

MINUTES

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

**Houston, Texas
January 8, 2013**

The regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on January 8, 2013 at 2:00 p.m. The meeting was held, open to the public, at West Gulf Maritime Association (WGMA), Board Room, Third Floor, 1717 Turning Basin Drive, Portway Plaza Building, Houston, Texas 77029 in accordance with the duly posted Notice of Public Meeting. The roll was called of the officers and members of the Board, as follows:

Lewis A. Brown
Clayton Curtis, Treasurer
Richard Henderson
Charles (Chuck) King
Jake Leavins
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Mike Stewart – Assistant Secretary
Steve Stewart
Ray Yellig, Vice Chair

and all of said persons were present, except Director Henderson, Director King and Director Michael Stewart thus constituting a quorum. Also present were Directors elect Todd Adamec and Bobby Clement, Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), counsel for the District, and CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau ("GHPB"), Administrator for the District.

Item 1: Call to Order

The meeting was called to order at 2:08 p.m.

Item 2: Appearances

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

Item 3: Approval of Minutes

Director Brown moved and Director Steve Stewart seconded that the Minutes of the December 11, 2012, Board of Directors meeting be approved. Motion passed unanimously.

Item 4: Status report regarding confirmation of Zone Directors

Mr. Cusick advised the Board that on December 18, 2012, Harris County Commissioners Court had approved the zone director nominations and had unanimously voted to accept Todd Adamec (Zone 4) and Bobby Clement (Zone 2) as Directors to represent their respective zones.

Item 5: Presentation to outgoing Board Members – Chuck King – Zone 2; Ray Yellig – Zone 4

Chair Riley presented a plaque to Director Yellig, thanked him for his service as Director and Vice Chairman of the Board of the District, and wished him well in his future endeavors. Director Yellig stated that it had been an honor and privilege to serve on the Board. Director King was absent and Chair Riley also thanked him for his service in absentia.

Item 6: Administration of Oaths of Office and Acceptance of Statements of Elected/Appointed Officer and Elections Not to Disclose Certain Information for Incoming Board Members – Richard Henderson – Zone 1; Robert Clement – Zone 2; Gary Scheibe – Zone 3; Todd Adamec – Zone 4.

Secretary Schroeter swore in Directors Clement and Adamec and reaffirmed the Oath of Office for Director Scheibe. Director Henderson was not present.

Item 7: Discuss training requirements for Directors pursuant to the Texas Open Meetings Act and the Texas Public Information Act, and the procedures for compliance with same.

Mr. Ringold advised the new Directors regarding training requirements relative to the Texas Open Meetings Act and Public Information Act and furnished them a DVD regarding same. He advised the Directors they had ninety days to complete said training and requested they provide their certificates of completion for both courses to Mr. Cusick for the District's files.

Item 8: Discuss conflicts disclosure statement reporting requirements memorandum for Directors.

Mr. Ringold provided Directors Adamec and Clement an memorandum and questionnaire relative to reporting requirements in connection with potential conflicts of interest and requested that they contact him directly if they have any questions regarding same.

Item 9: Greater Houston Port Bureau

9.1 Status Report Greater Houston Port Bureau: CAPT. Diehl gave his monthly status report to the Board. CAPT. Diehl stated that he would follow up with the new directors regarding Sensitive Security Information education.

9.2 Status of Request for Proposals (RFP): Mr. Cusick informed the Board that a Bidders Conference was scheduled for January 11, 2013 and representatives from the United States Coast Guard, Area Maritime Security Council and the ports of Freeport, Galveston and Houston will be

present and available to answer questions at such conference. Mr. Cusick stated that 32 companies requested and have a received a copy of the RFP.

Director Leavins moved and Director Brown seconded that the Board approve the report. Motion passed unanimously.

Item 10: Quarterly Officers Investment Report:

Mr. Cusick presented to the Board a Quarterly Investment Report for the period ending December 31, 2012. He also advised the Board that he is required to take ten (10) hours of training to be in compliance with HB 675. Director Curtis moved and Director Steve Stewart seconded that the Quarterly Officers Investment Report be approved and that Mr. Cusick obtain the necessary training to be in compliance with HB 675. Motion passed unanimously.

Item 11: Quarterly Financial Report

Director Curtis requested that this matter be tabled until the next regular meeting of the Board.

Item 12: The Chertoff Group – Announcement regarding Working Group Meeting

It was decided that the Meeting would be held at the offices of Schwartz Page & Harding commencing at 1:00 p.m. on January 16, 2013.

Item 13: City of Houston – Update on air support patrols by City of Houston

Mr. Storemski informed the Board that the City completed 27.1 hours of flight time, 16.4 hours of water patrol and 10.4 hours of training exercises during the previous month;. A fuel bill was submitted to Mr. Cusick along with a full report of patrol activities. Mr. Storemski also stated that he submitted a funding request to the Board via Director Curtis for fuel for 2013 for patrol boats and aircraft.

Director Scheibe stated he had some questions regarding night patrols and requested that the person in charge of the water patrols attend the next regularly scheduled Board meeting so that the Directors could meet them. He also asked if Mr. John Walker could have one of the personnel responsible for scheduling from the United States Coast Guard attend the next regularly scheduled Board Meeting.

Item 14: Harris County – Update of vehicle transfer from Harris County to surrounding agencies

Deputy Tommy Diaz of the Harris County Sheriff's Office informed the Board that the City of Baytown and the City of Galena Park Police Departments had received their vehicles and the Port of Houston Authority would receive their vehicles on January 14, 2013.

