

MINUTES

Board of Directors of the Houston Ship Channel Security District February 9, 2016

A regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on February 9, 2016, open to the public, at The Shell Learning Center, 2nd Floor, Mustang Building, 4400 Highway 225, 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, Secretary
Eric Bass, Assistant Secretary
Brian Blanchard, Treasurer
Jarrod Boehme
Jimmy Burke
Duane Campbell
George Paruch
Gary Scheibe, Chair
Aaron Smith
Steve Stewart
Marcus Woodring, Vice Chair

and all said persons were present, except Directors Adamec and Stewart, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), legal counsel for the District, and CAPT Bill Diehl, USCG (Ret.), P.E. and Christine Schlenker, of the Greater Houston Port Bureau ("GHPB"), administrators for the District.

Call to Order

Chair Scheibe called the meeting to order at 2:02 PM.

Appearances

Chair Scheibe called for any appearances from the public before the Board. John Walker, Port Security Specialist with USCG Sector Houston-Galveston, reported that he expected the FEMA Port Security Grant Program allocations for 2017 to be announced on February 17, 2016, with applications due by April 25, 2016. Mr. Walker also introduced Gary Messmer to the Board and advised that he has been hired as a Port Security Analyst.

Chair Scheibe asked Mr. Walker to provide guidance on Transportation Worker Identification Credential ("TWIC") inspection compliance, particularly pertaining to the definition of "reasonable time" for an individual to produce a TWIC card, noting that there seems to be some inconsistencies in how the guidelines are interpreted and applied. Mr. Walker stated that the current USCG interpretation is that an individual should be able to produce a TWIC card within 15 minutes of being stopped and asked for identification.

Jay Bagley, Surface Inspector with the Transportation Security Administration (“TSA”), noted that TSA enforces TWIC compliance in accordance with each facility’s Facility Security Plan (“FSP”). If the FSP states the TWIC must be produced within reasonable time or does not state a time, the TSA inspector will defer to the USCG inspector or the facility security officer’s best judgement of reasonable time.

Further discussion ensued among the Board members regarding what certain facilities have determined is a “reasonable time” for TWIC identification under their respective Facility Security Plans, or, in the absence of a clear definition, how they interpret that term.

Hector Vela, Deputy Federal Security Inspector with the TSA at Bush Intercontinental Airport, inquired of the Board members as to how their facilities handle a situation when an individual does not have their TWIC card on their person and needs to retrieve it. Chair Scheibe noted how such a situation would be handled at the Shell Deer Park facility.

Chair Scheibe called for any additional appearances from the public before the Board; there were none.

Approval of Minutes of January 12, 2016, Meeting

Chair Scheibe noted the draft minutes of the January 12, 2016 meeting had been distributed in advance to the Board members and asked if there were any comments to the said minutes. Director Woodring moved to approve said minutes, as presented. Director Boehme seconded the motion, which passed unanimously without further discussion.

Acceptance of Qualifications Statement, Bond, Oaths of Office and Election Not to Disclose Certain Information, and Swearing in of Director Jimmy Burke

Mr. Ringold advised the Board that Director Burke has executed all of the required qualification documentation for his re-appointment to the Board by the Harris County Mayors and Councils Association, including having taken his official oath of office. Mr. Ringold further noted that Director Burke is not required at this time to take any additional open government training. Chair Scheibe called for a motion to approve Director Burke’s reappointment and accept his qualification documentation. Director Blanchard moved to approve Director Burke’s reappointment and accept his documentation. Director Campbell seconded the motion, which passed unanimously without further discussion.

Presentations to Outgoing Director Lewis Brown

Outgoing Director Brown was not in attendance; therefore, the presentation was postponed until a later date.

Legal Report – Schwartz, Page & Harding, LLP

Mr. Ringold advised the Board that Director Smith has completed his open government training requirements within the allotted time period.

