

MINUTES

Board of Directors of the Houston Ship Channel Security District Deer Park, Texas November 18, 2014

The special meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on November 18, 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
Lewis Brown
Jimmy Burke
Clayton Curtis, Treasurer
Richard Henderson
Chuck King
Gary Scheibe, Chair
Tom Schroeter, Secretary
Steve Stewart, Vice Chair

and all said persons were present, except Directors Henderson, Scheibe, and Stewart, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), legal counsel for the District, and CAPT Bill Diehl, USCG (Ret.), P.E., Albert Cusick, and Patrick Seeba of the Greater Houston Port Bureau (GHPB), administrators and program manager for the District.

Call to Order

Secretary Schroeter called the meeting to order at 2:02 PM. He announced that Chair Scheibe and Vice-Chair Stewart would both be absent for today's meeting.

Appointment of a Chair Pro Tem

As the first order of business, Secretary Schroeter noted that it would be necessary to appoint a Chair Pro Tem to preside over today's meeting in the absence of the Chair and Vice Chair. Following discussion on the matter, Director Lewis moved that Mr. Schroeter be appointed Chair Pro Tem. Director Burke seconded the motion, which passed unanimously.

Appearances

Chair Pro Tem Schroeter asked for a moment of silence in memory of those who lost their lives in the DuPont plant tragedy.

Mr. John Walker of the United States Coast Guard (USCG) made an appearance and thanked the Board for the District's support of the USCG's Annual SECUREX drill.

Approval of Minutes of October 14, 2014 Meeting

Chair Pro Tem Schroeter noted that an advance draft of the proposed minutes of the October 14, 2014, Board meeting were included in the Directors' meeting materials. Director King moved for the acceptance of said Minutes. Director Brown seconded the motion, which passed unanimously without further discussion.

Adjourn Meeting and Conduct a Public Hearing on the District's Proposed 2014 Plan of Assessment, Including hearing and ruling on any Comments or Objections Presented

At 2:10 PM, Chair Pro Tem Schroeter adjourned the meeting and opened a Public Hearing on the District's proposed 2014 Plan of Assessment. He provided opening remarks reiterating the priorities set forth by Chair Scheibe at the annual meeting, being good stewardship of District funds, provision of effective air, water and land patrols by the District's public law enforcement partners, and provision of security training opportunities for owners and employees of facilities located within the District. Chair Pro Tem Schroeter next asked Mr. Ringold to provide some background regarding the proposed Plan of Assessment and purpose of the public hearing. Mr. Ringold noted that the Plan of Assessment was unchanged from what the Board has reviewed and approved at its October meeting, and that the Notice of Hearing and proposed plan had been mailed to all facilities within the District subject to assessment at least 30 days prior to today's public hearing. He advised that the public hearing was each facility's opportunity to provide comments or objections as to the proposed plan, including the projects included therein, the methodology of assessment, or any other matter covered by the proposed assessment plan. Chair Pro Tem Schroeter then called for any comments or objections to the proposed 2014 Plan of Assessment to be presented to the Board. No comments or objections were presented by those in attendance. Upon noting same, Chair Pro Tem Schroeter closed the Public Hearing at 2:17 PM and reconvened the Board meeting.

Adoption of Resolution Adopting Plan of Assessment

Mr. Ringold advised the Board that there being no comments or objections to the Plan of Assessment, it was appropriate for the Board to consider adopting the 2014 Plan of Assessment. He noted that the proposed resolution adopting said Plan of Assessment included wording covering the next item on the agenda, authorizing the preparation of the Assessment Roll by the Greater Houston Port Bureau. Director King moved to adopt of the resolution adopting the 2014 Plan of Assessment. Director Brown seconded the motion, which passed unanimously without further discussion.

Adoption of Resolution Directing the Greater Houston Port Bureau to Prepare an Assessment Roll

This item was addressed in the previous motion.

Discussion and Possible Action on Funding the National Incident Management System 305 Class in Houston

Director Curtis moved this item be tabled until the next meeting. The motion was seconded by Director Adamec, which 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 at the end of October was \$273,144.00, following deposits of \$212,983.26, transfers of \$150,000.00 and disbursements of \$120,251.43. He noted that the District's money market account balance was \$6,316,378.10 following transfers of \$150,000.00, and interest earned of \$270.89.

Mr. Cusick presented three (3) invoices for Board approval: (1) an invoice received from Harris County of \$45,774.24; (2) an invoice received from the Greater Houston Port Bureau of \$33,899.55; and (3) an invoice received from the City of Houston of \$86,320.10. He noted the City of Houston invoice included marine fuel and maintenance for July 2014 to October 2014 time period. Upon review of the invoices presented, Director Burke moved that the financial report be approved and that said invoices be approved for payment. Director Brown seconded the motion, which passed unanimously.

Mr. Cusick advised that two (2) companies that are delinquent in payment of their base assessment, penalties and interest totaling \$24,990.00 were referred to Perdue, Brandon, Fielder, Collins & Mott, LLP, the District's delinquent assessment collection attorneys, on July 1, 2014 for further collection efforts. He advised the Board that the 2014 Assessment Bills would begin to be mailed on November 19, 2014.

