

MINUTES

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

**Houston, Texas
August 9, 2011**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on August 9, 2011 at 2:00 p.m. The meeting was held, open to the public, at 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, Assistant Secretary
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 Bowles, Curtis, DeLong and Director Henderson, thus constituting a quorum.

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

Chairman Riley called the meeting to order at 2:00 p.m.

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

Chairman Riley asked for approval of the July 12, 2011 minutes of the Board meeting. Director Skobel moved and Director Yellig seconded that the minutes be approved as presented. Motion passed unanimously.

Director Scheibe presented an oral report on behalf of the Houston Ship Channel Security District Advisory Council. Director Scheibe stated that the Advisory Council had reviewed the draft request for proposals (“RFP”) for a strategic plan and recommended changes to the draft. Said changes had been forwarded to the Board for their review. Director Schroeter requested that Director DeLong, Director Scheibe and Mr. Deel meet to further review the RFP and advise the Board.

Mr. Diehl of the GHPB gave his monthly report to the Board. He stated that assessments will be mailed out via regular mail, and would be followed up by an e-mail. Chairman Riley inquired as to whether this form of notification was legal. Mr. Ringold stated that there was no legal requirement as to the way the assessment statements be sent out and it was up to the Board's discretion. Director Skobel requested an updated data base be sent to the Directors. Chairman Riley clarified again that there would be no appeals, no hearings or any additional action necessary regarding the assessments. Mr. Ringold stated that that was a correct statement. November 1, 2011 is the deadline for payment of assessments.

Director Schroeter asked when Harris County was expecting a payment from the assessment monies for maintenance and operation. Mr. Cusick stated he had not yet received a statement from Harris County but anticipated receiving one shortly. It was discussed that Harris County present to the Board a report detailing their deliverables and milestones for the past year.

Mr. Diehl stated that he had been asked by Chairman Riley to represent the Board at the upcoming Congressional Hearing regarding Security in the Houston Ship Channel area which was going to be held at the Port of Houston Authority on August 24, 2011. (US Congress Homeland Security Subcommittee on Oversight, Investigations and Management). Director Scheibe commented that Harris County had done very well in receiving grants from the Federal Government, and he is hopeful that they should be supportive of the District in the future. He felt additional grant monies were needed for Harris County in view of the potential of the MARSEC levels being raised.

Mr. Diehl stated that they were still talking to the Hobby Hilton and Brady's Landing regarding the Board's Annual Meeting/Luncheon to be held on November 8, 2011.

Chairman Riley suggested that the Board should find a permanent meeting place. Chairman Riley suggested that the Board contact WGMA about using their meeting facilities. Director Stewart asked if the Greater Houston Port Bureau could accommodate the monthly meetings. Mr. Diehl stated that he did not feel that there would be adequate space should the Board wish to hold an executive session. Mr. Diehl suggested that the Board may want to contact the Houston Pilots and ask their availability.

Mr. Diehl presented a proposed schedule for the nomination of directors, a copy of which is attached to these Minutes as Exhibit A. It should be noted that an Agenda item for December 13, 2011 meeting of the Harris County Commissioner's Court would include an agenda item regarding the acceptance of all the nominations for directors.

Item 8 on the Agenda - Discussion and possible action regarding Amended Order Adopting a Policy for Investment of District Funds was tabled until the September meeting.

Discussion was held regarding the boundary methodology. Director Schroeter stated he would like to review information pertaining to properties leased by the Port of Houston Authority. Mr. Cusick commented that Mr. Grant Garrison from PHA's Engineering Department had been a tremendous help to him in assisting with the boundaries and the map of same. Director Skobel asked how difficult it would be to change boundaries in the future. Director Schroeter requested

that this item be tabled for 30 days so that the Board could review and provide comments to the proposed revised boundaries. Director Skobel seconded. Motion passed unanimously.

Director Schroeter stated that PHA would need to receive an Annual Report from the District as was required in the Agreement that the District entered into with PHA before the Port's assessment installment would be paid. It was decided that Mr. Diehl would prepare an Annual Report which would be distributed to all the Directors. It was decided that the report would include the financials, Minutes for the past year and a brief summary of what the District has accomplished the previous year. The report will be presented to the Board at the September 13, 2011 meeting.

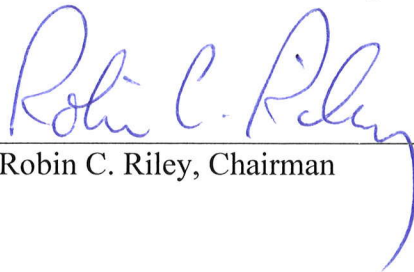
At 3.15 p.m. the following statement was read by Director Schroeter:

“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 with legal counsel including legal aspects of RFP's RFQ's and procurements. The Board will also deliberate regarding security related matters including deployment and implementation of security services and projects relative to the contract with Harris County. 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.”

At 4.20 p.m. the Board reconvened in open session. Director Scheibe moved that Schwartz, Page & Harding be permitted to work with Harris County Sheriff's Office to prepare a contract for deputies to be hired to specifically patrol the District. Director Yellig seconded the Motion. Motion passed unanimously. Director Scheibe moved and Director Skobel seconded that the meeting be adjourned. Motion passed unanimously. Meeting adjourned at 4.23 p.m.

The next scheduled meeting of the Houston Ship Channel Security District Board of Directors is Tuesday September 13 2011 at 2:00 p.m. at a site to be determined.

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



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

EXHIBIT 'A'



Houston Ship Channel Security District

<http://www.hscsd.org>

2012-2014 Zone Director Nomination Schedule

- 10/01/11 – Send letters to Harris County and Harris County Mayors and Councils Association Requesting Each to appoint a Director. They will have 2 months to respond.
- 10/01/11 – Email facility contacts that Requests for Candidates will be arriving shortly
- 10/10/11 – Send Request for Candidates for Zone Directors to facilities by certified mail.
- 11/07/11 – Email reminder requesting the submission of candidate names and follow-up, as necessary, with candidates to obtain resumes.
- 11/08/11 – Annual Luncheon - remind attendees to submit candidates by Friday
- 11/11/11 – Deadline for receipt of zone candidate names and candidate resumes from facilities.
- 11/14/11 – Email candidate resumes; announcement that the ballots will be coming 11/28/11 and instructions for voting.
- 11/28/11 – Email unique ballots by zone to facilities.
- 11/30/11 – Email Directors requesting they contact facilities that have not voted.
- 12/01/11 – Deadline for Harris County Commissioners Court and Harris County Mayors and Councils Association to have appointed their Directors.
- 12/02/11 – Deadline for receipt of ballots from facilities – 11:59 PM
- 12/05/11 – Send Zone Director Nominations to Commissioners Court.
- 12/13/11 – Announce winning candidates at the HSCSD Board meeting
- 12/20/11 – Commissioners Court approval of Zone Directors.

Houston Ship Channel Security District
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Houston, TX 77029
713-671-0947

Partners:

East Harris County } *Making Good.*
MANUFACTURERS ASSOCIATION