Consider Approval of Addendum to the Harris County Agreement

Mr. Ringold reported that a proposed Fourth Addendum to the Agreement between Harris County and the District has been sent to the County for review and comment, but the County has not yet had sufficient time to consider same. Therefore, he recommended any action be deferred until the next board meeting.

Status of Amended and Restated Interlocal Agreement with the City of Baytown

Mr. Ringold reported that no substantive comments had been received from City of Baytown to the Amended and Restated Interlocal Agreement approved by the Board at its January meeting. Mr. Ringold advised that no further action from the Board is required at this time. No representatives from City of Baytown were present to comment.

Consider Approval of Interlocal Agreement with Texas Parks and Wildlife Department (TPWD)

Mr. Ringold reported that comments had been received by TPWD in regards to the proposed Interlocal Agreement for additional marine patrol services, and the proposed revisions were all non-substantive and acceptable to SPH. No representative from TPWD was present to comment. Director Burke inquired about the scope and purpose of the proposed Interlocal Agreement. Mr. Ringold explained that the key purpose of the Agreement was to provide up to \$200,000 in funding for the Texas Game Wardens to perform additional marine patrols and security checks of the portion of the Houston Ship Channel and adjacent waterways located within the District. He noted that the Game Wardens have the ability to access shallow water areas that certain other law enforcement is unable to reach by water through their current marine assets. Chair Scheibe commented that the addition of the TPWD improved the coverage of the HSCSD partnerships and contributed to a beneficial mix of local, federal, and state partners. Following further discussion, Director Burke moved to approve the Interlocal Agreement with TPWD. Director Woodring seconded the motion, which passed unanimously.

Consider Approval of a Proposal from Witt/O'Brien's to Conduct Workplace Violence and Crisis Management Training on March 9, 2016

CAPT Diehl first noted that the agenda stated the wrong class title of CFATs training; while CFATs training had been the original objective, Witt O' Brien's suggested that a more generalized training on work place violence and crisis planning with additional cyber security components would be more beneficial to District members. CAPT Diehl stated the cost to the District to put on the seminar would not exceed \$9,500. CAPT Diehl invited Jonathan Sawicki from Witt/O'Brien's to explain the proposal further. Following Mr. Sawicki's presentation and discussion by the Board, Chair Scheibe asked Mr. Sawicki to provide a more detailed proposal for consideration at a future meeting.

Status Report from the Greater Houston Port Bureau

CAPT Diehl presented the financial and investment reports to the Board and reported on the District's account balances and activities. A copy of the bookkeeping report is attached hereto as *Attachment A*.

CAPT Diehl presented three (3) invoices for Board approval: (1) an invoice received from Harris County in the amount of \$24,712.01; (2) an invoice received from the Greater Houston Port Bureau in the amount of \$19,956.17; and (3) an invoice received from Schwartz, Page & Harding, LLP, for \$7,352.99. Director Blanchard moved that the financial report be approved and that said invoices be approved for payment. Director Paruch seconded the motion, which passed unanimously without further discussion.

CAPT Diehl informed the Board that, as of February 1, 2016, \$2,493,100 in 2015 Assessment payments had been received, representing a 92% collection rate. As a reference, during the same period last year, the District was at an 87% collection rate. He noted that 20 companies still owe assessments in the aggregate amount of \$205,400. A copy of the Assessment Collection Report is included in *Attachment B*.

CAPT Diehl reported that the GHPB staff is currently researching upcoming training opportunities. Mr. Seeba has also been following up on the SARFN-06 project request with Harris County Engineering.

CAPT Diehl reported that several outreach events had been attended over the past month, and provided details to the Board regarding such activities.

Status Report – City of Baytown

There were no representatives from the City of Baytown present.

Status Report – City of Houston

There were no representatives from the City of Houston present.

Status Report – Harris County

Deputy Christopher Lee provided the January 2016 report of Harris County Sheriff's Office (HCSO) hours deployed and associated expenses. In particular, Mr. Lee noted that the SMAG expenses paid by HSCSD have been stepped down to \$10,000 per month. A copy of the Harris County Sheriff's Office HSCSD Monthly Report: January 2016 can be found in *Attachment C*.

