

MINUTES

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

**Houston, Texas
March 13, 2012**

The regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on March 13, 2012 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 Basis 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:

Lewis A. Brown
Clayton Curtis, Treasurer
Richard Henderson
Charles (Chuck) King
Jake Leavins
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Mike Stewart – Assistant Secretary
Steve Stewart
Ray Yellig, Vice Chair

and all of said persons were present, except Chair Riley, Director Curtis and Director Henderson, thus constituting a quorum. Chair Riley arrived at approximately 2:15 p.m. Also present were Michael Page of Schwartz, Page & Harding, LLP ("SPH"), counsel for the District, and Al Cusick of the Greater Houston Port Bureau ("GHPB"), Administrator for the District. Mr. Chuck Wolf of Media Consultants entered the meeting later, as reflected in these minutes.

Item 1: - Call to Order

Vice Chair Yellig called the meeting to order at 2:08 p.m.

Item 2: - Appearances

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

Item 3: - Approval of Minutes

Vice Chair Yellig asked for the approval of the minutes of the January 10, 2012, regular meeting. Director Mike Stewart moved that the minutes of said meeting be approved, as presented, Director King seconded the motion, which passed unanimously. Vice Chair Yellig asked for approval of the minutes of the January 17, 2012 Special Meeting. Director Steve Stewart moved and Director Mike Stewart seconded that said Minutes be approved, as presented. Motion passed unanimously. Vice Chair Yellig asked for approval of the February 14, 2012 Minutes. Director Mike Stewart moved and Director Leavins seconded that said minutes be approved, as presented. Motion passed unanimously.

Chair Riley entered the meeting at this time and chaired the remainder of the meeting.

Item 4: - Status Report Houston Ship Channel Security Council ("Security Council")

There was no status report available.

Item 5: - Update on RFP

Due to the delay of Mr. Chuck Wolf from Media Consultants, Director Scheibe updated the Board on the progress of RFP process. Director Scheibe estimated that there would be approximately 20 proposers at the meeting scheduled for March 23, 2012 at 9:00 a.m. at WGMA at which those who intended to respond to the request for proposals could discuss the RFP and ask questions of the Security Council and other industry experts. At that point, Mr. Wolf arrived and gave the Board a brief overview of the progress of the RFP process. He indicated that there were 24 proposers for the March 23 RFP meeting. He stated that John Chaney from Harris County ITC Department would be asked to attend the meeting, along with other subject experts.

The following Directors volunteered to attend the RFP meeting:

Chair Riley, Director Steve Stewart, Director Gary Scheibe, Director Mike Stewart and Director Chuck King. Director Schroeter advised Mr. Wolf that he felt he should reach out and invite persons to the March 23rd meeting who are familiar with the District, to include Doug Adkinson and Gail Miller. Mr. Wolf stated that he would extend invitations to Mr. Adkinson and Ms. Miller, as well as invitations to Harris County personnel and City of Houston personnel. Mr. Wolf also stated that, through the courtesy of the Port of Houston Authority, proposers were advised that they would be able to take a tour of the ship channel on the Port Authority's M/V Sam Houston at approximately 2:00 p.m. on Friday afternoon.

Item 6: - Status Report – Greater Houston Port Bureau

Mr. Cusick gave a status report for the Greater Houston Port Bureau. He stated that in August the final statement for the assessments would be mailed to the companies for their third and final installment payment under the District's current assessment resolution.

Mr. Cusick advised that any of the new Directors who have not yet completed their Open Meetings Act and Public Information Act training need to have all training completed no later than the April 10, 2012, meeting.

Mr. Cusick advised that the District's auditors have been on site in February and he anticipates that the District's annual audit report will be presented at the April Board meeting.

Mr. Cusick advised that his research on facilities that could be new District members following revision to the boundaries is still ongoing.

Item 7: - Advise Board Members of refund from Harris County

Chairman Riley advised the Board that Harris County would be refunding the Security District the amount of \$560,556.77, representing grant matching funds not needed due to a reduction in scope of a grant project. Mr. Doug Adkinson stated that the amount includes interest earned on the unspent funds and the check would be mailed to the Administrator on Thursday, March 15.

Item 8: - Invoices from Harris County Sheriff's Office

Mr. Cusick advised that the Harris County Sheriff's Office had presented invoices to the District totaling \$84,904.38 for operation and maintenance costs. After a brief discussion Chairman Riley asked that the Harris County Sheriff's Office submit invoices on a monthly basis. Motion was made by Director Yellig and Seconded by Director Schroeter that the invoices from Harris County Sheriff's Office be approved for payment. Motion passed unanimously.

Item 9: - Report on Status of First Addendum to County Agreement

Mr. Page advised that the First Addendum to the Agreement with Harris County was signed by Harris County on February 28, 2012. He advised that the final version of said Addendum was circulated to Chair Riley, Vice Chair Yellig, Director Schroeter and Director Stewart for approval prior to execution of same by Chair Riley on behalf of the District. The Board noted that approval of said Addendum had been previously given subject to approval of the final form of same by Chair Riley, Vice Chair Yellig, Director Schroeter and Director Stewart.

