

MINUTES

Board of Directors of the Houston Ship Channel Security District Deer Park, Texas October 14, 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, 2nd 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 Black 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., 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 2:06 PM.

Appearances

Mr. Rick Deel addressed the Board regarding the National Incident Management System (NIMS) and the NIMS 305 Class, which is a multiday incident management response training course. He advised that a 5-day NIMS 305 Class is being offered in Houston in April of 2015, that the class size will accommodate up to 50 participants, and the class organizers are seeking to have a broad base of participants. The goal is to create through this class an all-hazards incident management team that includes industry representatives, local responders, United States Coast Guard personnel, as well as law enforcement and CIMA representatives. He requested that the District consider providing financial support for the cost of the putting on the class, which is \$30,000, and requires a location with a main room and 5 breakout rooms.

Chair Scheibe noted that this request could be addressed in connection with the agenda item regarding the proposed 2014 Plan of Assessment.

Mr. John Walker, USCG, advised the Board the quarterly Area Maritime Security Council (AMSC) meeting would be Thursday, November 23, 2014. The Annual SECUREX drill would be held following the AMSC, and the Area Maritime Security Plan would be part of the program

Acceptance of the Resignation of Director Randy Black

Chair Scheibe advised the Board that Director Black had accepted a position with a company in Alabama. Chair Scheibe said he appreciated Director Black's service and dedication to the District, and it was a privilege to have served with him. Director Schroeter moved to accept Director Black's resignation. Director Burke seconded the motion, which passed unanimously.

Approval of Minutes of September 9, 2014 Meeting

Director Brown moved for the acceptance of the Minutes of September 9, 2014. Director King seconded the motion, which 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 September was \$30,412.17, following transfers of \$100,000.00 and disbursements of \$365,152.89. He noted that the District's money market account balance was \$6,466,107.21 following transfers of \$100,000.00, and interest earned of \$284.80.

Mr. Cusick presented four (4) invoices for Board approval: (1) an invoice received from Harris County of \$41,943.23; (2) an invoice received from the Greater Houston Port Bureau of \$34,730.48; (3) an invoice received from the City of Houston of \$10,381.20; (4) an invoice received from Witt O'Brien's of \$26,403.07. Director Brown moved that the financial and investment reports be approved, that the invoices presented be approved for payment, and that the investment report be executed by the Investment Officer on behalf of the Board and the District. Director Curtis seconded the motion, which passed unanimously.

Mr. Cusick advised that two (2) companies that are delinquent in payment of their base assessment, penalties and interest totaling \$24,990.00 were referred to Perdue, Brandon, Fielder, Collins & Mott, LLP, the District's delinquent assessment collection attorney, on July 1, 2014 for further collection efforts.

Mr. Cusick advised the Board a preliminary notice of the pending Request for Nominations was sent to facilities within the District on October 1, 2014, and was followed by a formal Request for Nominations for Candidates on October 13, 2014. He advised the Board there would not be an incumbent candidate for Zones 1 & 2, and that the deadline for receipt of nominations is the close of business on November 14, 2014. Mr. Cusick discussed the timeline for the nomination, election and appointment process, noting that the voting should conclude in time to submit the

results to the Harris County Commissioners Court for them to take action on same at their December meeting.

Mr. Seeba reported that he and representative of Harris County ITC and the Sheriff's Office met with the Witt O'Brien's / Shrader Engineering staff to review the final audit report generated by them with respect to Harris County's security surveillance system.

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. Seeba also advised of a District sponsored Department of Homeland Security (DHS) 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 said he will be attending the Secured Cities Conference in Baltimore next month and will make a presentation at said conference about the District.

Relative to the District's annual meeting and luncheon, CAPT Diehl reported that the GHPB has retained Winkler Public Relations on behalf of the District, which firm will orchestrate media coverage and a press conference.

CAPT Diehl advised the next issue of the District's Newsletter would be available for distribution at the Annual Meeting and Luncheon.

CAPT Diehl advised the Board that the District would be providing financial support for the SECUREX Exercise at the end of the month and be recognized as a sponsor.

Discussion and Adoption of Order Calling Hearing on Assessment Plan

Mr. Ringold presented to the Board a draft Order Calling Hearing on Assessment Plan relative to the District's proposed 2014 Assessment Plan. Mr. Ringold noted that, prior to adopting an Assessment Plan, the District is required to hold a public hearing on the proposed Plan and provide 30 days written notice of same to the facilities subject to the proposed assessment. He further noted that the draft Assessment Plan attached to the Order Calling Hearing on Assessment Plan incorporates the projects and funding requests that have been vetted and recommended for District support by the GHPB.

Following discussion of the Order and proposed Assessment Plan, Chair Scheibe requested that appropriate revisions be made to include various training courses in the scope of the proposed projects and services, including training provided or sponsored by DHS, USCG, NIMS, as well as the PortStar education and training modules made available to the facilities within the District. Chair Scheibe noted that this year, more than in any other year, more value has been received from training activities like PortStar, the DHS classes, and supporting the USCG Security exercises. It was moved by Director King that the Order Calling Hearing on Assessment Plan be

approved, subject to modification in accordance with Chair Scheibe's request to include the education and training, and that the estimated costs thereof be increased by \$30,000, to be offset by the use of an additional \$30,000 in retained surplus funds. Director Schroeter seconded the motion, which passed unanimously.

Discussion and Possible Action Regarding a Change of Date for the November 2014 Board Meeting

Mr. Ringold explained that notice of the Public Hearing must be given to the facilities within the District at least 30 days prior to the hearing date, and suggested that the November Board meeting be moved to November 18, 2014 to allow sufficient time for the GHPB to provide such notice. Director Curtis moved the Regular November Meeting of the Board be changed to November 18, 2014. Director King seconded the motion, which passed unanimously

Quarterly Financial Report

Director Curtis advised the Board that expenditures were under budget and there was a balance in the bank of \$6,496,519.38.

Quarterly Investment Officers Report

Director Curtis advised that the collateral pledged against the District's deposits in excess of FDIC insurance amounts was in excess of the required 110% of the uninsured deposits.

Status Report – Harris County

Mr. Doug Adkinson reported the County has received an extension on performance period for the County's 2012 PSG projects. He advised the Board the County Auditor reached out to Mr. Cusick to arrive at an agreed upon format for the required quarterly financial reports from the County. Mr. Adkinson reported the Harris County PID projects including the USCG fiber extension, WARFN-K, SARFEN-8, and Tomball fiber projects are all on schedule.

Deputy Chris Lee reported the HCSO had 161.4 hours of waterside patrols, 128 hours of landside patrols during September and 624 hours of SMAG monitoring during the month of September.

Status Report – City of Houston

Rick Retz introduced Sgt. Joe Bush with the regional fusion center, assigned to HSCSD with a partner. Sgt. Bush advised that his team is strictly focused on the Houston Ship Channel and in working with partner agencies to collect information on incident occurrence.

Legal Report – Schwartz, Page & Harding, LLP

Mr. Ringold advised the Board that he has nothing further of a legal nature to present to the Board at today's meeting.

Recess to Executive Session

At 3:19 P.M., Chairman Scheibe asked Secretary Schroeder to 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 4:44 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 4:45 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 November 18, 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 October 14, 2014 regular meeting of the Board of Directors of the Houston Ship Channel Security District



Thomas G. Schroeter, Secretary