Item 15: Update from USCG regarding upcoming AMSC Maritime Security Exercise

Mr. John Walker advised the board that the exercise has been rescheduled from March 6, 2013, to September 24th and 25th, 2013, due to staff changes. He stated that he hoped the District would continue to support the Coast Guard in this endeavor.

Item 16: District Boundary/Membership Revisions – Status and Potential Action

Mr. Ringold advised the Board that Mr. Doug Adkinson has informed him that he intends to request an item be placed on the Harris County Commissions Court meeting agenda for February 12, 2013, regarding the boundaries and Commissioners Court would be holding a public hearing regarding the District's petition at that time.

Item 17: Discussion of 2013 Budget

Director Curtis informed the Board that the Budget Committee (Director Curtis, Director Adamec, Director Brown, Director Michael Stewart and Director Steve Stewart) recommended that the budget be increased by 10%. He asked if Harris County and the City of Houston were looking at new grants. He said that the Budget Committee needed to know what projects the City and County would be asking the District to fund in order to come up with an assessment plan.

The zone Directors were asked when they felt that their zone members would prefer to receive the statement for any future assessments. The general consensus was that the statement be mailed out in August as has been done previously.

Item 18: CPM East Conference, Washington DC May 13-15

Chair Riley informed the Board about the CPM East Conference and advised the Board that the information will be on the web site and that Mr. Cusick would send out an e-mail to all Board members regarding same.

Item 19: Update regarding presentation at the Special Session called by the 2013 Texas Legislative Session – December 18, 2012

Chair Riley informed the Board that he felt the hearing went very well. He stated that representatives were present from TxDOT, Texas A&M and BNSF Railroad and the committee members encouraged the District to work with other agencies.

Director Schroeter informed the Board that COL. Waterworth, Executive Director of Port of Houston Authority spoke on the issue of the Panama Canal and referred questions regarding the District to Chair Riley.

Item 20: Discussion and possible action regarding introduction of legislation in the 2013 Texas Legislative Session regarding facility designations

After a lengthy discussion, it was decided that a Committee should be formed to review the methodology of facility designations. Heading the committee would be Director Adamec assisted by Director Curtis, Director Schroeter and Mr. Al Cusick. They were instructed to report back their findings at the next Board meeting. Mr. Ringold was asked to ascertain the latest date for a filing a new Bill with the Texas Legislature.

Chair Riley requested that this item be placed on the February 12, 2013 Agenda.

Item 21: Discussion and possible action on Resolution regarding Port of Houston Authority Sunset Advisory Commission Report

It was decided that this matter would be discussed in Executive Session.

Item 22: Discussion and possible action regarding replacing Agenda notebooks with electronic note pads

After discussion it was moved by Director Brown and seconded by Director Steve Stewart that Mr. Cusick move forward with the purchase of electronic note books and purchase the larger screen. Director Schroeter cautioned that these books should be used solely for District business. Motion passed unanimously.

Item 23: Discuss and take action on payment invoices for maintenance, operation and administrative expenses

Director Schroeter moved and Director Leavins seconded that the invoices presented by the City of Houston in the amount of \$14,907.60 and the County in the amount of \$31,192.06 be approved for payment. Motion passed unanimously.

Item 24: Discuss meeting location for March

Director Schroeter advised that the Port of Houston Authority Board Room was available for the March 12, 2013 meeting. Director Scheibe advised that he would check the meeting room at Shell to see if that was available.

Item 25: Suggested items for February Agenda

This item was not addressed.

Item 26: Executive Session:

At 3:49 p.m. Chair Riley called for a ten minute recess followed by an Executive Session. The following statement was read by Director Schroeter:

“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:

- A. Consultation with attorneys, including legal issues concerning discussion of contract terms in contracts with Harris County and potential boundary/membership revisions
- B. Deliberation regarding deployment and implementation of security services and projects, including

Update on Harris County Security Projects including Operations Monthly (to include reports on water and land patrols)

- i. Report from Harris County Sheriff’s Office
- ii. Report from ITC Department
- iii. Status of cameras – Harris County PID Department

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

At 4:50 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 Leavins seconded that item number 21 “Discussion and possible action on Resolution regarding Port of Houston Authority Sunset Advisory Commission Report” be tabled. Director Schroeter abstained from the vote. Apart from such abstention, motion passed unanimously.

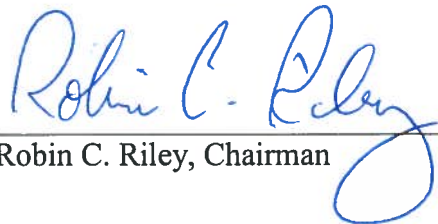
Item 28: Other business

There was no other business to come before the Board.

Item 29: Adjourn

There being no further business coming out of Executive Session, Director Leavins moved and Director Schroeter seconded that the meeting adjourn. Motion passed unanimously. Meeting adjourned at 5.03 p.m.

The above is a correct copy of the Minutes of the January 8, 2013 meeting of the Board of Directors of the Houston Ship Channel Security District.

A handwritten signature in blue ink, appearing to read "Robin C. Riley". The signature is written in a cursive style and is positioned above a horizontal line.

Robin C. Riley, Chairman

ATTEST:

A handwritten signature in blue ink, appearing to read "T. Schroeter". The signature is written in a cursive style and is positioned above a horizontal line.

Thomas G. Schroeter, Secretary