Capt. Richard Ricks reported on a recent full-scale exercise performed by the HCSO and several agency partners designed to test agency operational readiness. The training scenario involved terrorists hijacking a ferry and threatening to blow up the Fred Hartman Bridge using nuclear explosives. Capt. Ricks described the exercise as a beneficial learning experience and as a success. He also noted that HCSO would like to have regular multi-agency exercises, and in particular, one at a plant. Several Board members expressed their satisfaction and that they would be supportive of future events, especially if more local agencies were involved. Chair Scheibe suggested that GHPB could do further research into setting up a table top exercise for future discussions.

Status Report – Houston Ship Channel Security System

Patrick Gonzales with Harris County CTS reported on the Houston Ship Channel Security System. He noted that new equipment has been arriving, and installation will happen soon. Staff plans are to perform maintenance on existing equipment in conjunction with installing new equipment. CTS will have a report on grants in March. Chair Scheibe commended the CTS staff for its significant improvement of the Port Information Network Security System over the past one and one half years.

Status Report – Texas Game Wardens - TPWD

There were no representatives from the Texas Parks and Wildlife Department present. Captain Diehl noted that he received communication from Major Skeen that he would be unavailable for the board meeting due to prior obligations in Austin for regional meetings.

Recess to Executive Session

At 2:51 P.M., Assistant Secretary Bass read aloud the following notice:

“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 security devices and personnel or security audits pursuant to §551.076, Texas Government Code; emergency response providers, risk of vulnerability assessments, encryption codes and security keys for communications systems, information prepared for the United States, Information relating to critical infrastructure, and information relating to security systems, all pursuant to §418.183(f), Texas Government Code; and to consult with the District’s attorney pursuant to matters authorized by §551.071, Texas Government Code.

Pursuant to the Government Code, Section 551, Subchapter E, a Certified Agenda of the closed meeting shall be prepared. The Board will reconvene in public session after the closed meeting is adjourned.”

At 3:35 P.M., the Board reconvened in open session.

Chair Scheibe advised the Board that he and Director Woodring are planning on attending the Port Security Operations Conference and Expo in Tampa, Florida on March 29-31, 2016. Chair Scheibe also noted an upcoming two day Infrastructure Resiliency Workshop at Angelo State University in San Angelo, Texas on February 29 – March 1, 2016. Director Boehme moved to approve reimbursement for registration and travel expenses in connection with attendance at such conferences and workshops, all in accordance with the District’s policy relative to expense reimbursement. Director Paruch seconded the motion, which passed unanimously.

Consider Items for Future Meeting Agendas

No items were suggested.

Adjourn

At 3:37 PM Director Smith moved the meeting be adjourned. Director Boehme seconded the motion, which passed unanimously.

Next Meeting

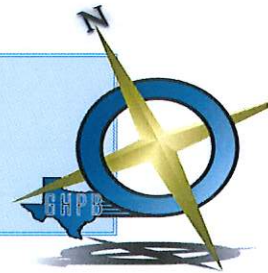
The next regular meeting of the Board is scheduled for Tuesday, March 8, 2016, at 2:00 PM at the Shell Learning Center, 4400 Highway 225, Deer Park, Texas, subject to availability.

The above is a correct copy of the Minutes of the February 9, 2016, regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Eric Bass, Assistant Secretary

GREATER HOUSTON PORT BUREAU, INC.



