

## **MINUTES**

### **Board of Directors of the Houston Ship Channel Security District Deer Park, Texas September 9, 2014**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on September 9, 2014, open to the public, at the Mustang Building, 2<sup>nd</sup> Floor, Shell Learning Center, 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, Assistant Secretary  
Didier Auber  
Randy Black  
Lewis Brown  
Jimmy Burke  
Clayton Curtis, Treasurer  
Richard Henderson  
Chuck King  
Gary Scheibe, Chair  
Tom Schroeter, Secretary  
Steve Stewart, Vice Chair

and all said persons were present, except Directors Auber, Burke, Curtis, and Henderson, 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., Albert Cusick, and Patrick Seeba of the Greater Houston Port Bureau (GHPB), administrators and program manager for the District.

#### **Call to Order**

Chairman Scheibe called the meeting to order at 2:00 PM.

#### **Appearances**

Mr. John Walker, USCG, advised the Board that the Coast Guard introduced a new Alert System via a Security Drill that took place in August. He noted that the scope of the drill was limited, as the drill alerts were only sent to certain Facility Security Officers and the Vessel Security Officers. Mr. Walker also announced that the USCG’s Annual Security Exercise would be held in conjunction with the October 23, 2014 Area Maritime Security Committee meeting. At that meeting, copies of the Area Maritime Security Plan would be available for attendees and encouraged participation in the Exercise. Chair Scheibe said it was important for the facilities to participate in these security drills and exercises with the Coast Guard.

## **Approval of Minutes**

The Board considered the approval of the minutes for the meeting held on August 12, 2014. After review of the draft minutes presented, Director Stewart motioned, with Director Brown seconding, for approval of the minutes of the August 12 2014 meeting. The motion passed unanimously.

## **Status Report from the Greater Houston Port Bureau**

Mr. Cusick presented the financial and investment reports to the Board and reported that the District's checking account balance for its general operating fund at the end of August was \$300,019.88 following deposits and transfers of \$686,450.25 and disbursements of \$489,161.71. He noted that the District's money market account balance was \$6,565,822.41 following transfers of \$500,000.00, and interest earned of \$269.04.

Mr. Cusick presented four (4) invoices for Board approval: (1) an invoice received from Harris County of \$227,246.49; (2) an invoice received from the Greater Houston Port Bureau of \$33,519.44; (3) an invoice received from the City of Houston of \$17,826.00; (4) an invoice received from Witt O'Brien's of \$82,353.38. Director King moved that the financial and investment reports be approved and the invoices presented be approved for payment. Director Black seconded the motion, which passed unanimously.

Mr. Cusick presented an update as to the collections of the District's 2013 Assessment payments and reported that 158 companies have paid \$3,286,500.00 in assessments and \$67,703.65 in penalty and interest. He advised the two (2) companies that are delinquent in payment of their base assessment, penalties and interest totaling \$24,990.00 were referred to the collection attorney on July 1, 2014.

Mr. Seeba briefed the Board on current project updates. Regarding the District's hosting of Department of Homeland Security ("DHS") Office of Bombing Prevention classes, he noted that a DHS Protective Measures training course was currently being held at the Houston Pilots Association (9-10 September 2014), and that there had been reservations for over 40 attendees, but the final attendance was under 30 person. Mr. Seeba also advised of a Surveillance Detection training course would be held on 2-4 December at the Shell Learning Center, and reported that the class was full.

Mr. Seeba explained that the USCG-HCSO Memorandum of Understanding for Waterside Security Enforcement had been returned from Sector Houston-Galveston Command and is moving forward to legal review by those entities. He noted that USCG Station Houston continues to press for ratification of the MOU to assist in waterside operations.

Mr. Cusick reported that the Houston Marriott South at Hobby Airport is confirmed for the Annual Meeting and Luncheon on Wednesday, November 12, 2014. He reported the Save-the-Date email would be going to over 500 facility owners and/or their designated representatives and VIP contacts next week. He also reported that the District's law enforcement partner

organizations had again agreed to provide displays and demonstrations at the annual meeting and luncheon. The front parking lot of the Marriott will again be available for the larger displays like helicopters and boats.

