

MINUTES

Board of Directors of the Houston Ship Channel Security District March 14, 2017

A regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on March 14, 2017, open to the public, at the Shell Deer Park Learning Center, 2nd Floor, Mustang Building, 4400 Highway 225, Deer Park, 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, Secretary
Eric Bass, Assistant Secretary
Chris Bennett
Brian Blanchard, Treasurer
Jarrod Boehme
Jimmy Burke
Duane Campbell
Craig Nelson
Gary Scheibe, Chair
Marcus Woodring, Vice Chair

and all said persons were present, except Directors Bass, Burke and Nelson, thus establishing a quorum. Also present were Diana Miller of Schwartz, Page & Harding, LLP (“SPH”), legal counsel for the District, and Bill Diehl and Al Cusick of the Greater Houston Port Bureau (“GHPB”), administrators for the District.

1. Call to Order

Chair Scheibe called the meeting to order at 2:04 P.M.

2. Appearances

Chair Scheibe called for appearances. Lieutenant Gary Harrison introduced the new Harris County Sheriff’s Office personnel present: Major Marcus Kinnard-Bing, Captain Rolf Nelson, and Deputy Jay D’Abbraccio.

3. Approval of Minutes of February 14, 2017 Board of Directors Meeting

Secretary Adamec noted that the draft minutes of the February 14, 2017, meeting had been distributed to the Board members in advance of today’s meeting and asked if there were any comments or suggested revisions to the said minutes. Director Boehme moved to approve said minutes, as presented. Director Blanchard seconded the motion, which passed unanimously without further discussion.

4. Discussion and Possible Action on Request from EHCMA to Reconsider Funding Level for the All Hazards Incident Management Team (AHIMT) 0-305 Course.

Mr. Rick Deel, EHCMA representative, explained to the Board that the All Hazards Incident Management Team Training Course is intended for a multi-disciplined audience. He advised

ECHMA had not budgeted for the course, believing that the request for funding from the District was approved previously. Director Campbell expressed concern over making sure that the scope of the course is in alignment with the District's functions, and being good stewards of District funds, giving the District facility owners and employees attendance priority. Mr. Deel said 20 slots were being held for participants from District facilities. Following further discussion, Director Adamec moved to rescind the Board's prior action with respect to funding of the AHIMT Training Course and approve funding the All Hazards Incident Management Team Training Course for an amount not to exceed \$35,000. Director Campbell seconded the motion, which passed unanimously.

5. Discussion and Possible Action on Harris County Sheriff's Office Request for Additional Funding for 2016 Matching Grant Funds

Ms. Kenya Wilson of Harris County asked the Board to consider reallocating previously approved grant matching funds from line items in Port Security Grants submitted on behalf of the Harris County Sheriff's Office ("HCSO") that were not funded by FEMA to be used as matching funds for grants approved by FEMA, but not previously approved by the District. Additionally, \$22,302.40 would be needed to cover the short fall of the reallocated funds. Chair Scheibe, on advice from counsel, explained that the scope of the project set forth in the District's 2016 Assessment Plan was based upon the projects submitted by HCSO to the District for consideration, and that said Plan does not include the FEMA approved projects that were not submitted to the District for consideration. Therefore, the District cannot simply reallocate assessment funds to projects that were not included in the Assessment Plan without a supplemental assessment Plan and public hearing. He suggested that the County submit their requests for funds as new projects.

6. Discussion and Possible Action on Harris County Central Technology Services Request for Roll-over of Funds from the Fourth Amendment to the Harris County Agreement to the Fifth Amendment

Mr. Patrick Gonzalez advised the Board that Central Technology Services (CTS) was asking for \$139,676.40 of unused operational and maintenance funds that were included in the Fourth Amendment to the District's agreement with Harris County be added to the 2017 CTS budget of \$216,000 for operation and maintenance for the Port Security Information Camera Network. Following discussion, the Board suggested that CTS re-approach the Board with its request for additional funds if and closer in time to when it was nearing a shortfall.

7. Information on Taskforce to Investigate Hardware/Software Architecture to Address USCG Policy Letter on Reporting Suspicious Activity and Breaches of Security

Director Campbell advised the Board that Vopak Terminal Gulf Coast has Genetec as their access control / CCTV software and is putting together a task force, with local provider Pref-Tech and several other current users of Genetec, to look at architecture and how to comply with the recent Coast Guard policy letter on reporting suspicious activity and security breaches. He said a tentative plan has been set to be ready to implement compliance measures by 4Q 2017. Once the task force commences its work, it will engage with the Coast Guard to ensure the compliance measures are acceptable. He noted that while the Coast Guard cannot provide a formal authorization, they can assess compliance much like they do at their inspections.

