourned at 4:25 p.m.

The above is a correct copy of the Minutes of the November 12, 2013, regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chair

ATTEST:



Thomas G. Schroeter, Secretary