

MINUTES OF SPECIAL MEETING

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

**Houston, Texas
November 29, 2011**

The special meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on November 29, 2011 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:

Beth Bowles, Assistant Secretary
Clayton Curtis, Treasurer
Richard Henderson
Charles (Chuck) King
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Steve Stewart
Lawrence Waldron
Ray Yellig, Vice Chairman

and all of said persons were present, except Director Henderson, Director Stewart and Director Waldron, thus constituting a quorum.

Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, Al Cusick representing CAPT. Bill Diehl of the Greater Houston Port Bureau (“GHPB”), Administrator for the District.

Chairman Riley called the meeting to order at 2:05 p.m.

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

Mr. Al Cusick gave a status report on the proposed revision to the District boundaries. He presented an updated list of companies currently within the boundaries of the District. He asked that the directors check the list for their respective zones and confirm that each of the companies is, in fact, in the District and e-mail their results to him. The timeline for the acceptance on the boundaries was proposed as follows:

1. Directors to check the list to make sure all companies in their zone are included;
2. E-mail the information to Mr. Cusick;
3. Schedule a hearing for all companies for February;
4. Motion to approve the list;
5. Present the list to Harris County Commissioners Court for their approval of the new boundaries and addition/subtraction of companies.

Director Schroeter suggested submitting a copy of the list to ECHMA, so they could review the list and indicate whether they have contact information for the companies listed.

Mr. Cusick gave an update on the status of collection of the 2011 assessment installment payments. He stated that, as of today's date, 122 companies had paid their 2011 assessment installment payment. There was one company that remains delinquent. It will be assessed a penalties and interest in accordance with the applicable provision of the Water Code, and a letter stating such will be sent to the company in question this week.

Director Schroeter gave a brief description of the two firms that had submitted a proposal to administer the RFP process. The two firms were WGMA and Media Consultants. Director Schroeter asked WGMA to give a brief presentation to the Board, with representatives of Media Consultants leaving the room during this time. After WGMA's Nathan Wesley gave a presentation, he left the room, and the Media Consultants representatives, Chuck Wolf, T. J. Salazar and Sandra Salazar, gave a brief presentation. Open discussion regarding the proposals ensued. Director Yellig asked if the Houston Ship Channel Security District Advisory Council had been consulted regarding hiring a firm to handle the RFP and their position regarding same. (It was later indicated that the choice for administrator will make a presentation to the Advisory Council). Director Bowles pointed out that the proposals were substantially different in several respects, including price and scope. A discussion regarding the differences in scope of engagement and proposed fee ensued. Chairman Riley stated that he felt the Board primarily needed somebody to handle the distribution of the RFP, and the Board would review all responses to same. Director Bowles stated that she felt Media Consultants would be more proactive in recruiting firms to respond to the RFP. Director Yellig moved that the Board engage Media Consultants as Administrator for the RFP, and Director King seconded the motion, which passed with Director Schroeter abstaining and all other Directors voting in favor of the motion. The Board instructed Media Consultants to start work on various revisions requested to the RFP, and to solicit the input of the Advisory Council regarding such revisions. Media Consultants was instructed to report to the Board at the January meeting.

The budgets for the District's fiscal years ending December 31, 2010 and 2011 were discussed. After said discussion, Director Curtis moved and Director Schroeter seconded that the Board approve the budgets for such time periods. Director King abstained from voting. All other directors voted in favor of the motion.

Director Curtis moved that the 2012 budget item be tabled until the Board receives the funding requests from the Harris County Sheriff's Department. Director Schroeter seconded. Motion passed unanimously.

At 2.55 p.m. the following statement was read by Director Schroeter:

"The Houston Ship Channel Security District Board of Directors will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code, to deliberate with legal counsel including the following:

1. Presentation from Harris County regarding security system enhancements to be funded from the county's FY 2007 Port Security Grant Program award and request to the Houston Ship Channel Security District for cash match funding in the amount of \$1,695,204;
2. Discussion of election process and eligibility requirements and form of ballot.
3. Discussion regarding amending District By-Laws;
4. Report to Board regarding ad hoc meeting on security implementation issues with County representatives on November 9, 2011
5. Consultation with attorneys, including legal aspects of RFP's and procurements;
6. Deliberation regarding entering into a contract with the City of Houston for security surveillance implementation;
7. Update from Harris County Information Technology Center (ITC) regarding security related implementation issues;
8. Aspects of RFP's and procurements.

Pursuant to the Government Code, Section 551, subchapter E, the closed meeting shall be recorded. The Houston Ship Channel Security District Board of Directors will reconvene in public session after the closed meeting is adjourned."

At 4.55 p.m. the Board reconvened in open session. Chairman Riley asked the Board if there were any matters that would be coming out of closed session. The following motions were presented:

Director Scheibe moved and Director Bowles seconded that the Board support the City of Houston's request for fuel for helicopter security surveillance and training, to the extent the District has unallocated funds available for same. Motion passed unanimously. It was then suggested that a review of payment options be undertaken, followed by any necessary further action at a subsequent meeting.

Director Scheibe moved and Director Bowles seconded that the Board hold another special meeting next Tuesday, December 6, 2011, and discuss the following matter in Executive Session:

Request from Harris county for cash match funding in the amount of \$1,695,204 from the Houston Ship Channel Security District for security system enhancements.

Motion passed unanimously.

There being no further business coming out of Executive Session Director Schroeter moved and Director King seconded that the special meeting of the Houston Ship Channel Security District be adjourned. Motion passed unanimously. Meeting adjourned at 5.02 p.m.

The above is a correct copy of the Minutes of the November 29, 2011 special meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

Action Items:

1. Directors to check list of companies in their zone and send results to Mr. Cusick
2. ECHMA to review list and furnish contact information to Mr. Cusick