Relative to the annual meeting and luncheon, Mr. Seeba reported that a contract with Winkler Public Relations has been negotiated, and that some proposed activities that were redundant to work accomplished last year were removed from the scope of work, thus reducing the initially proposed contract amount. Following discussion on the matter, Director Schroeter moved the GHPB be authorized to enter into a contract with Winkler Public Relations for services associated with the Annual Meeting and Luncheon in an amount not to exceed \$4,000.00. Director Brown seconded the motion, which passed unanimously.

Mr. Seeba advised the next issue of the District News Letter was scheduled for the 3<sup>rd</sup> Quarter and would be available for distribution at the Annual Meeting and Luncheon.

#### **Schedule for Zone Director Nominations and Balloting**

Mr. Cusick said the schedule will be similar to last year with the intention of completing the elections and presenting the names of the successful candidates to Commissioners Court at their December 16, 2014 meeting for appointment to the Board of Directors.

#### **Discussion and Possible Action on Revised 2014 Budget**

Mr. Cusick reported the budget committee had revised the 2014 budget to reflect the financial changes approved by the Board for 2014. Following discussion, Director Black moved for the approval of the revised 2014 budget. Director Schroeter seconded the motion, which passed unanimously.

#### **Discussion and Possible Action on the 2015 Annual Budget**

Mr. Cusick presented the proposed 2015 Annual Budget that was approved by the Budget Committee. Following discussion, Director King moved that the proposed 2015 Annual Budget be approved as presented. Director Adamec seconded the motion, which passed unanimously.

#### **Discussion and Possible Action on Funding Requests in Connection with Proposed 2014 Plan of Assessment**

Mr. Seeba explained that, with the pending audit report on the Houston Ship Channel Security System (HSCSS), the project requests received might not match the recommendations in the report. Therefore, the budget committee chose to consolidate all HSCSS O&M project funding requests as a single line item in the budget. He further advised that, aside from that change, there were no additional funding requests received and the GHPB's recommendations relative to the requests presented at the prior Board meeting remained unchanged.

#### **Discussion and Possible Action of Authorizing the GHPB and Legal Counsel to Prepare Proposed 2014 Plan of Assessment**

Director King moved to authorize legal counsel to work with the GHPB to develop the 2014 Plan of Assessment based upon the recommendations of the GHPB relative to the funding requests that had been received and presented to the Board. Director Black seconded the motion, which passed unanimously.

### **Status Report – Harris County**

Mr. Adkinson introduced Mr. Bruce High, Mr. Steve Higginbotham, and Mr. Shing Lin from Harris County Information Technology.

Deputy Chris Lee reported the HCSO had 174.25 hours of waterside patrols, 280 hours of landside patrols during June, and 616 hours of SMAG monitoring during the month of May.

Mr. Greg Karr informed the Board that District related projects were on schedule.

### **Status Report – City of Houston**

Mr. Dennis Storemski reported August flight hours for the City's helicopters as 102 hours. He also advised the Board that the HPD boat crews had completed USCG training requirements and were now certified and available to assist the Coast Guard when necessary.

### **Discussion and Possible Action on Delinquent Assessments**

Mr. Ringold said he had received correspondence from Perdue Brandon Fielder Collins & Mott LLP ("PBFCM"), the District's delinquent assessment collection attorneys, seeking direction on further action against the two remaining delinquent accounts for 2013 assessments. PBFCM has advised that each is refusing to pay the assessment, penalties and accrued interest and PBFCM recommends the filing of lawsuits to enforce the assessments. Director Schroeter stated that the District has a fiduciary responsibility to all facility owners to make every effort to collect the assessments. He noted that it would be unfair to the facilities that paid to not follow through on the collection process. Director Schroeter moved that Mr. Ringold notify the collection attorney to proceed with filing the lawsuits. Director King seconded the motion, which passed unanimously.

### **Legal Report**

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

### **Status Report – Houston Ship Channel Security System**

The report was deferred to Executive Session.

### **Executive Session**

At 3:00 P.M., Secretary Schroeter read the following:

“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 4:58 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 5:00 PM Director Schroeter moved that the meeting be adjourned. Director Adamec seconded the motion which passed unanimously.

#### **Next Meeting**

The next regular meeting of the Board is scheduled for Tuesday October 14, 2014, at 2:00 PM at the Shell Learning Center, 4400 Highway 225, Deer Park, Texas.

The above is a correct copy of the Minutes of the September 9, 2014 regular meeting of the Board of Directors of the Houston Ship Channel Security District

  
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Thomas G. Schroeter, Secretary