

## MINUTES

### Board of Directors of the Houston Ship Channel Security District April 12, 2016

A regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on April 12, 2016, open to the public, at The Shell Learning Center, 2<sup>nd</sup> 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  
Gary Scheibe, Chair  
Aaron Smith  
Steve Stewart  
Marcus Woodring, Vice Chair

and all said persons were present, except Directors Burke, Smith and Stewart, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), legal counsel for the District, and Patrick Seeba, Al Cusick, and Elizabeth Sandefur of the Greater Houston Port Bureau (“GHPB”), administrators for the District.

#### **1. Call to Order**

Chair Scheibe called the meeting to order at 2:00 PM, and noted that he intended on streamlining the meeting in order to address the large number of issues to be considered by the Board. Each item on the agenda would be addressed, but he asked that discussion be limited to only those matters that were necessary for Board members to be able to vote on the item up for consideration and that Directors rely on written materials rather than having all reports restated orally during the meeting.

#### **2. Appearances**

Chair Scheibe called for appearances; no appearances were made.

#### **3. Approval of Minutes of March 8, 2016 Board of Directors Meeting**

Chair Scheibe noted the draft minutes of the March 8, 2016 regular meeting had been distributed to the Board members in advance of today’s meeting and asked if there were any comments or suggested revisions to the said minutes. Director Woodring motioned to approve said minutes, as presented. Director Blanchard seconded the motion, which passed unanimously without further discussion.

#### **4. Discussion and Possible Action Regarding Filling Vacancy on the Board of Directors**

Chair Scheibe advised the Board that he had received a letter of resignation from Director Smith, stating he was no longer with Rentech Nitrogen and must resign from the Board. He noted that there are now two zone director vacancies for Security Zone 2.

Mr. Ringold advised the Board that such zone director position vacancies are filled by appointment by the remaining board members. Mr. Cusick introduced Ms. Kelly Hicks, who ran for election in November 2015 for the Zone 2 position and who has expressed an interest in filling a vacancy on the Board. Following discussion on the matters, a motion to appoint Ms. Hicks as a Zone Director to fill the unexpired term of the position held by George Paruch was made by Director Boehme. Director Campbell seconded the motion, which was unanimously approved.

#### **5. Acceptance of Qualifications Statements, Bond, Oaths of Office and Election Not to Disclose Certain Information and Swearing in of Director**

Mr. Ringold reviewed the Qualifications Statement, Bond, Oath of Office and Election Not to Disclose Certain Information with Ms. Hicks. Ms. Hicks next took her Constitutional Oath of Office and was sworn in as a member of the Board by Secretary Adamec. Director Hicks participated in the remainder of the meeting until such time as she exited.

#### **6. Consider Approval of Addendum to the Harris County Agreement**

Mr. Ringold advised the Board that he had received additional input from the Harris County relative to the proposed Third Addendum to the District's Agreement with Harris County, which was incorporated in the most recent draft provided to the Board. He further noted that the only change from the previous draft was relative to the SARFN-6 fiber pathway completion date, which the County requested to move from July to September. A motion to approve the Third Addendum was made by Director Blanchard. Director Campbell seconded the motion, which was carried unanimously.

#### **7. Discussion and Possible Action on Appointing a Budget and Assessment Planning Sub-Committee**

Director Blanchard made a recommendation to combine the Budget and Assessment Sub-Committees to improve efficiency and save time. A motion to combine the committees was made by Director Blanchard. Director Campbell seconded the motion, which was unanimously approved. Chair Scheibe called for Board members to volunteer to serve on such sub-committee and appointed Directors Blanchard, Campbell, Woodring, and Hicks to same.

#### **8. Discussion and Possible Action on Requests for Funding and Cost Match During Fiscal Year 2017**

This item was deferred to executive session.

#### **9. Legal Report**

Mr. Ringold advised the Board there was nothing to report.

**10. Quarterly Investment Officers Report**

Mr. Blanchard advised the Board there were no exceptions to the report. Director Woodring moved to approve the report and authorize the District's Investment Officer to execute same. Director Boehme seconded the motion, which passed unanimously.

**11. Quarterly Treasurers Report**

Mr. Blanchard advised the Board there were no exceptions to the report. The Board noted no action was necessary.

