

MINUTES

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

**Houston, Texas
February 14, 2012**

The regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on February 14, 2012 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:

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 Chairman

and all of said persons were present, except Director Brown, Director King and Director Leavins, thus constituting a quorum.

Also present were Daniel Ringold of Schwartz, Page & Harding, LLP ("SPH"), counsel for the District, and CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau ("GHPB"), Administrator for the District.

Item 1: - Call to Order

Chairman Riley called the meeting to order at 2:00 p.m.

Item 2: - Appearances

Chairman Riley asked if anybody wished to address the Board. CAPT. Bill Diehl gave a brief overview to the Board regarding the National Transportation Security Center of Excellence – Petrochemicals (NTSCOPE-P) Annual Stakeholders Meeting and Roundtable Session to be held on March 2, 2012 from 1:30 p.m. – 4:00 p.m. at the College of Science and Technology in the Science Building of Texas Southern University located at 3100 Cleburne Avenue, Houston, Texas 77004. There were no other appearances.

Item 3: - Approval of Minutes

Chairman Riley asked for the approval of the minutes of January 10, 2012, and January 17, 2012, Board meetings. Director Schroeter moved that the approval of said minutes be tabled until the March 13, 2012, Board meeting. Director Curtis seconded said motion. Motion passed unanimously.

Item 4: - Status Report Houston Ship Channel Security Council (“Security Council”)

Director Scheibe gave a status report on behalf of the Security Council. He advised the Board that the following topics were discussed at the last Security Council meeting:

- Media Consultants provided the Security Council with an overview of the RFP process followed by discussion with and suggestions from the Security Council members.
- Revisions to the District’s boundaries, the approval process for such revisions, and how to approach same.
- Use of vehicles as described in FEMA Grant parameters to obtain the most effective use of such assets.

Item 5: - Update on RFP

Mr. Chuck Wolf from Media Consultants updated the Board on the progress of RFP process. Mr. Wolf distributed a handout with the pertinent information relating to the RFP. He stated that to date, sixteen potential proposers had expressed an interest in the RFP. He stated that the deadline to submit Qualifications Questionnaire and Confidentiality Agreement was February 17, 2012. After a brief discussion, the Chair indicated that the discussion regarding the RFP relates to implementation of security measures and devices, and, therefore, would be discussed further in Executive Session. Mr. Wolf also informed the Board that there would be a RFP Conference and tour of the District on Friday, March 23, 2012, commencing at 9:00 a.m. at WGMA. The deadline for submission of Proposals is set for May 18, 2012. He also said the web site for the RFP process is located at www.hscsd.net.

Item 6: - Status Report – Greater Houston Port Bureau

CAPT. Diehl stated that all 2011 assessment installment payments have been paid in full along with penalties and late charges. Director Yellig informed CAPT. Diehl that he thought that it was very impressive that two years in a row, assessments had been paid 100 percent by all companies in the District. Director Schroeter also stated that he felt the GHPB was doing a great job. He felt that it was a good indicator that members of the District felt that security in the District was a vital issue. He appreciated the efforts of CAPT. Diehl and his staff and appreciated the members support of the District. Director Yellig stated that he and Director Scheibe had given a presentation to the La Porte Plant Managers Asssocation earlier that day. The Managers asked questions of Director Yellig and Director Scheibe regarding current security measures in place, specifically cameras, etc. Director Yellig stated that Director Scheibe did an excellent job in addressing the Managers and advised the Board members that he would be an excellent asset to use if they wished to address their zone members.

CAPT. Diehl referenced the bank account reports and unaudited financial statement for January. He said preliminary work had already begun with the auditors relative to the preparation of the District’s annual audit report for its fiscal year ending December 31, 2011. He advised that the GHPB’s activities on behalf of the District in February would include providing the proper documentation relative to the audit, support for the boundary revision discussions, and review of invoices received from the County. It was also suggested that the information regarding assessments be released to the District Members and that Facility Security Officers (FSO’s) be added to the e-mail blast regarding monthly meetings. Director Henderson moved and Director Yellig seconded that the Board accept CAPT. Diehl’s report. Motion passed unanimously.

Item 7: - Boundary Update

Chair Riley advised that this matter would be discussed in Executive Session in connection with discussion of the RFP.

Item 8: - Insurance Update

Mr. Al Cusick informed the Board about the quote received from Ames & Gough regarding renewal of the District's Directors and Officers Liability Insurance. The quote was for the same coverage and for the same price as the current, expiring coverage. Director Schroeter moved and Director Mike Stewart seconded that said renewal proposal be accepted and that Mr. Cusick proceed with placing the policy on behalf of the District through Ames & Gough. Motion passed unanimously.

