

MINUTES

Board of Directors of the Houston Ship Channel Security District May 12, 2015

A regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on May 12, 2015, 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
Lewis Brown
Jimmy Burke
Duane Campbell
George Paruch
Gary Scheibe, Chair
Steve Stewart, Vice Chair
Marcus Woodring

and all said persons were present, except Directors Campbell, Paruch, Scheibe 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., Patrick Seeba, and Albert Cusick of the Greater Houston Port Bureau (“GHPB”), administrators for the District.

Call to Order

Treasurer Blanchard called the meeting to order at 2:00 PM.

Director Boehm moved that, in the absence of the Chair and Vice Chair, Director Blanchard serve as Chair Pro Tem for the meeting. Director Burke seconded the motion, which passed unanimously.

Appearances

Chair Pro Tem Blanchard called for any appearances from the public before the Board. There were none.

Approval of Minutes of March 24, 2015 Meeting

Chair Pro Tem Blanchard noted the draft minutes of the April 14, 2015 meeting had been distributed and asked if there were any comments to the said minutes. Director Brown moved to approve said minutes, as presented. Director Bass seconded the motion, which passed unanimously without further discussion.

Discussion and Possible Action on a Revised Audit Engagement Letter from McCall Gibson Swedlund Barefoot PLLC

Mr. Cusick advised the Board of the need for the preparation of a Single Audit for the fiscal year ending December 31, 2014, relative to the District's receipt of more than \$500,000 in Federal Grant Funds during the relevant audit period. He advised that McCall Gibson Swedlund Barfoot, PLLC, has submitted a proposal to perform the Single Audit, which proposal estimates fees and expenses of \$2500 to \$3500. Director Brown moved to accept the revised engagement letter from McCall Gibson Swedlund Barefoot PLLC to perform the Single Audit. Director Burke seconded the motion, which passed unanimously.

Legal Report – Schwartz, Page & Harding, LLP

Mr. Ringold advised he had nothing further of a legal nature to report to the Board.

Status Report from the Greater Houston Port Bureau

Mr. Cusick 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*.

Mr. Cusick presented three (3) invoices for Board approval: (1) an invoice received from Harris County in the amount of \$25,290.35; (2) an invoice received from the Greater Houston Port Bureau in the amount of \$26,747.52; and (3) an invoice from Texas A&M Forest Service of \$26,000.00 (relative to the District's sponsorship of the All Hazards Course – O-305 AHMIT). Upon review of the invoices presented, Director Woodring moved that the financial report be approved and that said invoices be approved for payment. Director Brown seconded the motion, which passed unanimously.

Mr. Cusick advised that two (2) companies remain delinquent in payment of their 2013 base assessment, penalties and interest totaling \$27,825.00, and were referred to Perdue, Brandon, Fielder, Collins & Mott, LLP, the District's delinquent assessment collection attorneys, on July 1, 2014, for further collection efforts. He further advised the Board that a trial date for both accounts has been set for May 20, 2015.

Mr. Cusick advised the Board that, as of May 12, 2015, \$2,574,206.25 in 2014 Assessment payments had been received, representing a 98.96% collection rate. Four (4) companies owe assessments in the aggregate amount of \$24,543.75 plus \$2,811.39 in penalties and interest. One (1) company has filed for bankruptcy, owing the District \$2,625.00. No penalties or interest will accrue following the date the company filed for bankruptcy until the proceedings are complete. A copy of the Assessment Collection Report is included in *Attachment B*.

Mr. Seeba briefed the Board members on the status of moving the Harris County Sheriff's Office Security Monitoring and Analysis Group ("SMAG") to the USCG Interagency Operations Center at Ellington Field. He also reported his own participation in a bid-review meeting with Harris County ITC and Harris County Purchasing which resulted in the recommendation to Commissioner's Court to approve a proposal for the repair, replacement, and maintenance of surveillance cameras as part of Harris County's Houston Ship Channel Surveillance System.

Mr. Seeba next advised the Board of the GHPB's efforts on behalf of the District to arrange DHS education classes to be held on June 23, 2015 and June 25, 2015. He advised that such classes are open to District members and the GHPB would publicize same in a manner consistent with past practices.

CAPT Diehl advised that there had been no additional communication or follow-up on the previously reported email correspondence received from Chad Carlough, US House Committee on Homeland Security, regarding a potential informal hearing on port security, and his response on behalf of the Board.

CAPT Diehl noted that he is continuing to make presentations to industry groups and interested members of the public regarding the District, its functions and activities, and that Mr. Seeba had recently given a presentation to a group from the Jacinto City-Galena Park Citizens CIP.

Status Report – City of Baytown

No one was present from the City of Baytown.

Status Report – City of Houston

Mr. Rick Retz of the City of Houston ("City") advised the Board of aerial and marine patrols completed by the City during April 2015.

