

MINUTES

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

**Houston, Texas
November 9, 2011**

The Annual Meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on November 9, 2011. The meeting was held, open to the public, at Houston Hobby Hilton (Tampico Room), 8181 Airport Boulevard, Houston, Texas 77061 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

and all of said persons were present, except Director Bowles, who entered later in the meeting as reflected in these minutes, and Directors King and Scheibe, thus constituting a quorum.

Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, CAPT. Bill Diehl of the Greater Houston Port Bureau (“GHPB”), Administrator for the District, and Mr. Doug Adkinson of Harris County, representing the Houston Ship Channel Security District Advisory Council.

Chairman Riley called the meeting to order at 10:05 a.m. Chairman Riley asked the Board Members to introduce themselves stating which zone they represented.

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

Chairman Riley asked if there were any changes or corrections to the Minutes of October 11, 2011. There were none. Director Yellig moved and Director Henderson seconded that the Minutes be approved. Motion passed unanimously. Director Bowles entered the meeting at this time.

Mr. Al Cusick gave an update on the candidates for the upcoming elections. He stated that the acceptance for nominations will close on November 11, 2011 and elections will be held in the middle of December.

Mr. Doug Adkinson gave a status report on behalf of the Houston Ship Channel Security District Advisory Council.

Director Schroeter stated that the Agreement between the District and the Port of Houston Authority (the "Authority") regarding payment of \$150,000 to the District for its 2011 fiscal year pursuant to Section 68.315(b), Texas Water Code, had been approved and signed by the Authority.

Director Schroeter informed the Board that Media Consultants and the WGMA will be submitting written proposals to the Board for the administration of the RFP by November 14, 2011. Proposals will be submitted to the Board for their consideration at the next Board Meeting.

The budget for the District's fiscal year ending December 31, 2011 was discussed. After discussion, the Board concurred to have a sub-committee review the draft budget prepared by the GHPB and the Treasurer, and Chairman Riley appointed the following directors to serve on the Budget Committee:

Clayton Curtis – Chairman
Richard Henderson
Chuck King
Robin Riley
Steve Stewart

CAPT. Bill Diehl gave his monthly report. He stated that, as of today, 98% of the 2011 assessment installment payments have been collected. He advised that two companies failed to pay by the due date and remain delinquent, which companies will be assessed penalties and interest in accordance with Section 68.314, Texas Water Code. He further advised that, once fully collected, the District will receive approximately \$4.5 million in base assessment installment payments for 2011. Currently the District has \$4.3 million in money market accounts and \$1.3 million in its checking account. Due to the fact that the Port Bureau was working on the annual luncheon, annual report, annual audit, elections and assessments, no progress had been made on the updated District maps this past month. CAPT. Diehl stated that in January he will solicit for auditors to perform the audit for the District's fiscal year ending December 31, 2011. Mr. Ringold stated that the draft audit for the District's fiscal year ending December 31, 2010 was complete and ready for Board consideration. After discussion regarding same, Director Waldron moved that the Board approve the annual audit for the fiscal year ending December 31, 2010, and Director Yellig seconded such motion, which passed unanimously. Copies of the Annual Report will be available for District members at the Annual Luncheon. CAPT. Diehl suggested that the Board ascertain the names of the Facility Security Officers (FSO's) within the District, so that a master list can be compiled.

There being no further business to come before the Board Director Schroeter moved and Director Waldron seconded that the meeting be adjourned. Motion passed unanimously. Meeting adjourned at 10:40 a.m.


The next scheduled meeting of the Houston Ship Channel Security District Board of Directors will be December 13, 2011, at West Gulf Maritime Association (WGMA) Board Room, third floor, 1717 Turning Basin Drive, Portway Plaza Building, Houston, Texas 77029 at 2:00 p.m.

The above is a correct copy of the Minutes of the November 9, 2011 Annual Meeting of the Board of Directors of the Houston Ship Channel Security District.

ATTEST:



Robin C. Riley, Chairman



Thomas G. Schroeter, Secretary