Item 9: - Quarterly Investment Report

Mr. Cusick presented the Quarterly Investment Report for the period ending December 31, 2011. Director Mike Stewart moved and Director Curtis seconded that the Board accept the Quarterly Investment Report and authorize the District's Investment Officer to sign same on behalf of the Board and the District. Motion passed unanimously.

Item 10: - Quarterly Accounting of District's General Operating and Maintenance Costs

Mr. Cusick presented a quarterly accounting of the District's general operating and maintenance expenditures in connection with the requirements of Texas Water Code, Section 68.256. Director Schroeter moved and Director Yellig seconded that said report be approved and requested that Mr. Cusick furnish a copy of same to Harris County. Motion passed unanimously.

Item 11: - Approval of the District's Operating Budget for the fiscal year ending December 31, 2012. Director Curtis moved and Director Mike Stewart seconded to untable the discussion on the District's operating budget for its fiscal year ending December 31, 2012. Director Curtis discussed the proposed budget with the Board. Director Steve Stewart moved and Director Curtis seconded that the Board approve the proposed budget for the District's fiscal year ending December 31, 2012. Motion passed unanimously.

Item 12: - Contract with Harris County/Harris County Sheriff's Office Regarding Coverage of Security Camera Monitoring

Chair Riley advised that this item would be discussed in Executive Session.

Item 13: - Ad Hoc Committee to work with Harris County ITC Department

Mr. John Chaney from Harris County ITC Department informed the Board that he would like input from the companies in the District regarding the current video/sensor project. Director Yellig moved and Director Steve Stewart seconded that Mr. Chaney send a letter to CAPT. Bill Diehl informing him of exactly what input he is looking for and from whom, and CAPT. Diehl would write to the companies on behalf of the District seeking persons to provide such input. Motion passed unanimously.

At 2:40 p.m. Chairman Riley called for a ten minute recess to be followed by the Executive Session.

Item 14: - Executive Session

At 2:40 p.m. the following statement was read by Director Schroeter:

“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 regarding the following:

- A. Consultation with attorneys, including (i) discussion of RFP and potential action and (ii) requirements for assessments;
- B. Deliberation regarding deployment and implementation of security services and projects relative to contract with Harris County, including Monthly Operations Report and Status of Interlocal Agreements with partner agencies;
- C. Deliberation and possible action regarding deployment and implementation of security services and projects relative to proposed contracts with the City of Houston;

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.”

Item 15: - Other business

At 4:15 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. The following motions were presented:

- 1. Director Scheibe moved and Director Curtis seconded that the District pay invoice number AH002526 submitted by Harris County in the amount of \$64,477.54 for Repair and Maintenance. Motion passed unanimously.
- 2. Director Schroeter moved and Director Mike Stewart seconded that the District approve a supplemental agreement with Harris County relative to payment of additional funds in an amount not to exceed \$150,000 to ensure continuous monitoring by the County of the security cameras within the District, subject to approval of final language of same by an Ad hoc committee of the Board. Chairman Riley proposed that the Ad hoc committee consist of Director Yellig, Director Steve Stewart, Director Schroeter and himself. Motion passed unanimously.
- 3. Director Schroeter moved and Director Curtis seconded that the Request for Proposals be amended to add “*review and make recommendations regarding the boundaries and membership of the Security District*” to the scope of work and authorizing and directing Chuck Wolf to make the appropriate addendum to the RFP and notify potential proposers of same. Motion passed unanimously.
- 4. Director Schroeter moved and Director Scheibe seconded that the Board amend the District’s Request for Proposals (RFP) to extend the Friday, February 17, 2012 (12 pm Noon) deadline for submission of the Qualifications Questionnaire and Confidentiality Agreement for a period of two weeks until Friday, March 2, 2012 at 12:00 pm (Noon).

This amendment does not extend any other deadlines in the RFP, including the final deadline for submission of proposals responding to the RFP, and the resolution authorizes and directs Chuck Wolf to make the appropriate addendum to the RFP and notify potential proposers of same. Motion passed unanimously.

5. Discussion was held regarding Contract with City of Houston. This matter will be placed on the March 13, 2012 Agenda.

Item 16: Adjourn

There being no further business coming out of Executive Session, Director Mike Stewart moved and Director Yellig seconded the meeting adjourn. Motion passed unanimously. Meeting adjourned at 4:30 p.m.

The next regularly scheduled meeting of the Houston Ship Channel Security District Board of Directors is Tuesday March 13, 2012, at West Gulf Maritime Association at 2:00 p.m.

The above is a correct copy of the Minutes of the February 14, 2012 meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chairman

ATTEST:



Thomas G. Schroeter, Secretary

Action Items:

John Chaney to send letter to CAPT. Bill Diehl requesting input from member companies