

MINUTES

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

**Houston, Texas
October 11, 2011**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on October 11, 2011 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 Basis 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:

Beth Bowles, Assistant Secretary
Clayton Curtis, Treasurer
Greg DeLong, Vice Chair
Gary Scheibe
Richard Henderson
Robin Riley, Chair
Tom Schroeter, Secretary
Mark Skobel
Steve Stewart
Lawrence Waldron
Ray Yellig

and all of said persons were present, except Director Henderson and Director Waldron, thus constituting a quorum. Prior to the date of this meeting, Director Skobel and Director DeLong had tendered their resignation to the Chairman.

Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, CAPT. Bill Diehl of the Greater Houston Port Bureau (“GHPB”), Administrator for the District, and Rick Deel from the Houston Ship Channel Security District Advisory Council.

Chairman Riley called the meeting to order at 2:05 p.m. Chairman Riley presented a plaque and coasters to Mrs. Mark (Jill) Skobel, in Mark Skobel’s absence, and commended her husband for his service to the Board. Director Skobel was promoted within his company (Valero) and had been transferred out of state and therefore had tendered his resignation to the Chairman. Director Schroeter also thanked Mr. Skobel for his work and contributions as a Director of the District, and stated that he had occasion to speak to Mr. Wade Upton, retired senior officer from Valero, who commented on the excellent work Mr. Skobel has done for Valero.

Chairman Riley also stated that Director DeLong had changed employment, and that as his new employer is not located within the District, Mr. DeLong had also tendered his resignation to the Chairman. Chairman Riley expressed the Board’s appreciation for Director DeLong’s services and for his commitment to the District.

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

Chairman Riley asked if there were any changes or corrections to the Minutes of September 13, 2011. There were none. Minutes stood as presented.

Discussion was held regarding the two Director openings in Zone 2 resulting from the resignation of Directors DeLong and Skobel. Director DeLong had fourteen months remaining in his term and Director Skobel had two months remaining in his term.

Candidates for Zone 2 were discussed. The following persons had submitted a resume and expressed an interest in filling the two vacant positions on the Board:

Jacques Joseph, Plant Manager, Air Products & Chemicals – Pasadena
Charles H. King, Jr., VP Compliance and Marine Affairs, Buffalo Marine Service
David Olds, Corporate Security & Business Continuity Manager, TPC Group
Bob Pennacchi, Sr. Vice President, Operations, Intercontinental Terminals Company

It was determined that Mr. Pennacchi was in fact located in Zone 3 and therefore would not be eligible to be a Director for Zone 2.

Mr. Jacques Joseph was not present at the meeting. Chairman Riley read Mr. Joseph's resume for the Board.

Chairman Riley invited both Mr. Olds and Mr. King to address the Board regarding their qualifications and if they had any questions for the Board. After brief introductions and discussion Chairman Riley asked Mr. Olds and Mr. King to step outside so that the Board could vote. Director Bowles moved that at the present time the Board fill only Director DeLong's position, which had fourteen months remaining, and leave Director Skobel's position open until the general election process (which would be held in two months). Director Scheibe seconded the motion. Motion passed unanimously.

Director Bowles stated that Zone 4 membership wanted a plant manager as representative for their zone. Director Yellig supported Director Bowles comments. Chairman Riley took note of Director Bowles and Yellig's comments and called for a vote on the three candidates. Mr. King was the first candidate to be voted upon. Director Stewart, Director Curtis, Director Scheibe and Director Schroeter voted in the affirmative for Mr. King. Director Bowles voted in the affirmative for Mr. Joseph. Director Yellig abstained. Chairman Riley asked that Mr. King and Mr. Olds return to the room. Mr. King had to leave as he had a prior appointment. Chairman Riley announced that Mr. King had been voted onto the Board and encouraged Mr. Olds to campaign in the upcoming elections.

