

MINUTES

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

**Houston, Texas
April 12, 2011**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on April 12, 2011 at 2:00 p.m. The meeting was held, open to the public, at the Port of Houston Authority, 111 East Loop North, 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:

Beth Bowles
Clayton Curtis, Treasurer
Greg DeLong, Vice Chair
Gary Scheibe
Richard Henderson
Robin Riley, Chair
Tom Schroeter, Secretary
Mark Skobel
Steve Stewart
Lawrence Waldron
Ray Yellig

and all of said persons were present, except Director Henderson and Director/Secretary Schroeter, thus constituting a quorum. Director Yellig entered later in the meeting as reflected in these minutes.

Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau (“GHPB”), Administrator for the District, and Dennis Storemski of the Houston Ship Channel Security District Advisory Council.

Chairman Riley called the meeting to order at 2:03 p.m.

Chairman Riley announced that Director/Secretary Schroeter could not attend today’s meeting. Chairman Riley asked Director Bowles if she would serve as Secretary Pro-Tem for the meeting and asked for the Boards’ approval. All concurred.

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

Chairman Riley asked for approval of the February 8, 2011 and March 8, 2011 minutes of the Board meetings. Director Stewart moved and Director Bowles seconded that the minutes be approved as presented. The motion passed unanimously.

Director Yellig entered the meeting at this time.

In the absence of Mr. Rick Deel, Mr. Storemski provided an oral report on behalf of the Houston Ship Channel Security District Advisory Council (the "Council"). Mr. Storemski reported that the Council did not meet in March due to conflicts with Spring Break. He said the council filled an open membership position with Mr. Jeff Suggs from La Porte. He advised that the deadline for submitting Round 11 grant requests was April 15, 2011, but the United States Department of Homeland Security ("DHS") had not released the request guidelines pending resolution of the federal budget. The council is operating under the assumption that the guidelines will be similar to last year. Once the guidelines are received, they will move rapidly to review the requests. Mr. Storemski noted that the money available for Port Security Grants has been significantly reduced from previous years. He is not aware if this will mean smaller grants or fewer grants of previous size.

Director Curtis said he had a member from his zone ask about grants for non-Maritime Transportation Security Act ("MTSA") facilities. A discussion followed about whether a facility must be subject to regulation under MTSA in order to be eligible for Port Security Grant funds.

Mr. Storemski next discussed the current procedure for securing port security grant funds and advised that there appears to be some possibility of the process being streamlined in the future. Also, he advised that all Round 11 grant requests must be submitted at the same time as the fiduciary agent's grant requests.

CAPT. Diehl added that there is the potential for DHS to make grant funds available to non-MTSA chemical & petroleum facilities in the future.

CAPT. Bill Diehl expanded on the written report submitted by the GHPB. All companies have paid their 2010 Assessment and only \$964.00 in uncollected penalties & interest is currently outstanding. He reported that GHPB has been working with Doug Adkinson and Michelle Carnahan of Harris County to prepared detailed maps of the District. Chairman Riley asked if the initial maps could be available for the next meeting. Mr. Adkinson said they would be ready. CAPT. Diehl referred the Directors to the report for an explanation of why general liability insurance was not available to the District. CAPT. Diehl identified several areas that would soon need the Board's attention in order for GHPB to be prepared to assist the District, including a directive as to the level of detail of information from Harris County the Board desires with respect to status and performance reporting relative to the Agreement between the County and the District. Chairman Riley asked CAPT. Diehl to prepare a recommendation for monitoring the deliverables from Harris County for the next Board meeting.

Chairman Riley said that an item relative to the schedule for mailing and payment of the 2011 installment of the prior imposed Assessment would be included on next month's agenda.

Chairman Riley, after discussion with Mr. Ringold, said the newly acquired District Seal would be kept in the District's Administrative Offices at GHPB.

The Board next considered an adjustment to the Assessment Roll for the prior imposed assessments. Director Curtis moved and Director Waldron seconded that Buckeye Gulf Coast Pipelines LP and El Dorado Nitrogen, L.P. be removed from the Assessment Roll of the District, and that all monies paid by these companies to date be refunded. A discussion followed as whether Buckeye has any facilities located in Harris County. Mr. Cusick said none could be located on the HCAD roles or on the maps being prepared by OEM. Upon confirmation that neither company has facilities located with Harris County, the motion passed unanimously.

Director DeLong reported on the status of the HSCSD legislation pending in the Texas House of Representatives and his testimony regarding same in front of the House Transportation Committee. He advised the Board that the four main points of the proposed legislation, being meeting location; clarification of method of assessment of facilities; provisions regarding addition or deletion of facilities from the District; and security zone director nomination procedures are included in the current Committee Substitute without opposition from the trade associations. Mr. Ringold advised that SPH expects Legislative Council to provide their comments to the Committee Substitute today and a hearing in the House Transportation Committee on such committee substitute to take place later this week. He advised that once the bill is passed out of committee, it will be put up for a vote in the House, potentially on the Local and Consent calendar, and then go through the same committee hearing and approval process and record vote in the Senate. He further advised that a duplicate bill was introduced in the Senate, which can be pursued concurrently in case approval of the House Bill is delayed for any reason.

Director DeLong moved and Director Stewart seconded that discussion on the status of RFQ for Project Management be tabled. Motion passed unanimously.

An Executive Session was not necessary.

Doug Adkinson introduced 2 new members of his staff – Lakenya Wilson, Grant Manager for Harris County, and Albert Lyme, Grant Monitor for the County.

Sgt. Ken Gorby, HCSO, advised that the DATS office is up and running as of Monday 4/11/11. It is staffed 24/7 and officers are currently going through training. Once training is completed monitoring will be 24/7.

There being no further business to come before the Board, Director Waldron moved and Director DeLong seconded that the meeting be adjourned. The motion passed unanimously. Meeting adjourned at 2:37 p.m.

The next scheduled meeting of the Houston Ship Channel Security District Board of Directors is Tuesday May 10, 2011 at 2:00 p.m. at the Port of Houston Authority, 111 East Loop North, Houston, TX 77029.

The above is a correct copy of the Minutes of the April 12, 2011 meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Beth Bowles, Secretary Pro-Tem

Action Items:

May Agenda Items:

- Election of an Assistant Secretary
- Monitoring of Harris County Deliverables – GHPB
- 2011 Assessment Calendar
- Status of Harris County DATS office – HCSO