**12. Status Report – Greater Houston Port Bureau**

**A. Financial and Investment Reports**

Mr. Cusick advised the Board there were no exceptions to the report; however there were three (3) invoices requiring Board Approval. Director Woodring presented the invoices for Board approval: (1) an invoice received from Harris County in the amount of \$11,734.15, (2) an invoice received from the Greater Houston Port Bureau in the amount of \$21,281.76, and (3) an invoice from the City of Houston for \$18,826.10. Upon review of the invoices presented, Director Woodring moved that the financial report be approved and that said invoices be approved for payment. Director Campbell seconded the motion, which passed unanimously.

**B. Project Management Report**

Mr. Seeba advised the Board there were no exceptions to the written report.

**C. Management and Outreach Report**

Mr. Cusick advised the Board there were no exceptions to the written report.

**13. Status Report – City of Baytown**

The City of Baytown had nothing to report.

**14. Status Report – City of Houston**

The City of Houston had nothing to report outside of the written materials provided.

**15. Status Report – Harris County**

Harris County had nothing to report outside of the written materials provided.

**16. Status Report – Houston Ship Channel Security System**

Harris County CTS had nothing to report relative to the Houston Ship Channel Security System outside of the written materials provided.

**17. Status Report – Texas Game Wardens – TPWD**

The Texas Game Wardens had nothing to report outside of the written materials provided.

**18. 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 or 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**

The meeting recessed to an executive session at 2:15PM upon a motion by Director Adamec, seconded by Director Boehme, which passed unanimously. Secretary Adamec read aloud a notice that the District would convene in closed session pursuant to sections 551.076, 551.071 and 418.183(f) of the Texas Government Code.

**19. Reconvene in Open Session and Take Any Action Regarding Items Discussed in Executive Session**

Open session was reconvened at 4:35PM by Chair Scheibe. Following discussion, Director Woodring made a motion that the District indicate its financial support of the following proposed security projects and services:

**A. City of Baytown**

- i. Robot Platform, Dive/Bomb Squad Gear (fund the local matching share requirement, subject to receipt of PSGP funding for the project)

**B. City of Houston**

- i. Radio System Prime Site (fund the local matching share requirement, subject to receipt of PSGP funding for the project)
- ii. Air Support Enhancement (fund the local matching share requirement, subject to receipt of PSGP funding for the project)
- iii. Lake Houston Dam Boat Patrol (fund the local matching share requirement, subject to receipt of PSGP funding for the project) (not including any operational, maintenance or personnel costs)
- iv. Marine Unit Training/Equipment (fund the local matching share requirement, subject to receipt of PSGP funding for the project)
- v. Waterborne Support
- vi. Air Support

**C. Harris County CTS**

- i. Port Security Surveillance System (fund the local matching share requirement, subject to receipt of PSGP funding for the project)

**D. Harris County Fire Marshal**

- i. HC HAZMAT Training/ PPE (fund full amount without requirement for grant funding)

**E. Harris County Sheriff's Office**

- i. Boat Operator Training (fund full amount to cover shortfall of the UASI FY2015 grant)
- ii. SMAG Personnel
- iii. Waterborne Support
- iv. Air Support
- v. Marine & HROU Equipment/Training (fund the local matching share requirement, subject to receipt of PSGP funding for the project)

Director Blanchard seconded the motion, which passed unanimously.

**20. Consider Items for Future Meeting Agendas**

No items were suggested for future agendas

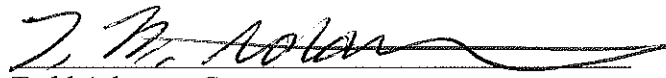
**21. Adjourn**

The meeting adjourned at 4:53PM upon a motion by Director Boehme, seconded by Director Blanchard, which passed unanimously.

**Next Meeting – May 10, 2016**

The next regular meeting of the Board is scheduled for May 10, 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 April 12, 2016, regular meeting of the Board of Directors of the Houston Ship Channel Security District

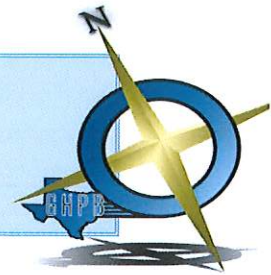
A handwritten signature in black ink, appearing to read "T. Adamec", with a long horizontal flourish extending to the right.

