

MINUTES

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

**Houston, Texas
August 17, 2010**

The Statutory Hearing on Assessment Plan and Regular Meeting of the Board of Directors of the Houston Ship Channel Security District was convened on August 17, 2010 at 9:30 a.m. The meeting was held at Celanese Ltd., 9502 Bayport Boulevard, Pasadena, Texas 77507. The following Directors were present:

Beth Bowles
Clayton Curtis
Greg DeLong
Harry Engelhardt, Jr.
Richard Henderson
Robin Riley
Tom Schroeter
Mark Skobel
Ray Yellig

Steve Stewart and Lawrence Waldron were absent

Also present were Michael Page and Daniel Ringold of Schwartz, Page & Harding, LLP, counsel to the District.

Chairman Riley called the meeting to order at 9:37 a.m. Chairman Riley asked if anybody wished to address the Board regarding matters other than the assessment. Nobody wished to do so.

Chairman Riley then asked if anybody wished to address the Board regarding the assessment proposals. The following persons addressed the Board:

Rex Prusser	Kinder Morgan
Mike Irish	Bigler LP
Carl Kraft	Lyondell Bassell
Dana Gibbs	Gulf Bayport Clear Lake chemicals
Wayne Pennick	DXI Industries
Steve Raey	Manchester Terminals
Vinny Pilegie	Manchester Terminals
Sammie Yarbrough	South Coast Terminals
Buster Keasler	Oxy Chem
Gary Scheibe	Shell Deer Park

Concerns brought up by the above individuals included:

- When will the payments start
- Questions concerning the acreage to be included in the assessment calculation
- Inquiries as to the method of employee counts
- Whether several companies were in the District
- Whether some companies were possibly being assessed for employees of other companies occupying land on their site

Chairman Riley advised the companies that if they felt they were not in the District, or were being unfairly assessed, they could appeal the assessment within the time limits and per the procedures of the governing statute, and the Board would cause a hearing to be held on same in accordance with the governing statute.

Chairman Riley asked if there were any corrections or amendments to the Minutes of the June 8, 2010, June 25, 2010, July 8, 2010 and July 13, 2010 Meetings of the Board of Directors. Director DeLong moved and Director Skobel seconded that the Minutes of the June 8, 2010, June 25, 2010, July 8, 2010 and July 13, 2010 meetings be approved. Motion passed unanimously.

Chairman Riley moved Item 4 on the Agenda, Training – Grants – Ian Gorman, County Grant Coordinator, Office of Budget Management, to the Board’s next scheduled meeting (September 14, 2010). Chairman Riley asked Doug Adkinson of Harris County to inform Mr. Ian Gorman that this item would be placed on September’s Agenda.

Mr. Doug Adkinson of Harris County Judge’s Office gave a brief overview of the security projects and presented a hand-out entitled “2006 Port Security Grant Matching Funds Timeline”. Mr. Adkinson then asked Mr. Jeremy Phillips, Manager of Operations, Public Infrastructure Department, Harris County, to give an overview of the projects his department is working on in the Security District. After his presentation, Mr. Rick Deel of EHCMA commented on the grant projects and raised the issue as to whether the Board might consider what security projects they would like to fund.

Director Curtis moved that the Board adopt the Security Plan and Services and Plan of Assessment with provision for adjustments to assessments, as necessary, based upon written objection as to application of the Assessment Plan accompanied by clear and convincing evidence of erroneous or duplicative data. Director Schroeter seconded the Motion. There was no discussion, Motion passed unanimously.

Director Curtis informed the Board that he had opened up an account for the Security District at Amergy Bank. Director Curtis moved and Director Engelhardt, Jr. seconded that Amergy Bank be designated as the depository bank and an Order reflecting same should be adopted. Motion passed unanimously.

Discussion was held regarding the adoption of an Order establishing policy for investments of District Funds and an appointment of an Investment Officer. Motion was made by Director Schroeter and seconded by Director Yellig that Director Curtis be named the interim Investment Officer until a Chief Executive Officer was hired by the District. Motion passed unanimously.

Mr. Nathan Wesley of WGMA gave a presentation regarding the services WGMA proposed to provide to the Board in reference to bookkeeping, office space and administrative services. His proposal is attached to these Minutes and incorporated herein.

Captain Bill Diehl gave a brief overview of the services he would offer the Board also referring to his presentation from the July 13 meeting. He also said that the proposed hourly rate would decrease from \$125.00 to \$75.00 per hour after 48 hours of time spent in any month.

Chairman Riley stated that there were two options. The Board could either make a Motion for each presenter and then it could be voted on, or in the alternative, call for a verbal vote starting at one end of the table and working the way down.