Status Report – Harris County

Greg Karr, Harris County Engineering, advised the Board there was nothing to add to the written materials provided by the County's Public Infrastructure Department.

Captain Darryl Coleman gave the monthly HCSO report. He reported to the Board regarding waterside hours deployed, landside hours deployed, air hours deployed, and efforts of Deputies involved with industry meetings, OEM, drills, events and inspections. He also reported regarding hours worked by the SMAG Unit relative to monitoring of cameras throughout the District.

Captain Coleman introduced Deputy Todd Carrington of the HCSO Air Wing. He advised that Deputy Carrington is assigned permanently to fly patrols over the District and will be attending the monthly Board Meetings.

Status Report – Houston Ship Channel Security System

Report deferred to executive Session.

Recess to Executive Session

At 2:20 P.M., Secretary Adamec 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 3:48 P.M., the Board reconvened in open session. No action was taken relative to matters discussed in executive session

Consider Items for Future Meeting Agendas

No items were suggested.

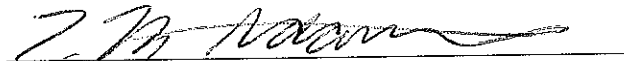
Adjourn

At 3:48 PM Director Adamec 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 June 9, 2015, 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 May 12, 2015, regular meeting of the Board of Directors of the Houston Ship Channel Security District



Todd Adamec, Secretary



Attachment A

Houston Ship Channel Security District

<http://www.hcsd.org>

Operating Account Reconciliation and Cash Flow Statement

April 2015

AmegyBank Checking

Opening Balance 04/01/2015	\$205,543.15
Deposits	385.77
Transfer from Money Market	100,000.00
Checks Cleared	-228,006.35
Bank Charge/Fees	-0.00
Transferred to Money Market	-0.00
Closing Bank Balance 04/30/2015	\$77,922.57
Outstanding Checks 04/30/2015	-3,000.00
Available Funds 04/30/2015	\$74,922.57

April Deposits

Refund from VISA	385.77
Total April Deposits	\$ 385.77

April Disbursements

City of Houston	7,315.20	March Invoice
Harris County	53,934.12	March Invoice
Greater Houston Port Bureau	23,609.61	March Invoice
Schwartz, Page & Harding	1,522.00	March Invoice
VISA	47.12	VISA Bill
DiPuma Printing	-559.60	Decals (Check Lost - Voided)
DiPuma Printing	559.60	Decals (Replacement Check)
VISA	-1,141.48	VISA Bill (Check Lost - Voided)
VISA	1,141.48	VISA Bill (Replacement Check)
Ernie's Catering	3,000.00	Support for AHIMT Training
Total April Disbursements	\$89,428.05	

Outstanding Checks

Ernie's Catering	3,000.00	Support for AHIMT Training
Total Outstanding Checks 04/30/2015	\$3,000.00	





Houston Ship Channel Security District

<http://www.hscsd.org>

Money Market Account Reconciliation April 30, 2015

AmegyBank Money Market Account 53740102

Beginning Balance 04/01/2015	\$8,60049.79
Deposits	0.00
Transfer from Checking	0.00
Transfer to Checking	-100,000.00
Bank Charges/Fees	-0.00
Interest paid (0.050%)	351.10
Debits	-0.00
Closing Balance 04/30/2015	\$8,500,400.89
Funds in Transit	0.00
Total Funds on Deposit 04/30/2015	\$8,500,400.89





Attachment B

Houston Ship Channel Security District

<http://www.hscsecurity.com>

Assessment Analysis as of May 12, 2015

2013 Assessment Analysis

2013 Assessment Roll 160 Companies			\$3,307,500.00
Receipts to Date	Assessments – 158 companies	\$3,286,500.00	
	Penalty & Interest (P & I)	67,703.65	
Total Related Receipts			\$3,354,203.65
Receivables	Current –	0.00	
	Delinquent – 2 Companies	21,000.00	
	Accrued Penalty & Interest (P & I) – 2	6,825.00	
Total Receivables			\$27,825.00

Both companies were turned over to the collection attorney on July 1, 2014. Interest continues to accrue on these accounts. **Court proceedings are set for May 20, 2015.**

2014 Assessment Analysis

2014 Assessment Roll 160 Companies			\$2,601,375.00
Receipts to Date	Assessments – 155 Companies	2,574,206.25	
	Penalty & Interest (P & I)	15,286.33	
Total Related Receipts			\$2,589,492.58
Receivables	Current –	0.00	
	Delinquent * – 5 Companies	27,168.75	
	Accrued Penalty & Interest (P & I) – 4	2,811.39	
Total Receivables			\$29,980.14

*Includes 1 company owing \$2,625.00 that has filed for bankruptcy. No P&I can be charged on this account.