Todd Adamec, Secretary

## LIST OF ATTACHMENTS

- A. Administrative and Financial Report
- B. Assessment Analysis
- C. Harris County Sheriff's Office Report

# GREATER HOUSTON PORT BUREAU, INC.



## HSCSD Administrative Report

April 12, 2016

### Financial and Investment Reports

- **Bank Statements as of March 31, 2016**
  - Operating Account Reconciliation and Cash Flow Statements show:
    - The bank balance was \$257,468.13
    - Deposits were \$780.50
    - Transfers from Money Market were \$0.00
    - Cleared Checks were \$103,202.78
    - Checks Outstanding were \$350.00
  - Money Market Account Reconciliation shows:
    - The invested balance was \$10,106,326.25
    - Deposits were \$31,298.00
    - Transfers to Checking were \$0.00
    - Deposits In Transit were \$12,153.50
    - Interest earned was \$428.20
- **Disbursements for March**
  - Disbursements totaled \$103,219.95
- **Invoices Requiring Board Approval**
  - Harris County – \$11,734.15
  - Greater Houston Port Bureau – \$21,281.76
  - City of Houston - \$18,826.10

### 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 \$49,297.50
- 2015 Assessment
  - The 2015 Assessment total after appeals is \$2,698,500.00.
  - Assessment receipts through March 31, 2016 total \$2,645,382.89 (98%)
  - 9 companies have assessment receivables totaling \$53,117.11
  - 14 companies have accrued and unpaid penalty & interest totaling \$4,139.79
  - 1 of these companies has filed for chapter 11 bankruptcy owing \$12,153.50





Attachment B

# Houston Ship Channel Security District

<http://www.hscsecurity.com>

## Assessment Analysis as of March 31, 2016

### 2013 Assessment Analysis

<b>Receivables</b>	Delinquent – 2 Companies	21,000.00	
	Accrued Penalty & Interest (P & I) – 2	8,610.00	
<b>Total Receivables</b>			<b>\$29,610.00</b>

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

### 2014 Assessment Analysis

<b>Receivables</b>	Delinquent – 2 Companies	15,750.00	
	Accrued Penalty & Interest (P & I) – 2	3,937.50	
<b>Total Receivables</b>			<b>\$19,687.50</b>

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 was March 5, 2016, but no judgement has been delivered.**

Combined Delinquent Receivables for the 2 Assessment Years = \$49,297.50

### 2015 Assessment Analysis

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

<b>Receipts to Date</b>	Assessments – 183 Companies	\$2,645,382.89	
	Penalty & Interest (P & I)	10,731.56	
<b>Total Related Receipts</b>			<b>\$2,656,114.45</b>

<b>Receivables</b>	Current – 0 Companies	0.00	
	Delinquent – 9 Companies	\$53,117.11	
	Accrued Penalty & Interest (P & I) – 14	4,139.79	
<b>Total Receivables</b>			<b>\$57,256.90</b>

One company filed for Chapter 11 bankruptcy on March 4, 2016 owing the District \$12,153.50 including accrued penalty and interest to that date. No further penalty and interest can be accrued or collection activity taken. The account has been referred to Perdue, Brandon, Fielder, Collins & Mott L.L.P. to file proof of claim on behalf of the District.





*Attachment C*

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

<b><u>Waterside (March 2016)</u></b>		<b><u>HSCSD Expenses (February 2016)</u></b>	
Hours Deployed	135.8	Fuel	\$2,742.82
		Maintenanc	\$0.00
			<u>\$2,742.82</u>

<b><u>Landside (March 2016)</u></b>		<b><u>HSCSD Expenses (February 2016)</u></b>	
Patrols:	231	Fuel	\$1,439.49
		Maintenanc	\$2,880.88
			<u>\$4,320.37</u>

<b><u>Air Side (March 2016)</u></b>		<b><u>HSCSD Expenses (February 2016)</u></b>	
Patrol Hours	3.40	Fuel:	\$0.00
		Mainenanc	\$0.00
		Personnel	\$0.00
		Equipment	\$0.00
			<u>\$0.00</u>

**HCSO Industry Deputy**

Coordination Meetings	8
OEM/Drills/Events and Inspections	17
CIKR Visits	12
	<u>37</u>

**HCSO District Deputy**

Coordination Meetings	12
OEM/Drills/Events and Inspections	19
CIKR Visits	62.5
	<u>93.5</u>

<b><u>SMAG (March 2016)</u></b>		<b><u>HSCSD Expenses (March 2016)</u></b>	
Hours Worked	671	Hrs. Personnel	\$10,000.00

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