Director Schroeter informed the Board that, pursuant to the Chairman's request, he had prepared a contract for signature between the Port Bureau and the Security District and had sent it to all the Directors. He said the contract would be revised to reflect the Port Bureau's current pricing proposal and the final terms on insurance. Chairman Riley again announced that the County had offered the Board free office space downtown and the Board could hire a "Kelly Girl" to take care of the administrative duties. Mr. Rex Prusser from Kinder-Morgan suggested that a Scope of Work be presented to the two candidates and that they bid on that. Director Schroeter stated that he had prepared a contract listing the basic services and 15 itemized items that the District could choose to include in the services to be provided. Director Schroeter stated that Captain Diehl's leadership, experience and knowledge, including his time as Captain of the Port for the Houston-Galveston Sector and 30 years in the U.S. Coast Guard, as well as his knowledge of the District's members and other stakeholders, would be of unique benefit to the Security District. As an example of Captain Diehl's leadership abilities, he worked with Port stakeholders in effecting a speedy re-opening of the Houston Ship Channel after Hurricane Ike's landfall.

Mr. Nathan Wesley responded to Director Schroeter's comments.

Mr. Tom Marion advised the Board to look at "the big picture" of what they were looking for and what they hoped to accomplish.

Chairman Riley announced that there would be a voice vote on the matter at hand and polled the Board members asking them which party they would prefer to take care of our administrative duties – Port Bureau or WGMA. The voice vote was as follows;

Ray Yellig	Port Bureau
Beth Bowles	Port Bureau
Richard Henderson	Port Bureau
Harry Engelhardt, Jr.	Port Bureau
Clayton Curtis	Port Bureau
Tom Schroeter	Port Bureau
Greg DeLong	Port Bureau
Mark Skobel	Port Bureau

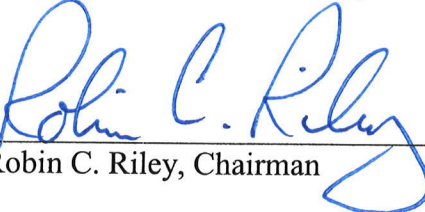
Chairman Riley asked that Mr. Bruce Birdwell attend the next Board of Directors meeting to discuss the Board's insurance coverage. It was decided that the next meeting would be hosted by Director Skobel of Valero Energy, 9701 Manchester, Houston, Texas.

Chairman Riley asked for a Motion giving him permission to execute a contract between the Port Bureau and Security District. Director Schroeter moved, Director Henderson seconded, no discussion, Motion passed unanimously.

There being no further business to come before the Board, Director Engelhardt, Jr. moved that the meeting be adjourned. Director Curtis seconded the motion. Motion passed unanimously. Meeting adjourned at 11:10 a.m.

Next scheduled meeting of the Houston Ship Channel Security District Board of Directors, Tuesday, September 14, 2010, 9:30 a.m. at Valero.

The above is a correct copy of the Minutes of the August 17, 2010 meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

WEST GULF MARITIME ASSOCIATION

PROPOSAL FOR SERVICES

TO: Ship Channel Security District

FROM: Nathan Wesely

RE: Proposal for administrative services

The West Gulf Maritime Association proposes providing administrative services to the Ship Channel Security District (District) on the following terms:

Staff

Two long term staff members will be assigned to the District. Our corporate secretary, Barbara Clements, will provide administrative support, and the most senior member of our accounting staff, Cynthia Chambliss, will provide accounting support.

Security

Only Cynthia and Barbara will have access to District documents. All documents, whether scanned or created, will be stored on an external hard drive. All accounting information will be password protected so that only Cynthia can access the accounting information.

Ancillary service

District email accounts will be set up on an external host. A District web site also will be created and hosted on an external host. To the extent IT services are necessary to support Cynthia and Barbara, those will be provided by the West Gulf Maritime Association. As we have in the past, the West Gulf Maritime Association will continue to provide the District with the use of our conference rooms as needed.

Pricing

We propose a straight cost pass through of 1/3 of the salary and benefits of Cynthia and Barbara, and 1/15 of our monthly rent as a fair apportionment of resources. The total is \$7,519.21 per month.

Term

This proposal is designed to be temporary until the Ship Channel Security District sets up its own offices, or hires a full time administrator. Accordingly, the term would be month to month. At the end of the agreement, all accounting records in excel format and all documents will be on the external hard drive. Email will be on an external host, easily transferred to a new administrator.

INVOICE

Date: 9/1/2010
Invoice # [100]

Greater Houston Port Bureau
111 East Loop North
Houston, TX 77029
713-678-4300
Fax 713-678-4839

To Clayton Curtis
Treasurer
Houston Ship Channel
Security District
111 East Loop North
Houston, TX 77029
713-671-0947

