

MINUTES

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

**Houston, Texas
January 11, 2011**

The regular meeting of the Board of Directors of the Houston Ship Channel Security District was convened on January 11, at 9:30 a.m. The meeting was held at Shell Deer Park, 5900 HWY 225, Deer Park, Texas 77536. The following Directors were present:

Beth Bowles
Clayton Curtis
Harry Engelhardt, Jr.
Richard Henderson
Robin Riley
Tom Schroeter
Mark Skobel
Steve Stewart
Lawrence Waldron
Ray Yellig

Also present was Daniel Ringold, counsel for the District and Howard Cohen of Schwartz, Page & Harding. Director Greg DeLong was absent.

Chairman Riley called the meeting to order at 9:33 a.m. Chairman Riley asked if anybody wished to address the Board. Gary Scheibe of Shell Deer Park gave a brief safety talk regarding the facilities at Deer Park and what to do in the event of an emergency. Chairman Riley thanked Shell and Mr. Scheibe for hosting the meeting.

The Minutes of the December 14, 2010 meeting were not available for review and approval and will be taken up at the February meeting. Chairman Riley asked if there was anybody that wished to address the Board. Nobody wished to do so.

Director Bowles moved and Director Stewart seconded that the Agreement with Harris County be placed on the table for discussion. Motion passed unanimously. Director Schroeter stated that he, Chairman Riley, Director Stewart and Director Waldron had met with the County to discuss the Agreement on December 29, 2010. To date no final form of Agreement is available as the County still has some issues with items in the Agreement. Director Stewart moved and Director Bowles seconded that this item be tabled. Motion passed unanimously.

Captain Bill Diehl of the Greater Houston Port Bureau gave an update on the elections. Director Schroeter suggested that the Legislation should be changed regarding the voting process.

Captain Diehl gave an update on the appeal process:

APM Terminals was deferred to Daniel Ringold, the District's counsel, to review the matter and bring before the Board in February for voting.

Channel Shipyard – after a brief discussion regarding whether Channel Shipyard had produced evidence proving their total acreage, which they had, Director Yellig moved and Director Stewart seconded that the assessment for Channel Shipyard would be \$5,000.00 Motion passed unanimously.

Ineos Olefins & Polymers USA – Director Yellig moved and Director Engelhardt seconded that the facility be assessed \$45,000.00 based upon number of personnel. Motion passed unanimously.

Intercontinental Terminals Company – Director Yellig moved and Director Waldron seconded that the facility be assessed \$65,000 based on acreage. Motion passed unanimously.

Chairman Riley discussed the possibility of hiring an attorney to collect delinquent assessments. Director Yellig did not wish to hire a collection attorney immediately. Director Stewart moved and Director Lawrence seconded that Director Stewart, Director Schroeter and Chairman Riley research and identify a firm that has the expertise to collect the assessments for the District. Motion passed unanimously.

The District’s liability insurance was discussed. Director Yellig moved that the Board renew the current policy and requested that Mr. Birdwell look at umbrella coverage for the Board. Director Curtis seconded the Motion. Motion passed unanimously.

The regular monthly meeting day and time was discussed. It was decided that meetings would be held on the second Tuesday of each month; however they would start at 2:00 p.m. Director Stewart moved and Director Schroeter seconded that the time be changed to 2:00 p.m. for the meetings. Motion passed unanimously.

Chairman Riley asked for an update on the Houston Ship Channel Security Council. Mr. Rick Deel informed the Board that he and Gary Scheibe were coordinators of the Security Council. The group had decided that they would meet the third Wednesday of each month from 1-3p.m. Mr. Deel advised the Board that the Council thought it would be well served to have a representative of the Coastguard on the council. The following are members of the Security Council:

- Rick Deel
- Doug Adkinson
- Bill Crews
- Gail Miller
- Gary Scheibe
- Dave Smith
- Lt. Bill Sparks
- Dennis Storemski

Chairman Riley thanked Mr. Deel and the Council for their work.

Director Waldron moved and Director Schroeter seconded that the Captain of the Port be asked to nominate a member of the US Coast Guard to be on the Security Council. Motion passed unanimously. Director Schroeter commented that the Advisory Council was a great group and that LT. Sparks had been especially helpful.

Director Schroeter moved and Director Bowles seconded that discussion of PIER be placed on the table for discussion. Director Bowles stated she would like to know the pros and cons from the Council regarding their decision to advise the Board to accept this system. Director Waldron moved and Director Engelhardt seconded that the Port Bureau look into PIER system training and that the User Agreement be modified subject to Board approval.

At 10:37 a.m. Chairman Riley announced at 10 minute recess after which the Board would adjourn into Executive Session. Director Schroeter read the following statement:

“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:

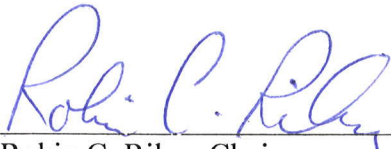
- a. Public officers and employees
- b. Consultation with attorneys
- c. Security-related matters
- d. Real property
- e. Economic development negotiations or incentives

“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.”

At 12:31 p.m. the Board reconvened in open session. There were no actions from Executive Session. Director Stewart moved and Director Schroeter seconded that the meeting adjourn. Motion passed unanimously.

Next scheduled meeting of the Houston Ship Channel Security District Board of Directors is Tuesday, February 8, 2011 at 2:00 p.m. at Exxon Mobil Main Office Building, 2800 Decker Drive, Baytown, Texas 77520.

The above is a correct copy of the Minutes of the January 11, 2011, meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

Action Items:

1. Chairman Riley, Director Stewart and Director Schroeter to locate a law firm that is experienced in collecting delinquent assessments for presentation to the Board for the hiring of same.
2. Chairman Riley to ask the US Coast Guard to nominate an individual for the Security Council