8. Legal Report

Ms. Miller reported on the status of the donation agreement with DHS/U.S. Customs and Border Protection, advising the Board that she again advised DHS/CBP the District was willing to fund the project, but would not be responsible for the acquisition of the equipment, installation, implementation, or ownership.

Ms. Miller referred the Directors to the Delinquent Assessment Collections Attorney's Report from Perdue, Brandon, Fielder, Collins, and Mott that was distributed and asked if there were any questions.

9. Status Report – Greater Houston Port Bureau

A. Financial and Investment Reports

Mr. Cusick advised the Board there was nothing to add to the reports previously distributed. A copy of the bookkeeping report is attached hereto as Exhibit A,

Mr. Cusick advised the Board there were 2 invoices requiring approval:

1. Greater Houston Port Bureau – \$15,615.52 February Administrative Services
2. Harris County – \$80,519.59 December and January O&M

Upon review of the invoices presented, Director Blanchard moved that said invoices be approved for payment. Director Boehme seconded the motion, which passed unanimously without further discussion.

B. Assessment Report

Mr. Cusick advised the Board there was nothing to add to the reports previously distributed, except to note that 2 delinquent 2015 assessments were collected in February. A copy of the Assessment Analysis Report is included as Exhibit B.

C. Project Management/Education Report

Mr. Cusick advised the Board that a TWIC Reader Final Rule Compliance Workshop, sponsored by the District, is scheduled at the Shell Learning Center on March 23, 2017. The Internet Profiling and Intelligence Gathering class will be March 28-29, 2017. The All Hazards Incident Management Team Training is scheduled by East Harris County Manufacturers Association (ECHMA) on April 3-7, 2017.

D. Management and Outreach Report

CAPT Diehl deferred to Director Woodring to report on the 5th Annual Maritime Security East Conference in Galveston on March 7-9, 2017. Director Woodring noted that Director Blanchard also attended the conference. Attendees from around the country showed great interest in the activities and organization of the District. In his presentation to the conference, CAPT Martin had many good things to say about the District.

10. Status Report – City of Baytown

No one was present from the City of Baytown.

11. Status Report – City of Houston

Chief Storemski stated that the City of Houston had nothing additional to report to the Board this month.

12. Status Report – Harris County

Mr. Patrick Gonzalez reported that CTS is continuing work on the Harris County Port Security Camera Network. He said the down cameras continue to be caused by the microwave radio links. A new study of the microwave paths and radios is needed before the radios can be replaced.

Lieutenant Harrison reported on the activities of the Harris County Sheriff's Department. A copy of the report is attached as Exhibit C.

13. Status Report – Texas Game Wardens – TPWD

No one was present from the Texas Parks and Wildlife Department.

14. Status Report – U.S. Coast Guard

No one was present from the U.S. Coast Guard.

15. Recess to Executive Session to discuss matters relating to security devices and personnel or security audits pursuant to §551.076, Texas Government Code; emergency response providers, risk or vulnerability assessments, encryption codes and security keys for communications systems, information prepared for the United States, information relating to critical infrastructure, and information relating to security systems, all pursuant to §418.183(f), Texas Government Code; and to consult with the District's attorney pursuant to matters authorized by §551.071, Texas Government Code

Chair Scheibe adjourned the meeting at 3:03 PM for Executive Session, Secretary Adamec read the required notice indicating the sections of the Government Code under which closed session would be held.

16. Reconvene in Open Session and Take Any Action Regarding Items Discussed in Executive Session

Chair Scheibe reconvened the Regular Meeting of the Board of Directors at 3:53 P.M. There were no items requiring further action.

17. Consider Items for Future Meeting Agendas

No items were suggested other than customary and ongoing matters.

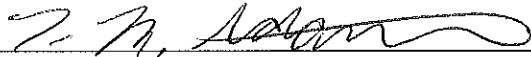
18. Adjourn

The meeting was adjourned at 3:53 P.M. upon a motion by Director Blanchard, seconded by Director Boehme, which passed unanimously.

Next Meeting – April 11, 2017

The next regular meeting of the Board is scheduled for April 11, 2017 at 2:00 P.M. at the Shell Deer Park Learning Center, 2nd Floor, Mustang Building, 4400 Highway 225, Deer Park, Texas

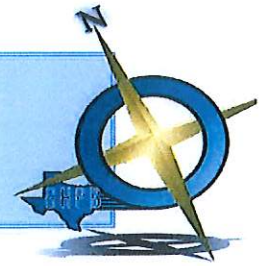
The above is a correct copy of the Minutes of the March 14, 2017, regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Todd Adamec, Secretary

LIST OF ATTACHMENTS

- A. Bookkeeping Report
- B. Assessment Collection Report
- C. Harris County Sheriff's Office Report



GREATER HOUSTON PORT BUREAU, INC.