August HSCSD Administration Billings		30 Days from receipt		30 SEP 2010
0.25	Spoke with Mike Sinclair, CBP Port Director, about HSCSD	Bill Diehl	19 AUG 2010	0.0
0.25	Spoke about HSCSD at Houston Ship Channel Industry Group Luncheon held at Hilton Hotel (Hobby Airport) and had follow-up conversation with CAPT Marcus Woodring (USCG) about it.	Bill Diehl	23 AUG 2010	0.0
1.0	Reorganized GHPB Office Space for HSCSD Administration	Patrick Seeba	23 AUG 2010	0.0
1.0	Gather HSCSD Documents & Mailing Lists from Jan Park & Organize	Al Cusick		
0.5		Patrick Seeba	23 AUG 2010	0.5
1.0	Read HSCSD by-laws, minutes, Harris County Resolutions, TX Law Forming the District to come up to speed	Patrick Seeba	23 AUG 2010	0.0
1.0		Al Cusick		
0.5	Worked on contract wording and prepared questions for meetings with Clayton & Robin	Bill Diehl	23 AUG 2010	0.0
0.5		Patrick Seeba	23 AUG 2010	1.5
0.5		Al Cusick		
1.0	Met with Clayton Curtis & Robin Riley	Bill Diehl	23 AUG 2010	0.0
1.5		Patrick Seeba	23 AUG 2010	4.0
1.5		Al Cusick		
0.5	Discussion with John Walker (USCG) about Sensitive Security Information (SSI) Credentials for HSCSD Board & Admin Staff	Patrick Seeba	24 AUG 2010	0.5
0.5	Apply for SSI Credentialing	Patrick Seeba	24 AUG 2010	1.0
0.5		Al Cusick		
2.0	Remove GHPB Furniture and Files from HSCSD Office	Patrick Seeba	24 AUG 2010	0.0
2.0		Al Cusick		
0.5	Rearrange Furniture in HSCSD Office	Al Cusick	24 AUG 2010	0.5
	Website Updates, http://www.hscsecurity.org			
2.0	Update Contact Page	Patrick Seeba	24 AUG 2010	2.0
	Post Board of Directors			
	Post Assessment Criteria Chart			
2.0	Online Research and Data Collection on Harris County School Districts & High Schools	Patrick Seeba	25 AUG 2010	4.0
2.0		Al Cusick		
0.5	Identify accounting needs for tracking and accounting for assessments & receivables	Al Cusick	25 AUG 2010	0.5
1.5	Reviewed and implemented website improvements	Patrick Seeba	26 AUG 2010	3.0
1.5		Al Cusick		
0.5	Researched Chevron-Phillips properties per Clayton Curtis request	Al Cusick	26 AUG 2010	0.5
0.5	Researched & Ordered Personal Computer for HSCSD	Al Cusick	26 AUG 2010	0.5
3.0	Reviewed and implemented website improvements:			
3.0	Organization, flow, interface, FAQ's, meeting time/location, front page	Patrick Seeba	27 AUG 2010	6.0
		Al Cusick		
1.0	Reviewed history & background of projects & funding as they relate to HSCSD	Patrick Seeba	27 AUG 2010	2.0
1.0		Al Cusick		
1.0	Staff meeting to review Robin Riley's to-do list & prioritize workload	Bill Diehl	30 AUG 2010	1.0
1.0		Patrick Seeba		
1.0		Al Cusick		
2.0	Meeting to Discuss HSCSD Assessment Process	Bill Diehl	30 AUG 2010	4.0
2.0		Patrick Seeba		
2.0		Al Cusick		
0.25	Spoke to Spencer Chambers, PHA about strategy to get Governor Perry to attend HSCSD Annual Meeting in October	Bill Diehl	30 AUG 2010	0.0
4.0	HSCSD Article for GHPB Publication	Patrick Seeba	30 AUG 2010	0.0
0.5	Spoke with CPA about accounting procedures and closing out FY2010 as relates to tax filing requirements	Jeannie Angell	30 AUG 2010	1.0
0.5		Jan Crittenden		

0.25	Review Furniture Proposal	Al Cusick	31 AUG 2010	0.0
2.0	Install HSCSD PC & Software	Al Cusick	31 AUG 2010	2.0
0.5	Research interaction between office & accounting software	Al Cusick	31 AUG 2010	0.0
0.25	Prepared Monthly Invoice	Bill Diehl	31 AUG 2010	0.0
0.5		Patrick Seeba		
0.5	SSi clearance security indoctrination and planning meeting with John Walker at USCG Sector Houston-Galveston regarding Board of Directors	Al Cusick	31 AUG 2010	0.5
Total Hours:				35.0
Billable Rate:				\$125.00/hour
Subtotal:				\$4,375.00
Computer Equipment – Approval for Purchase Granted 23 AUG 2010, Chairman Riley Dell Studio XPS 8100 - 4D2HMM1 Dell ST2310 Monitor Dell ST2310 Monitor Logitech Keyboard & Mouse				\$1,425.65
Website Domain Registration http://www.hscsd.org				\$19.90
Peachtree Software - Approval for Purchase Granted 23 AUG 2010, Chairman Riley				\$216.49
Upgrade Windows 7 Home Premium to Windows 7 Professional				97.15
Microsoft Office Professional - Approval for Purchase Granted 23 AUG 2010, Chairman Riley				541.24
Setup and Install Dedicated Phone Line with Two (2) Phones in the HSCSD Office (713) 671-0947				162.38
Expenses Subtotal:				\$2,462.81
Total				\$6,837.81



Greater Houston Port Bureau

Make all checks payable to Greater Houston Port Bureau

Thank you for your business!