Item 10:- Public Hearing on Air Support Security Plan

Chair Riley announced that the District would hold a public hearing on its Air Support Security Plan (the "Plan"). Chair Riley asked if there were any facility representatives or interested members of the public who had any questions or comments regarding the Plan. No comments were presented. Discussion was held regarding the current fluctuation of fuel costs. It was ascertained that the Security District would support fuel costs for the allotted number of flight hours, as indicated by the Agreement.

Item 11: - Resolution regarding Adopting Security Plan and Establishing Procedure for Disposition of Excess Funds

Mr. Page gave a brief overview of the Resolution Adopting the Air Support Security Plan and Procedure for Disposition of Excess Funds. Director Schroeter moved and Director Mike Stewart seconded that the Board approve the Resolution Adopting Security Plan and Establishing Procedure for Disposition of Excess Funds, as presented. Motion passed unanimously.

Item 12: - Air Support Proposal from City of Houston

Mr. Page discussed with the Board the proposed Air Support Agreement between the District and City of Houston (the "City"). He stated that should the City exceed the total amount of the contract due to rising fuel costs, the Board could consider amending the contract to provide for additional funds at a later date. Director King moved and Director Leavins seconded that the contract between the City of Houston and the District be approved. Motion passed unanimously.

Item 13: - Round 12 Port Security Grant Program

Mr. John Walker, Port Security Specialist, Sector Houston-Galveston, US Coast Guard, stated that the District was eligible to apply for grants for operational expenses. He did caution that the District would have to show how they planned to fund the ongoing operational expenses after two years. He stated that April 27, 2012 was the deadline for registering to obtain eligibility status from FEMA and that May 4, 2012 was the deadline for submitting an application for a project.

Item 14: - American Bar Association 7th Annual Homeland Security Law Institute

Director Schroeter gave a brief presentation regarding the ABA 7th Annual Homeland Security Law Institute Seminar to be held in Washington, DC, on March 22nd - 23rd and asked the Board for permission to attend. Director King moved and Director Mike Stewart seconded that Director Schroeter represent the Security District at the 7th Annual Homeland Security Law Institute Seminar and that he give a brief report to the Board at the April 10, 2012 meeting. Supportable reasonable expenses for the cost of this trip and Seminar would be paid by the District. Motion passed unanimously

Item 15 – Update from Harris County ITC

Mr. John Chaney stated he had a meeting scheduled for the week of March 19th with the NICE Situater working group.

At 2:55 p.m. Chairman Riley called for a ten minute recess to be followed by an Executive Session.

Item 16 - Executive Session

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 regarding the following:

- A. Consultation with attorneys, including legal issues concerning (i) discussion of RFP and potential action and (ii) requirements for assessments and for applications for grant funding including Round 12 of Port Security Grant Program; and
- B. Deliberation regarding deployment and implementation of security services and projects, including:
 - i. Update on Harris County Security Projects including Operations Monthly
 - ii. Status of redistribution of grant funded vehicles to partner agencies
 - iii. Deliberation regarding implementation of security matters with City of Houston
 - iv. Request for Proposals (RFP) for development and implementation of strategic plan for the District; and
 - v. Potential security projects under Round 12 of the Port Security Grant Program

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.”

Item 17: - Other business

At 4:43 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 motion was presented:

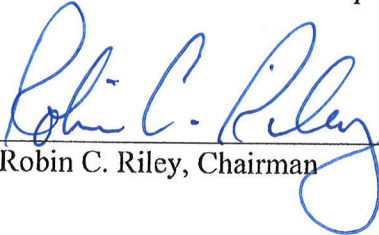
Director Scheibe moved and Director Schroeter seconded that prior to April 27, 2012, CAPT. Bill Diehl apply and complete the Districts FEMA registration for eligibility to apply for funds under Round 12 of the Port Security Grant Program and that he contact Mr. John Walker of the United States Coast Guard for his guidance and suggestions regarding updating the 2007 Port Wide Five-Year Mitigation Plan. CAPT. Diehl is to bring the Application to the April 10, 2012 meeting for review by the Board.

Item 18: Adjourn

There being no further business coming out of Executive Session, Director Leavins moved and Director Mike Stewart seconded the meeting adjourn. Motion passed unanimously. Meeting adjourned at 4:50 p.m.

The next regularly scheduled meeting of the Houston Ship Channel Security District Board of Directors is Tuesday April 10, 2012, at West Gulf Maritime Association at 2:00 p.m.

The above is a correct copy of the Minutes of the March 13, 2012 meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

Action Items:

Port Bureau (Al Cusick) to register HSCSD with FEMA and to bring grant application to next Board Meeting

Port Bureau (Al Cusick) to discuss the 2007 Mitigation Plan with JohnWalker.