Mr. Cusick advised the Board a preliminary notice of the pending Request for Nominations was sent to facilities within the District on October 1, 2014, and was followed by a formal Request for Nominations for Candidates on October 13, 2014. He advised that the deadline for receipt of nominations was the close of business on November 14, 2014, and there would not be an incumbent candidate for Zones 1 & 2. Mr. Cusick discussed the timeline for the nomination, voting and appointment process, noting that the voting should conclude in time to submit the results to the Harris County Commissioners Court for them to take action on same at their December meeting.

The Candidates for this year's elections are:

- Zone 1 – Brian Blanchard, Southwest Shipyard; Jarrod Boehme, ExxonMobil; Brady Breaux, Mosaic; George Browning, ZXP Technologies
- Zone 2 – Carl Holley, Intercontinental Terminals Company; George Paruch, Valero; Joe Reynolds, Chevron Phillips
- Zone 3 – Duane Campbell, Vopak; Gary Scheibe, Shell Deer Park
- Zone 4 – Todd Adamec, Lubrizol

Mr. Cusick noted that ballots were mailed to the facility managers on November 18, 2014 and are due back by Friday, December 5, 2014.

Mr. Seeba explained that he and Mr. Cusick were working with District Counsel to prepare a Third Amendment to the project funding, operation and maintenance agreement with Harris County.

Mr. Seeba also advised that Harris County ITC would be presenting their updated plan for the Houston Ship Channel Surveillance System technology refresh in closed session.

Mr. Seeba noted that a meeting would take place between Harris County, the USCG, and the Houston Airport System on Friday 21 November to finalize the construction timeline and procedures to lay conduit between the existing terminus on Old Galveston Road and the USCG Sector Building at Ellington Airport.

Mr. Seeba reported that the final Department of Homeland Security Office of Bombing Prevention class of 2014 would occur on 2-4 December and that the class was full.

Relative to the District's annual meeting and luncheon, CAPT Diehl reported that there had been 313 RSVPs and 223 attendees present. He also stressed the value of showing RADM Thomas the multi-jurisdictional law enforcement asset display, and the assistance of Winkler Public Relations in securing three television stations for the press conference involving Judge Emmett, CAPT Penoyer, and Chairman Scheibe.

CAPT Diehl also advised that the District's Newsletter and most recent asset brochure was distributed at the Annual Meeting and Luncheon.

CAPT Diehl advised the Board that Mr. Seeba attended and presented to the Secured Cities conference in Baltimore, which, drawing heavily from a crowd of law enforcement and surveillance technology representatives, provided valuable perspective on other jurisdictions' use of video analytics and video sharing agreements.

Status Report – City of Houston

Richard Retz advised the Board the Marine Unit boat was in the shop for repairs and patrolled in the District for only 12.8 hours in October. Helicopter flights totaled 51.2 hours.

Status Report – Harris County

Deputy Chris Lee reported the HCSO had 158.6 hours of waterside patrols, 96 hours of landside patrols during September and 644 hours of SMAG monitoring during the month of September.

Legal Report – Schwartz, Page & Harding, LLP

Mr. Ringold advised the Board that he has nothing further of a legal nature to present to the Board at today's meeting.

Annual Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and Adoption of Resolution in Connection therewith

The Board considered the annual review of its Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Investment Policy"), and the adoption of a Resolution in connection therewith. Mr. Ringold presented for the Board's review an amended Investment Policy, a Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Resolution"), and a memorandum to the District's Investment Officer from SPH regarding the proposed amendment to the form of Public Funds Depositor Collateral Security Agreement ("CSA") included as an Exhibit to the Investment Policy. The memorandum, Resolution, and Investment Policy, are attached hereto as Exhibit "A". Mr. Ringold discussed the proposed amendment to the District's Form of CSA attached to the Investment Policy as outlined in the memorandum. After discussion on the matter, Director King moved that the amended Investment Policy be approved to reflect the proposed changes noted in the memorandum, that the Board adopt the Resolution and that the Chair and Secretary be authorized to execute the Investment Policy and the Resolution on behalf of the Board and the District. Director Brown seconded said motion, which unanimously carried.

Recess to Executive Session

At 3:05 P.M., Chair Pro Tem Schroeter asked Assistant Secretary Adamec to read the following:

"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:

Recess to Executive Session to discuss matters relating to security devices and personnel or security audits pursuant to §551.076, Texas Government Code; emergency response providers, risk of vulnerability assessments, encryption codes and security keys for communications systems, information prepared for the United States, Information relating to critical infrastructure, and information relating to security systems, all pursuant to §418.183(f), Texas Government Code; and to consult with the District's attorney pursuant to matters authorized by §551.071, Texas Government Code.

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

At 4:36 p.m., the Board reconvened in open session. No action was taken relative to matters discussed in executive session

Accept the Resignation of Director Auber

Director Auber submitted his letter of resignation. Director King moved the Board accept the resignation of Director Auger. Director Adamec seconded the motion, which passed unanimously.

Consider Items for Future Meeting Agendas

No items were suggested.

Adjourn

At 4:45 PM Chair Pro Tem Schroeter adjourned the meeting.

Next Meeting

The next regular meeting of the Board is scheduled for Tuesday December 9, 2014, at 2:00 PM at the Shell Learning Center, 4400 Highway 225, Deer Park, Texas.

The above is a correct copy of the Minutes of the November 18, 2014 regular meeting of the Board of Directors of the Houston Ship Channel Security District



Todd Adamec, Assistant Secretary