

MINUTES

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

**Houston, Texas
September 10, 2013**

The regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on September 10, 2013 at 2:00 p.m. The meeting was held, open to the public, at Baytown Exxon Mobil Complex, Exxon Mobil, 2800 Decker Drive, Baytown, Texas 77520 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, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, LLP (“SPH”), counsel for the District, CAPT. Bill Diehl and Al Cusick of the Greater Houston Port Bureau (“GHPB”), administrator for the District.

Item 1: Call to Order

The meeting was called to order at 2:03 p.m.

Item 2: Appearances

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

Item 3: Discussion and possible action regarding request from Industrial Terminals for matching grant funds (Andy Jenkins)

On behalf of Industrial Terminals (“IT”), Andy Jenkins approached the Board for its reconsideration of IT’s prior request that the District pay the matching funds for the Port Security Grant Program grant awarded to IT to install TWIC readers. He reminded the Board that the matching funds request was in the amount of \$37,450.00. Director Michael Stewart asked Mr. Jenkins if IT was a “for profit” entity. Mr. Jenkins replied that it was. Director Schroeter thanked Mr. Jenkins for attending the meeting and asked him if any of the TWIC readers were not located on the Industrial Terminals property. He informed Director Schroeter that they were all located on IT property. Director Henderson stated his opinion that the District should consider requests that provide general benefit to the District, but not individual corporations or

other for profit enterprises. Director Schroeter stated that the District was happy to hear from private companies where their proposed projects provided security enhancement for all or a significant portion of the District. After further discussion, Director Michael Stewart moved and Director Steve Stewart seconded that the request by IT be denied. Motion passed unanimously. Mr. Jenkins thanked the Board for its consideration and time.

Item 4: Public Hearing on Proposed Security Projects/Security Services and Assessment Plan

At 2:20 p.m. Chairman Riley opened a Public Hearing on the District's proposed 2013 Assessment Plan in accordance with the notice of same provided to facility owners. He noted that the proposed Assessment Plan was provided to the facility owners along with and as part of the notice of hearing and opened up the hearing to questions and comments from the persons in attendance. Mr. Ringold provided introductory remarks regarding the procedure for development of the Assessment Plan and the public hearing.

Item 5: Hear, consider and rule upon objections presented

Mr. Ray Yellig from Haldor Topsoe asked the Board to inform the District what the projects were in the proposed Plan. Chairman Riley responded as follows:

1. Continuing support for the existing projects currently ongoing in the District by furnishing operation and maintenance funds to Harris County for enhanced security improvements and infrastructure for the Houston Ship Channel's waterside and landside facilities, as well as for associated supply chain and support industries supporting the Houston Ship Channel region; and
2. Partial funding for security patrol flights and air support within the District for the City of Houston; and
3. Matching fund request by the City of Houston for the acquisition of equipment that will further aid in and enhance security within the District by providing radiation detection and tactical air insertion capabilities; and
4. Matching fund request by the City of Baytown for the acquisition of equipment that will facilitate the deployment of a multi-mission CBRNE (Chemical, Biological, Radiological, Nuclear and Explosive Weapons) equipped boat that will provide Type I Hazmat and Bomb Squad/Explosive Team support and Type II Regional Structure Collapse and Technical Rescue services to areas within the District; and
5. Matching funds for the District to complete the update to the 2007 Port-wide Risk Analysis/Mitigation and Business Continuity Plan (the "Port-wide Security Plan Project") which federal grant funding requires that the District provide local matching share funds.

Mr. Troy Beardon from Dow commented that fuel cost was a security cost and not a project. Director Schroeter indicated his understanding that the agencies involved in providing water patrols will be coordinating with the Coast Guard to ensure optimal coverage of the Houston Ship Channel.

CAPT. Marcus Woodring inquired as to what year the Assessment Plan covers. He was advised that the Assessment Plan covered the District's anticipated expenses during calendar year 2014.

Prior to closing the Public Hearing, Chairman Riley stated that the Board consider adoption of the Assessment Plan following the hearing, that an assessment roll would be available for public inspection following today's meeting and that facility owners would have thirty (30) days to appeal their individual assessments.

Item 6: Consider Adoption of Resolution regarding Proposed Security Projects/Security Services and Assessment Plan

Director Leavins moved to Adopt Resolution regarding Proposed Security Projects/Security Services and Assessment Plan, Director Brown seconded. Motion passed unanimously.

Item 7: Authorize preparation and filing of Assessment Roll

Director Brown moved and Director Steve Stewart seconded that the Board direct the Greater Houston Port Bureau to prepare the Assessment Roll. Motion passed unanimously.

Item 8: Update, status and possible action regarding 2014 Budget (Director Curtis)

Director Curtis informed the Board that the Assessment for 2013 would be \$3.5 million and for a one year duration, which reflected an approximate decrease of thirty (30%) in annual assessment amount from the District's first assessment. Director Curtis informed the group that there was a balance of \$4.5 million from the previous assessments and with the addition of the assessment for 2014, the District would be able to maintain a one year operating budget. Director Adamec commented that an additional line item had been added to hire a Manager for the District. Director Brown moved and Director Leavins seconded that the 2014 Budget be approved. Motion passed unanimously.

Item 9: Greater Houston Port Bureau (CAPT. Bill Diehl)

9.1 Status Report:

CAPT. Bill Diehl explained his duties and the proposed additional duties the Port Bureau had been assigned by the Board and gave an oral status report and provided a written report to the Board, a copy of which is attached hereto as Exhibit "A". He also advised the Board that he had attended the Hart Energy Viewpoints Security Conference and the Greater Houston Partnership Cyber Security Task Force meeting.

