

MINUTES

Houston, Texas
July 30, 2013

Board of Directors of the Houston Ship Channel Security District

A special meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on July 30, 2013, at 2:00 p.m. The meeting was held, open to the public, at the CIMA (Channel Industry Mutual Aid) facility, 1450 East Boulevard, Deer Park, 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 Curtis, Director Henderson, Director Scheibe and Director Michael Stewart, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), counsel for the District, and Michael Jones of the law firm Morgan Lewis & Bockius LLP.

Item 1: Call to Order

The meeting was called to order at 2:11 p.m.

Mr. Rick Deel welcomed everybody to the CIMA facility and informed them of the emergency exits and the general layout of the building.

Item 2: Appearances

Chair Riley asked if anybody wished to address the Board, CAPT. Bill Diehl gave an overview to the Board of what the Greater Houston Port Bureau's functions are for the District and advised the Board of the costs that will be incurred if the General Manager is employed through the Greater Houston Port Bureau. Chairman Riley thanked CAPT. Diehl for his presentation.

Item 3: Consider engagement of legal counsel to advise on labor and employment matters

Mr. Ringold introduced Mr. Jones of the law firm Morgan Lewis & Bockius. Mr. Lewis discussed his firm's qualification with the Board in the area of Labor & Employment law. He

informed the Board that, if engaged, his firm would bill the Board at an hourly rate with an estimated cap for the engagement of \$5,000.00. Rates for the professionals at his law firm who are anticipated to work on District matters are as follows:

Michael Jones	\$350.00 per hour
Stephanie Moll	\$550.00 per hour
Paralegal	\$220.00 per hour

The scope of the proposed engagement is: (i) to advise the Board relative to options for the structuring of the General Manager position, and (ii) drafting and or review of an employment or consultancy agreement for the General Manager.

Director Schroeter moved and Director Leavins seconded that the District engage the services of Morgan Lewis & Bockius LLP for the purposes set forth in Mr. Jones' proposed engagement letter, subject to review and approval of same by SPH. Motion passed unanimously. Mr. Jones advised that he would forward a final version of his firm's engagement letter to Mr. Ringold shortly for review. Mr. Ringold requested that Mr. Jones stay for the Executive Session.

Item 4: Executive Session

At 2:28 p.m. Director Schroeter read the following statement:

"The Board of Directors of the Houston Ship Channel Security District will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code Section 551, Subchapter D, to deliberate regarding any of the following:

Recess to Executive Session to discuss matters relating to personnel matters, including appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of an officer or employee, pursuant to §551.074, Texas Government Code; deliberate: (i) the deployment or implementation of security personnel or devices, or (ii) a security audit pursuant to §551.076, Texas Government Code; and to consult with the Houston Ship Channel Security District's attorney pursuant to §551.071, Texas Government Code

Pursuant to the Government Code, Section 551, Subchapter E, the closed meeting shall be recorded. The Board will reconvene in public session after the closed meeting is adjourned".

Item 5: Reconvene in Open Session and take any action regarding items discussed in Executive Session

At 3:37 p.m. the Board of Directors meeting reconvened in open session. Chair Riley asked the Board if there were any matters that would be coming out of closed session.

Director Steve Stewart moved and Director Brown seconded that the Board authorize Chairman Riley to contact the General Manager candidate and advise that the Board has considered the counter-offer and determined that the District cannot reach an agreement on terms. Motion passed unanimously.

Item 6: Discussion and potential action regarding employment/hiring of General Manager

Discussion ensued regarding next steps. It was decided that a sub-committee would be appointed and would review all resumes received. The committee would review the job description to ensure it is not restrictive in attracting candidates by specifying that the position must be structured as an independent contractor. It was ascertained that the committee would review all resumes meeting minimum requirements and present the names of three recommended candidates to the Board at the next regular board meeting. The following people volunteered to be on the committee:

Director Brown
Director Leavins
Director Steve Stewart

It was also suggested that Mr. Rick Deel be asked to be on the committee as well as one or two other members of the Advisory Council.

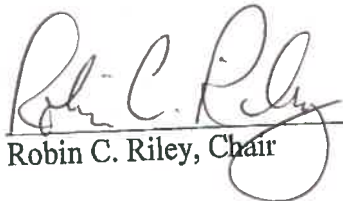
Item 7: Other business

Director Schroeter thanked Mr. Jones for coming to the meeting and instructed him to submit a statement for his time.

Item 8: Adjourn

There was no other business to come before the Board. Director Schroeter moved and Director Adamec seconded that the meeting adjourn. Meeting adjourned at 3:50 p.m.

The above is a correct copy of the Minutes of the July 30, 2013, special meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chair

ATTEST:



Thomas G. Schroeter, Secretary