

## MINUTES

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

**Houston, Texas  
November 21, 2013**

The Annual Meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on November 21, 2013 at 9:00 p.m. The meeting was held, open to the public, at Houston Marriott South at Hobby Airport, 9100 Gulf Freeway, 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 Clement, Director Leavins and Director Schroeter, 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 9:11 a.m.

### **Item 2: Welcome – Chair Riley**

Chair Riley welcomed the members to the 4<sup>th</sup> Annual Meeting of the Houston Ship Channel Security District.

### **Item 3: Introduction of Board Members**

Chair Riley asked each of the Directors to introduce themselves and indicate which zone or government entity they represented.

### **Item 4: Appearances**

Chair Riley asked if anybody wished to address the Board. Nobody wished to do so.

## **Item 5: 2013 Status of District**

### **5.1 Year in Review – Chair Riley**

Chair Riley explained to those persons in attendance the purpose of the annual meeting and encouraged everyone to look at the informational displays and equipment on-site from the various entities that the District partners with and supports.

He further stated that it had been a very eventful year for the District and provided a summary of accomplishments, as follows:

- The District boundaries had been revised by Harris County Commissioners Court
- The District had provided local matching share funds to leverage federal grants secured by Harris County for their security system monitoring, public infrastructure and IT Departments
- The District had provided funding to the Harris County Sheriff's Office to cover the cost of fuel and maintenance costs for water patrols within the District
- The District had provided local matching share funds to leverage a federal grant secured by the City of Baytown for an additional transport vehicle for CBRNE boats, which will provide additional response capabilities and result in a higher presence of law enforcement on the Ship Channel
- The District had provided funding to the City of Houston for fuel for helicopters to provide additional air surveillance for the District
- The District had assisted the United States Coast Guard in the logistics of patrolling the Ship Channel in an effort to achieve more coordination among the local law enforcement agencies with jurisdiction over the area.
- The District had arranged for or financed increased air, water and land patrols throughout the District
- The District had secured federal grant funding for the required 5 year update to the Port-Wide Risk Management/Mitigation Plan and contracted with Witt O'Brien to prepare the required update.
- The District had expanded the duties of the Greater Houston Port Bureau to include project management and oversight responsibilities.

### **5.2 Zone Director Nominations – Al Cusick**

Mr. Cusick advised the members that one zone director position for each zone is up for nomination annually. He further advised that two of the incumbent Directors were seeking re-nomination. He stated that ballots had been sent via email to the membership and he encouraged each company to please vote and return their ballots no later than December 6.

### **5.3 Financial Update – Director Curtis**

Director Curtis informed the membership that the 2014 budget calls for \$3.65 million in 2014 operating expenses. He stated that the District had imposed a one year assessment in 2013, and that the amount of the assessment on each facility was approximately 30% less than the amount paid on an annual basis for the District's first assessment. He noted that the District currently has

approximately \$1.9 million in reserve cash assets. He further informed the membership that a copy of the Annual Audit is posted on the District's web site.

#### **5.4 Five (5) year Port-Wide Risk Management/Mitigation Plan update – John McHugh (Witt O'Brien)**

Mr. John McHugh shared a Power Point presentation with the membership.

After Mr. McHugh had addressed the membership, Captain Penoyer asked for permission to address the membership. He advised the membership regarding his role as Captain of the Port and stated that his job had been made easier with the creation of the District. He thanked each and every member for their support of security on the Houston Ship Channel and for their support in funding the Port-Wide Risk Management/Mitigation Plan. Director Curtis explained that the District secured federal grant funding to finance the cost of the required update to Plan and that the federal grant funding was covering 75% of the cost and that the District was matching the additional 25% cost.

#### **5.5 Harris County Sheriff's Office – Major Michael Wong**

Major Wong shared a Power Point presentation with the membership regarding the Harris County Sheriff's Office in general and its operations in patrolling and securing the area of the District.

#### **5.6 Harris County Information Technology Center ("ITC") – John Chaney**

Mr. Chaney shared a Power Point presentation with the membership regarding the security projects Harris County ITC is developing and operating within the District.

#### **5.7 Harris County Public Infrastructure Department ("PID") – Greg Karr**

Mr. Karr shared a Power Point presentation with the membership regarding Harris County PID's operations relative to the District and the security projects it is supporting for the County.

#### **5.8 Houston Police Department – Dennis Storemski**

Mr. Storemski addressed the membership regarding the City of Houston's role in providing law enforcement services within the District and its partnership with the District to enhance security therein. He note that the City of Houston supports the District, in addition to their standard police services, with a SWAT team, bomb squad, dive team and multiple Haz-Mat teams. He reported that the city had identified a gap in its patrol and surveillance capabilities in the area, and had closed that gap through the acquisition of a 412 Bell helicopter. He noted that that the District was partnering with the City by funding fuel for the Bell 412, in addition to the smaller helicopters, to ensure adequate air support within the District. He noted that the City had received \$7 million in federal port security grant funds, for which the City will be providing local matching share funds, with some assistance from the District. He informed those in attendance that the City would be asking the District to continue to fund fuel and personnel training costs for the helicopters, and is seeking assistance in paying for the fuel for the City's patrol boats.

**5.9 City of Baytown – Assistant Chief of Police Bill Baylis**

Deputy Mark Frame from the Dive Unit/Bomb Unit was representing the City of Baytown. He gave a brief overview of what his unit does. He thanked the District for their support in assisting in the matching funds for the CRBNE boat transport that the City of Baytown had obtained. He encouraged the membership to visit the City of Baytown’s equipment that was on display on-site.

**Item 6: Questions from members**

Chair Riley asked the members if they had any questions. There were none. Chair Riley thanked everybody for their presentations and informed the members that the Board had increased the scope of its contract with the Greater Houston Port Bureau. CAPT. Bill Diehl of the Greater Houston Port Bureau addressed the membership and briefly informed them what the extended duties of the Port Bureau were in relation to the District.

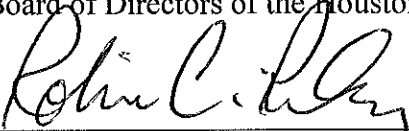
**Item 7: Discussion and possible action regarding engagement of auditor for fiscal year 2013**

Mr. Chris Swedlund of McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, presented the firm’s engagement letter for the audit of the Houston Ship Channel Security District for the year ended December 31, 2013. He informed the Board that he estimated the fee for the audit to range between \$8,000 and \$9,500. Upon discussion of the proposal presented, Director Brown moved and Director Henderson seconded that McCall Gibson Swedlund Barfoot PLLC be engaged to conduct an audit of District for the year 2013, and the Chair be authorized to execute the engagement letter for same. Motion passed unanimously.

**Item 8: Adjourn**

There was no other business to come before the Board. Director Brown moved and Director Henderson seconded that the meeting adjourn. Motion passed unanimously. Meeting adjourned at 10:32 a.m.

The above is a correct copy of the Minutes of the November 21, 2013, Annual Meeting of the Board of Directors of the Houston Ship Channel Security District.

  
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Robin C. Riley, Chair

ATTEST:  
  
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Michael Stewart, Assistant Secretary