HSCSD Administrative Report March 14, 2017

Financial and Investment Reports

- **Bank Statements as of February 28, 2017**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$45,290.44
 - Deposits were \$5,193.00
 - Transfers from Money Market were \$100,000.00
 - Cleared Checks were \$201,351.98
 - Checks Outstanding were \$0.00
 - Money Market Account Reconciliation shows:
 - The invested balance was \$10,784,411.17
 - Deposits were \$92,660.48
 - Transfers to Checking were \$100,000.00
 - Deposits In Transit were \$0.00
 - Interest earned was \$414.39
- **Disbursements for February 2017**
 - Disbursements totaled \$200,898.74
- **Invoices Requiring Board Approval**
 - Greater Houston Port Bureau – \$15,615.52 February Administrative Services
 - Harris County – \$80,519.59 December & January O&M

2016 Assessment Update as of February 28, 2017

- 2016 Assessment – 190 companies were assessed \$2,135,100.00/ 184 companies have paid \$2,080,258.00, as of February 28, 2017. Outstanding receivable is \$54,842.00 owed by 5 companies.

Delinquent Assessments Update as of February 28, 2017

- 2013 & 2014 Assessment – Two companies were turned over to the collection attorney for delinquent 2013 & 2014 Assessments on July 1 of 2014 and 2015 respectively. Current outstanding assessment balance, including penalty & interest, is \$53,497.50
- 2015 Assessment
 - 3 companies have assessment receivables totaling \$14,807.00 with accrued and unpaid penalty & interest totaling \$1,622.28
 - One company has filed for chapter 11 bankruptcy owing \$12,153.50 including penalty and interest to the date of filing for bankruptcy.
 - One company owing only penalty & interest has filed for chapter 11 bankruptcy owing the District \$1,463.28
 - All delinquent accounts were referred to PBFC&M for collection on July 1, 2016



Attachment B

Houston Ship Channel Security District

Delinquent Assessment Analysis as of February 28, 2017

2016 Assessment Analysis

2016 Assessment Roll 190 Companies (after appeals)			\$2,135,100.00
Receipts to Date	Assessments – 184 Companies	2,080,258.00	
	Penalty & Interest	4,123.00	
Total Related Receipts			\$2,084,381.00
Receivables	Current – 1 Company (Installments)	4,716.00	
	Delinquent – 4 Companies	\$50,126.00	
	Accrued Penalty & Interest – 4	2,751.00	
Total 2016 Receivables			\$57,593.00

2015 Assessment Analysis

Receivables	Delinquent – 3 Companies	\$14,807.00	
	Accrued Penalty & Interest – 3	1,622.28	
Total 2015 Receivables			\$16,429.28

One company filed for Chapter 11 bankruptcy on March 4, 2016 owing the District \$12,153.50 in assessment and accrued penalty and interest to that date. A second company filed for Chapter 11 bankruptcy on April 27, 2016 owing \$1,463.28 in penalty & interest. No further penalty and interest can be accrued or collection activity taken. The accounts have been referred to Perdue, Brandon, Fielder, Collins & Mott L.L.P. to file proof of claim on behalf of the District.

2014 Assessment Analysis

Receivables	Delinquent – 2 Companies	15,750.00	
	Accrued Penalty & Interest – 2	5,827.50	
Total 2014 Receivables			\$21,577.50

Both companies were turned over to the collection attorney on July 1, 2015. Interest continues to accrue on these accounts. Legal action is being combined with the 2013 receivables.

2013 Assessment Analysis

Receivables	Delinquent – 2 Companies	21,000.00	
	Accrued Penalty & Interest – 2	10,920.00	
Total 2013 Receivables			\$31,920.00

Both companies were turned over to the collection attorney on July 1, 2014. Interest continues to accrue on these accounts.

Total Accounts with collection attorney – 4 companies owing \$69,926.78

Attachment C

**Harris County Sheriff's Office HSCSD Monthly Report: February 2017
Public Release**

Waterside (February 2017)

Hours Deployed 129.8

HSCSD Expenses (December 2016)

Fuel \$4,226.64

Maintenance \$0.00

\$4,226.64

Landside (February 2017)

Patrols: 490

HSCSD Expenses (December 2016)

Fuel \$2,101.31

Maintenance \$2,457.80

\$4,559.11

Air Side (January 2017)

Patrol Hours 80.70

HSCSD Expenses (December 2016)

Fuel: \$197.90

Maintenance \$0.00

Equipment \$0.00

\$197.90

HCSO Industry Deputy

Coordination Meetings 14

OEM/Drills/Events
and Inspections 16

CIKR Visits 17

47

HCSO District Deputy

Coordination Meetings 5

OEM/Drills/Events
and Inspections 28

CIKR Visits 25

58

SMAG (January 2017)

Hours Worked 459 Hrs. Personnel \$7,500.00

HSCSD Expenses (January 2017)

As requested by the Houston Ship Channel Security District (HSCSD) the Harris County Sheriff's Office