Mr. Rick Deel gave a report on behalf of the Houston Ship Channel Security District Advisory Council. He stated that the Security Council supports the Contract Deputy Program. Director Scheibe stated that it could be a short term or long term contract. When the Board receives a proposed contract from the County they will discuss the issue further. Mr. Doug Adkinson stated that he should have the estimated cost of the Deputy Program by October 20, 2011. A presentation was given to the Board regarding the I-Watch program. The camera monitoring proposal and aircraft support proposal were to be discussed in Executive Session.

CAPT. Diehl presented his monthly report to the Board. He stated that to date the district had collected approximately \$2.6 million in assessments. The plans for the annual luncheon were progressing well and the Annual Report and Audited Financial Report were substantially completed.

Mr. Cusick reported regarding the Quarterly Investment Report and informed the Board that the District is in compliance. Director Curtis moved and Director Scheibe seconded that the Quarterly Investment Report be approved. Motion passed unanimously.

Motion was presented to approve the Draft Audit Report subject to comments received by Directors no later than Close of Business (COB) October 14. Motion passed unanimously.

Chairman Riley stated that the Board needed to appoint a Vice Chairman to fill out the remainder of Director DeLong's position. Director Stewart moved and Director Schroeter seconded that Director Yellig take the position of Vice President until the election of officers takes place in January 2012. Director Yellig agreed to hold the position of Vice President until January 2012 when elections of officers took place. Motion passed unanimously.

Director Schroeter presented the Agreement between the Port of Houston Authority and Houston Ship Channel Security District regarding the \$150,000 assessment. Director Stewart moved and Director Yellig seconded that the Board approve the Agreement. With one abstention, Director Schroeter, motion passed unanimously.

At 3.50 p.m. Director Schroeter read the following statement:

“The Houston Ship Channel Security District Board of Directors will now convene in a closed meeting, as permitted by the Texas Open Meetings Act and Government Code, to deliberate with legal counsel including legal aspects of Boundary Methodology and contract with Harris County Sheriff's Office pertaining to personnel; deployment and implementation of security services and projects relative to the contract with Harris County including camera monitoring proposal and aircraft support proposal from HPD. Pursuant to the Government Code, Section 551, subchapter E, the closed meeting shall be recorded. The Houston Ship Channel Security District Board of Directors will reconvene in public session after the closed meeting is adjourned.”

At 5.05 p.m. the Board reconvened in open session. Chairman Riley asked the Board if there were any matters that would be coming out of closed session. There were none.

Director Schroeter introduced Chuck Wolf of Media Consultants for the Board to consider his services for the implementation of the RFP. Mr. Wolf gave a brief presentation and handed out an information sheet listing his qualifications. Mr. Wolf was asked to come up with an estimate as to the cost of his services for the District.

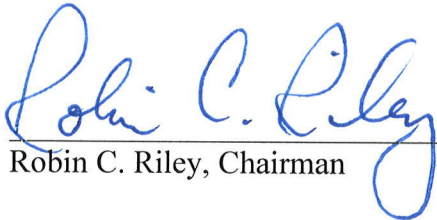
The Board discussed the proposal for the preparation of a legal description for the boundary of the Houston Ship Channel Security District presented by Edminster, Hinshaw, Russ and

Associates. The services to be performed by them would cost approximately \$3,000.00. Director Scheibe moved and Director Stewart seconded that the Board hire Edminster, Hinshaw, Russ and Associates to prepare a general description citing boundaries by streets. The boundary will be tied to the Texas Coordinate System of 1983, South Central Zone at four (4) separate locations and include approximate distances between street intersections at an approximate cost of \$3,000.00. Motion passed unanimously.

The next scheduled meeting of the Houston Ship Channel Security District Board of Directors will be the Annual Meeting and Luncheon which will be held on Wednesday, November 9, 2011 at 10:00 a.m. at Houston Hobby Airport Hilton.

There being no further business to come before the Board, Director Schroeter moved and Director Bowles seconded that the meeting adjourn. Motion passed unanimously. Meeting adjourned at 5.20 p.m.

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



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary