

## MINUTES

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

**Houston, Texas  
June 11, 2013**

The regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on June 11, 2013 at 2:00 p.m. The meeting was held, open to the public, at West Gulf Maritime Association, Board Room, 3<sup>rd</sup> Floor, 1717 Turning Basin Drive, Portway Plaza Building, Houston, 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  
Lewis A. Brown  
Bobby Clement  
Clayton Curtis, Treasurer  
Richard Henderson  
Jake Leavins  
Robin Riley, Chair  
Gary Scheibe  
Tom Schroeter, Secretary  
Mike Stewart, Assistant Secretary  
Steve Stewart, Vice Chair

and all of said persons were present, except Director Leavins, Director Scheibe and Director Henderson, thus establishing 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 ("GHBPB"), administrator for the District.

### **Item 1: Call to Order**

The meeting was called to order at 2:02 p.m.

### **Item 2: Appearances**

Chair Riley asked if anybody wished to address the Board. Mr. John Walker advised the Board that the United States Coast Guard would be performing a table top security exercise at the old cruise terminal at Barbours Cut on September 25, 2013, and he would be requesting that the District assist in sponsoring the event. He also advised the Board that there would be Maritime Awareness, Security & Terrorism Training on Tuesday, June 18, 2013 from 8:00 a.m. - 4:00 p.m. at the Joyce Zotz Center, 13801 Holly Park, Galena Park, Texas. He informed the Board that Chair Riley would be speaking at this event.

### **Item 3: Approval of Minutes**

Director Michael Stewart moved and Director Clement seconded that the Minutes of the May 14, 2013, Board of Directors meeting be approved, as presented. Motion passed unanimously.

#### **Item 4: Greater Houston Port Bureau**

##### **4.1 Status Report:**

CAPT. Bill Diehl presented a status report to the Board, a copy of which is attached hereto as Exhibit "A". He advised the Board that he and Mr. Cusick were continuing to review the companies that had been incorporated into the District by reason of the County's revisions of the District's boundaries through research of Harris County Appraisal District records, company and industry web sites, corporate IO-K records and internet searches in order to identify facility head counts, acreage and primary contact persons. A spreadsheet has been prepared of the possible impact of the new members on assessments and a questionnaire has been developed to be completed by the new member companies to self-report or correct headcount and acreage.

They have also updated the District website with meeting notices and minutes of Board Meetings. The General Manager job posting was also uploaded on the web site.

CAPT. Diehl stated that he will reserve a site for the Annual Meeting & Luncheon and report to the Board further on the matter at the July meeting.

##### **4.2 Update regarding status of General Manager Search**

CAPT. Diehl advised the Board that sixty-eight resumes had been received for the position of General Manager. Resumes were initially reviewed to determine if the candidate met the general qualifications for the position. Those meeting the minimum qualifications were then separated into groups based upon the nature of the individual's work experience. The GHPB then sent a copy of the General Manger Job Description to the remaining potential candidates and instructed them to respond if they were still interested in the position. The GHPB next evaluated and prioritized the responding candidates based on:

- Port Operations
- Port Security Experience
- Initiative
- Communications
- Local Knowledge

The resumes of the top 12 candidates based upon the GHPB's screening were then sent to the Houston Ship Channel Security District Advisory Council for review and recommendation.

##### **4.3 Discussion regarding contents of third quarter newsletter**

Discussion was held regarding the third quarter newsletter. The following were suggested as possible articles for the newsletter:

- Name contractor for Update of the Port-wide Risk Mitigation and Business Continuation Plan
- District reviews funding for grant matching funds requests from industry and municipalities
- Harris County holds a workshop for implementation of the NICE Situator

- District Chairman speaks at Port Security Conference & Expo in Ottawa, Canada
- General Manager selected to lead District daily operations
- Information regarding Annual Meeting and Luncheon
- A current list of members with new members highlighted

**4.4 Discuss and take action on payment of invoices for maintenance, operation and administrative expenses**

Invoices, as listed and detailed in the GHPB report attached as Exhibit "A", were presented to the Board for approval. Director Steve Stewart moved and Director Adamec seconded that the GHPB report be approved and that the invoices listed therein be approved for payment. Motion passed unanimously.

**Item 5: City of Houston**

**5.1 Update of air support patrols by City of Houston**

Mr. Dennis Storemski gave a report and current update on the City's air support patrols, a copy of which is attached to these minutes as Exhibit "B".

**5.2 Discussion and possible action regarding additional funding requests**

Mr. Storemski advised the Board that the City of Houston will be applying for 2013 Port Security Grant Funds which require a 25% match. The following projects are being submitted for consideration:

- Equipment to facilitate SWAT response from helicopters
- Airborne radiation detector
- Bomb Squad Equipment
- Bomb Squad Rapid Response Vehicles
- Small patrol boat

Mr. Stormeski advised that the total local matching share requirement will be \$319,500.00 if the City is successful in obtaining all requested grant funding. On behalf of the City, he requested the District consider providing such local matching share funding if the City's grant applications are approved.

**Item 6: Harris County**

**6.1 Discussion and possible action regarding additional funding requests from Harris County PID/ITC**

Doug Adkinson and John Chaney addressed the Board relative to funding requests that may be made in connection with pending FY2010 security grants for which the County has requested an extension from FEMA/DHS to complete the projects and expend the awarded grant funds. If such extension is not approved, the County intends to seek funding from an alternate source, most likely the District.

**Item 7: Receive, consider and possible action regarding request for funding for 2013 Port Security Grant eligible security projects and/or security services**

Director Schroeter gave a summary of requirements relative to the FY 2103 Port Security Grant Program application process, informing the Board that the deadline to submit applications was June 24, 2013. Director Schroeter indicated Tier I Ports, including Houston, have been allocated a total of \$56,000,000 for the 2013 Fiscal Year Grant Programs. Chair Riley indicated that several potential grant applicants wish to address the Board and request that the District support their applications through provision of required local share funding. Representatives from Harris County and City of Houston addressed the Board concerning applications that they intend to submit. Representatives from University of Houston Clear Lake and John Chaney (ITC – Harris County) addressed the Board regarding a potential grant application involving cyber security. Also addressing the Board were George Browning of ZXP Technologies; Andy Jenkins from Industrial Terminals, Bill Baylis from Baytown Fire Department and Russell White from the City of Baytown. All representatives from all groups exited the meeting during the time in which another group was addressing the Board. Copies of the materials presented to the Board in connection with the various funding requests are included as Exhibit "C" to these minutes.

#### **Item 8: Legal**

**8.1 Update and possible action regarding Video Access Agreement with County and Houston Ship Channel Security District regarding providing video access to facilities**  
Mr. Ringold advised the Board that SPH had met with Mr. Adkinson and Mr. Cheney regarding the proposed Agreement and that the Harris County Attorney's Office was preparing a draft of the Agreement based upon that meeting. It was suggested that the zone directors assist in details of the Agreements.

**8.2 Update on proposed Legislative changes to Chapter 68 of the Water Code**  
Mr. Ringold advised the Board that Senate Bill 1225 had been passed by the Legislature and that the Governor had signed same.

**8.3 Update regarding status of Witt O'Briens contract**  
Mr. Ringold advised that SPH has reviewed and made comments to the proposed contract, and that Witt O'Briens had addressed SPH's comments. Director Schroeter moved and Director Michael Stewart seconded that the Contract be approved. Motion passed unanimously. A copy of the approved agreement is attached hereto as Exhibit "D".

**8.4 Discussion and possible action regarding Order Establishing Policy for Investment of District Funds and Appointing an Investment Officer and adoption of Resolution in connection therewith**

Mr. Ringold advised the Board that the Public Funds Investment Act requires an annual review of the District's Investment Policy and presented a proposed revised Investment Policy and review resolution, copies of which are attached hereto as Exhibit "E". He noted that Chapter 69 of the Water Code does not currently allow for delegation of Investment Officer duties to the GHPB, that the position will need to be filled by a Board member, and that the designated Board member will need to attend required training. Director Schroeter moved and Director Adamec seconded that the Order Establishing Policy for Investment of District Funds and the appointment of an Investment Officer and adoption of Resolution in connection therewith be

approved and that the person holding the office of Treasurer be appointed Investment Officer for the District. Motion passed unanimously.

**Item 9: Adoption of operating budget for fiscal year ending December 31, 2013**

Director Curtis presented for the Board's review a budget in the amount of approximately \$5,789,430. Following discussion on the budget presented, Director Adamec moved that the Budget be approved as presented and Director Steve Stewart seconded the motion. Director Clement voted against the motion, with all other Director in attendance voting in the affirmative.

**Item 10: Discussion and possible action regarding development of proposed Assessment Plan and scheduling of public hearing regarding same on August 13, 2013**

Chair Riley advised the Board that the Public Hearing regarding the Assessment Plan is scheduled to be held on August 13, 2013 at the Shell facility in Deer Park.

**Item 11: Annual Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and adoption of Resolution in connection therewith**

See item 8.4 above.

**Item 12: Executive Session**

At 2:55 p.m. Chair Riley called for a ten minute recess and at 3:05 p.m. 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. Consultation with attorneys, including legal issues concerning discussion of contract terms in contracts with Harris County and City of Houston
- B. Deliberation regarding deployment and implementation of security services and projects. Discussion regarding Port Security Grants, including without limitation, Cyber Security and relevant grant programs to assess and come up with solutions to protect and strengthen the Port Information Network in regard to Cyber Security
- C. Deliberation regarding assessments and security projects regarding same
- D. Discuss general manager resumes and recommendations

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."

**Item 13: Reconvene in Open Session and take any action regarding items discussed in Executive Session**

At 4:35 p.m. the Board of Directors meeting reconvened in open session. Chair Riley asked the Board if there were any matters that would be coming out of closed session. There were none.

**Item 14: Other business**

None

**Item 15: Adjourn**

There was no other business to come before the Board. Meeting adjourned at 4:40 p.m.

The above is a correct copy of the Minutes of the June 11, 2013, regular meeting of the Board of Directors of the Houston Ship Channel Security District.

  
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Robin C. Riley, Chair

ATTEST:

  
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Thomas G. Schroeter, Secretary