CAPT. Diehl also informed the Board that he had met with several public relations and media relations companies and felt that Dennis Winkler Public Relations was the best suited firm to promote the District. He stated that Dennis Winkler Public Relations had presented a proposal to him in the amount of \$4,750.00 to send the media message out to the public and advertise the Annual Meeting. He stated that Dennis Winkler Public Relations would have fact sheets on the District available by the Annual Meeting.

CAPT. Diehl asked the Board for a motion to place Mr. Chris Hext on the Advisory Board. Director Schroeter moved and Director Adamec seconded that Mr. Hext be a member of the Houston Ship Channel Security District Advisory Board. Motion passed unanimously.

Director Michael Stewart moved and Director Steve Stewart seconded a motion that the Board accept the proposal from the public relations firm of Dennis Winkler in the amount of \$4,750.00 to market the District for the remainder of 2013. Motion passed unanimously.

Chairman Riley asked the Directors to introduce themselves to the group. He apologized that he had neglected to do so at the beginning of the meeting. The Directors then introduced themselves and advised the group what zone they represented. Director Steve Stewart, Director Schroeter and Chairman Riley advised the group that they represented, respectively, the County, the Port of Houston Authority and the Association of Mayors and City Councils.

Director Brown moved and Director Steve Stewart seconded that the Greater Houston Port Bureau status report be approved. Director Mike Stewart commented that he appreciated the fact that the billable hours were being kept at a reasonable rate. Motion passed unanimously.

Item 10: City of Houston (Dennis Storemski)

10.1 Update on air support patrols by City of Houston

Mr. Storemski gave a report on the City's air support patrols, stating that 111.4 flight hours had been logged at a total fuel cost of \$17,845.20.

Item 11: Harris County (Doug Adkinson)

Mr. Doug Adkinson informed the group that Harris County gives support to the District through the Sheriff's Office, the ITC Department and the HC Infrastructure Department. He introduced Ms. Renee Phillips to the group and advised them that she was the County contact to FEMA personnel regarding grants.

11.1 Status Report Harris County Sheriff's Office

Major Wong informed the group that the Harris County Sheriff's Office provides the following coverage for the District:

- a. Roadside and landside patrols;
- b. Air patrols and
- c. Boat Patrols

11.2 Status Report PID (Public Infrastructure Department)

Mr. Greg Karr informed the group and there was 120 miles of fiber optic cable in the District.

11.3 Status Report ITC (Information Technology Center)

Mr. John Chaney stated that there were 130 cameras and sensors in the District that were monitored on a 24/7 basis by Harris County Sheriff's Office.

Item 12: Legal (Daniel Ringold)

12.1 Status of Video Contract with Harris County and HSCSD

Mr. Ringold advised the Board that the Video Contract was ready to be implemented and that the District members will receive notification from the County with instructions on how to sign up for monitoring.

12.2 Status of new Continuation Contract with Harris County and HSCSD

Mr. Ringold stated that the Contract with Harris County was almost complete and he was awaiting additional information from Harris County. He stated that the current Contract could be extended for one week without execution of the new Contract and he would have the Contract available for signature at the October Board of Directors meeting.

Item 13: Witt O'Brien

13.1 Five (5) Year Security Study status update

Mr. Steve Faulkner from Witt O'Brien informed the Board and the group that Task 1 had been completed and Task 2 was currently in progress and they were on schedule to complete Task 2 in a timely manner and would be giving a report to the Board at the October Board Meeting.

Item 14: Discussion and possible action on payment of invoices for maintenance, operation and administration expenses

14.1 Mr. Cusick presented the following invoices for approval:

- Morgan, Lewis & Bockius LLP – general labor and employment advice - \$1,610.00
- Schwartz, Page & Harding, LLP – Legal Services for August, 2013 - \$8,554.90
- Harris County – July invoice - \$26,455.64
- Greater Houston Port Bureau – administration services for August, 2013 - \$13,209.49
- City of Houston – fuel for helicopter training flights - \$17,845.20
- Witt O'Brien – completion of Task 1 - \$89,724.80

Upon review and discussion of same, Director Brown moved and Director Curtis seconded that the invoices as presented be approved for payment. Motion passed unanimously.

Mr. Ray Yellig thanked the Board for the assessments being reduced and for their decision to have the Greater Houston Port Bureau take on additional responsibilities for the District.

Mr. John Walker from the United States Coast Guard gave an update on the SecureX table top exercise that would be taking place on September 25 and advised the group that the scenario would be dirty bomb going off in the Port.

Item 15: Executive Session

At 3:22 p.m. Chairman Riley called for a ten (10) minute recess. 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, City of Houston and Greater Houston Port Bureau

B. Deliberation regarding assessments and security projects regarding same

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 16: Reconvene in Open Session and take any action regarding items discussed in Executive Session

At 3:38 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.

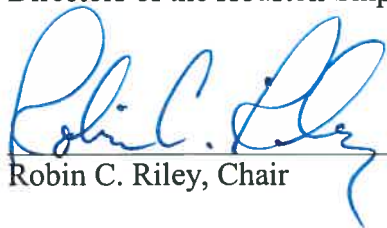
Item 19: Other business

None

Item 20: Adjourn

There was no other business to come before the Board. Director Adamec moved and Director Steve Stewart seconded that the meeting adjourn. Motion passed unanimously. Meeting adjourned at 3:52 p.m.

The above is a correct copy of the Minutes of the September 10, regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Robin C. Riley, Chair

ATTEST:



Thomas G. Schroeter, Secretary