

MINUTES

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

**Houston, Texas
November 8, 2012**

The Annual Meeting and luncheon of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on November 8, 2012 at 9:00 a.m. The Annual Meeting was held, open to the public, at Houston Marriott South at Hobby Airport, 9100 Gulf Freeway, Houston, Texas 77017 in accordance with the duly posted Notice of Public Meeting. The roll was called of the officers and members of the Board, as follows:

Lewis A. Brown
Clayton Curtis, Treasurer
Richard Henderson
Charles (Chuck) King
Jake Leavins
Robin Riley, Chair
Gary Scheibe
Tom Schroeter, Secretary
Mike Stewart – Assistant Secretary
Steve Stewart
Ray Yellig, Vice Chair

and all of said persons were present, except Director Scheibe thus constituting a quorum. Also present were Howard Cohen of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, Al Cusick of the Greater Houston Port Bureau (“GHPB”), Administrator for the District, also present was RADM Tim Sullivan (Ret.) Jayson Ahern and Jonathon Hoffman from the Chertoff Group and Robert Schoen from ACU Tech Consulting.

Item 1: - Call to Order

The meeting was called to order at 9.09 a.m. by Chair Riley.

Item 2: - Welcome

Chair Riley welcomed the members to the meeting and thanked everybody for coming.

Item 3: - Introduction of Board Members

Chair Riley asked each of the Board Members to introduce themselves and state which Zone they were from.

Item 4: - Approval of Minutes of October 9, 2012 Meeting.

Director Mike Stewart moved and Director King seconded the motion that the Minutes of October 9, 2012 be approved. Motion passed unanimously.

Item 5: - 2012 Status of District

5.1 Year in Review – Chair Riley

Chair Riley gave a presentation to the members and gave a brief overview of the boundaries; he informed the members about the Cloud Network System and the Camera Network System which

is monitored 24/7/365. The District is paying for the operation and maintenance on the new Harris County Sheriff's Office patrol boat which was located outside the Marriott Hotel and he encouraged members to take a tour of same; the District is also paying for operation and maintenance on the County's mobile command center which was also located at the front of the building for members to tour. He informed the members that the Harris County Sheriff's Department had recently entered into an Agreement with Baytown Police Department, Port of Houston Authority and Galena Park Police Department regarding the transfer of vehicles that the County did not have the manpower to fill and that were obtained by grant monies from the Federal Government. These vehicles will be patrolling the District.

The District also pays for fuel for the City of Houston helicopters which provide regular patrols of the District.

The Chertoff Group was hired to advise the Board on the Development and Implementation of a Strategic Plan for the District.

The District applied for and received a \$1,000,000. grant from the Department of Homeland Security to conduct a five (5) year Risk Management Study. The District will pay 25% in matching funds. This study is required every five years by the United States Coast Guard. A Request for Proposals (RFP) is being prepared and will be published shortly.

Director Schroeter commented that the Houston Ship Channel Security District had accomplished the specific goals first envisioned in its pre-creation organizational stage, including its camera network system and enhanced, water, land and air patrols and that the District, with the assistance of the Chertoff Group, could now develop its vision and goals going into the future.

5.2 Zone Director Nominations – Director Yellig

Director Yellig explained to the membership that there are four (4) zones in the Security District with two representatives from each Zone. Each representative serves a two-year term. Director Yellig advised the membership that he would not be running for a Zone Director position for the year 2013-2014. He stated that the names of the nominees have been received. November 12, 2012 is the deadline to be placed on the ballot. Please call him with any questions. The qualifications for running for office are as follows:

1. The Company you work for must give permission for you to be on the Board;
2. This is a voluntary position; there will be no compensation except for pre-approved expenses expended by you;
3. You are required to attend the monthly meetings and sometimes special meetings as called by the Chair.

5.3 Financial Update – Director Curtis

Director Curtis informed the membership that the District had paid Harris County approximately \$1.2 million and received from it a refund of \$651,000. At the present time the District has a balance of \$3.48 million. Payment of Assessments were due by November 1, 2012.

5.4 Strategic Direction – The Chertoff Group - RADM Tim Sullivan (Ret.), Jonathon Hoffman and Robert Schoen from ACU Tech Consulting

The Board and audience was given a brief overview of the findings by The Chertoff Group. A preliminary report was presented to the Board by ACU Tech Consulting after a brief presentation. Mr. Schoen stated that The Chertoff Group had met the five deliverables required of them which included the following:

Deliverable I:	Review of Existing District Boundaries
Deliverable II:	Baseline Evaluation of Existing Security Initiatives
Deliverable III:	Measurement of Existing Security Initiatives and Gaps
Deliverable IV:	Initiatives to Address Remaining Gaps
Deliverable V:	Review of Management, Operations and Executive Director

Director Yellig informed the audience that the Board had received 22 responses to the RFP and after review had interviewed three companies. The Board determined that the Chertoff Group was the most qualified to meet the Board’s needs in response to the RFP.

5.5 Harris County Sheriff’s Office – Deputy Tommy Diaz

Deputy Diaz introduced members of the Harris County Sheriff’s Department and then gave a presentation to the Board and audience.

5.6 Harris County Information Technology Department – John Chaney/Gregg Karr

Presentations were given by Mr. John Chaney and Gregg Karr.

5.7 Houston Police Department – Dennis Storemski

Mr. Storemski gave a presentation on air and land patrols.

Item 6: - Questions from Members

There were no questions from the members

Item 7: - Approval of Chertoff Group invoice

Director Schroeter moved and Director Brown seconded that the final invoice from the Chertoff Group in the amount of \$270,000.00 be approved and paid with the proviso that this motion does not imply approval or acceptance of contents or recommendations in the Chertoff Group’s draft report. Motion passed unanimously.

Item 8: - Discuss and take action on payment of invoices for maintenance, operation and administrative expenses

Director Brown moved and Director Curtis seconded that the invoice presented by Harris County in the amount of \$250,266.21 be approved for payment. Director Michael Stewart asked for an explanation of the invoice and was informed it was for agreed Operations and Maintenance expenses. Motion passed unanimously.

Director King moved and Director Brown seconded that the statement presented by the Port Bureau be approved for payment in the amount of \$19,299.10. The Board thanked the Port Bureau for organizing the Annual Luncheon and Annual Meeting together and making it such a huge success. Motion passed unanimously.

Director King moved and Director Brown seconded that the statement presented by City of Houston be approved for payment in the amount of \$32,626.50. Director Schroeter asked for an explanation and was advised that it was the fuel expense for the air patrols for three months. Motion passed unanimously.

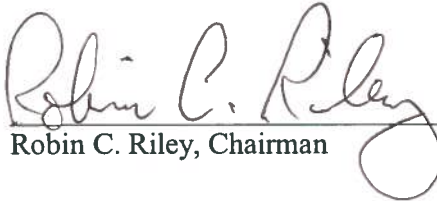
Item 9: – Other business

Chair Riley asked if there was any other business to come before the Board. Director Yellig commended the County and City for their presentations stating that they did an excellent job.

Item 10: - Adjourn

Director Michael Stewart moved and Director Curtis seconded the meeting adjourn. Motion passed unanimously. Meeting adjourned at 10.56 a.m.

The above is a correct copy of the Minutes of the November 8, 2012, Annual Meeting of the Board of Directors of the Houston Ship Channel Security District.


Robin C. Riley, Chairman

ATTEST:


Thomas G. Schroeter, Secretary