HSCSD Administrative Report

February 9, 2016

Financial and Investment Reports

- **Bank Statements as of January 29, 2016**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$381,943.36
 - Deposits were \$330,762.33
 - Transfers from Money Market were \$100,000.00
 - Cleared Checks were \$102,671.72
 - Checks Outstanding were \$2,850.00
 - Money Market Account Reconciliation shows:
 - The invested balance was \$9,802,885.66
 - Deposits were \$746,825.00
 - Transfers to Checking were \$100,000.00
 - Deposits In Transit were \$89,250.00
 - Interest earned was \$371.75
- **Disbursements for January**
 - Disbursements totaled \$105,481.72
- **Invoices Requiring Board Approval**
 - Harris County – \$24,712.01
 - Greater Houston Port Bureau – \$19,956.17

Assessments Update

- 2013 & 2014 Assessment – Two companies were turned over to the collection attorney for delinquent 2013 & 2014 Assessments on July 1 of 2014 and 2015 respectively. Current outstanding balance, including Principal & Interest, is \$48,930.00
- 2015 Assessment
 - The 2015 Assessment total after appeals is \$2,698,500.00.
 - Receipts through February 1, 2016 total \$2,493,100.00 (92%)
- *Reminder statements were sent to 59 companies on January 14, 2016*
- *Twenty (20) companies did not pay by the legislated deadline and are delinquent (10.4%)*



Houston Ship Channel Security District

<http://www.hscsecurity.com>

Assessment Analysis as of February 1, 2016

2013 Assessment Analysis

Receivables	Delinquent – 2 Companies	21,000.00	
	Accrued Penalty & Interest (P & I) – 2	8,190.00	
Total Receivables			\$29,190.00

Both companies were turned over to the collection attorney on July 1, 2014. Interest continues to accrue on these accounts.

2014 Assessment Analysis

Receivables	Delinquent – 2 Companies	15,750.00	
	Accrued Penalty & Interest (P & I) – 2	3,622.50	
Total Receivables			\$19,372.50

Both companies were turned over to the collection attorney on July 1, 2015. Interest continues to accrue on these accounts. Legal action is being combined with the 2013 receivables. **Court proceedings were May 20, 2015. Frederick Trucking judgement entered August 11, 2015. Port Packaging hearing is scheduled for early this year.**

Combined Delinquent Receivables for the 2 Assessment Years = \$48,562.50

2015 Assessment Analysis

2015 Assessment Roll 192 Companies (after appeals) \$2,698,500.00

Receipts to Date	Assessments – 172 Companies	\$2,493,100.00	
	Penalty & Interest (P & I)	0.00	
Total Related Receipts			\$2,493,100.00

Receivables	Current – 20 Companies	\$205,400.00	
	Delinquent – 0 Companies	0.00	
	Accrued Penalty & Interest (P & I) – 0	0.00	
Total Receivables			\$205,400.00

We received follow-up correspondence from one company relative to their appeal. Additional information will be provided in executive session.



Attachment C

**Harris County Sheriff's Office HSCSD Monthly Report: January 2016
Public Release**

<u>Waterside (January 2016)</u>		<u>HSCSD Expenses (December 2015)</u>	
Hours Deployed	120.7	Fuel	\$3,936.99
		Maintenanc	\$0.00
			\$3,936.99

<u>Landside (January 2016)</u>		<u>HSCSD Expenses (December 2015)</u>	
Patrols:	306	Fuel	\$1,899.97
		Maintenanc	\$1,958.66
			\$3,858.63

<u>Air Side (January 2016)</u>		<u>HSCSD Expenses (December 2015)</u>	
Patrol Hours	7.00	Fuel:	\$0.00
		Mainenanc	\$0.00
		Personnel	\$0.00
		Equipment	\$0.00
			\$0.00

HCSO Industry Deputy

Coordination Meetings	13
OEM/Drills/Events and Inspections	17
CIKR Visits	30
	60

HCSO District Deputy

Coordination Meetings	8
OEM/Drills/Events and Inspections	27
CIKR Visits	52
	87

<u>SMAG (January 2016)</u>		<u>HSCSD Expenses (January 2016)</u>	
Hours Worked	362	Hrs. Personnel	\$10,000.00

As requested by the Houston Ship Channel Security Distirct (HSCSD) the Harris County Sheriff's Office