

MINUTES

Board of Directors of the Houston Ship Channel Security District April 11, 2017

A regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on April 11, 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, Bennett and Woodring, thus establishing a quorum. Also present were Daniel Ringold 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. Chair Scheibe took a moment to remember Assistant Chief Deputy Clint Greenwood, who was killed this past week in the line of duty, and to thank all law enforcement personnel for their service.

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

Secretary Adamec noted that the draft minutes of the March 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 Blanchard moved to approve said minutes, as presented. Director Boehme seconded the motion, which passed unanimously.

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

Deputy Jay D’Abbraccio presented two requests for matching funds for 2016 Port Security Grant Program grants previously approved by FEMA, being acquisition of mobile gamma neutron detectors and equipment, supplies and training for the HCSO Marine and High Risk Operations

Units. Sergeant Easthagen provided detailed descriptions for some of the line items contained in the funding requests. Director Campbell asked if the line items identified as maintenance were for initial maintenance support contracts or for routine maintenance. Chair Scheibe noted that the District does not typically take on the responsibility to pay for routine and ongoing maintenance for Security Projects for which it provides local matching share grant funding. Deputy D'Abbraccio and Sergeant Easthagen confirmed for the District that the maintenance line items were only related to initial support costs, and HCSO is not seeking for the District to pay for any ongoing maintenance or upkeep of the equipment to be acquired through the FEMA approved grants. Following further discussion, Director Blanchard moved to authorize SPH to prepare a Notice of Hearing on a Security Plan to fund \$143,052.40 from the District's surplus funds for the two requests. Director Boehme seconded the motion, which passes unanimously. Mr. Ringold advised the Board a public hearing would be necessary since these projects were not part of the 2016 assessment plan. The public notice must be given at least 30 days prior to the hearing; therefore, the hearing will probably not be until the June meeting of the Board. Chair Scheibe encouraged all those in attendance to consult with the District on the scope of grant funding requests for which they will be seeking financial assistance or contribution from District prior to the filing of the grant applications.

5. Discussion and Possible Action of the Appointment of an Assessment and Budget Planning Committee for 2017

Treasurer Blanchard advised the Board it was again time to begin planning for the preparation of the District's annual budget and assessment plan. He asked that three to five Directors to be appointed to a sub-committee to address same. Chair Scheibe appointed Directors Blanchard, Bass, Boehme, and Campbell to the 2017 Assessment and Budget Planning Committee.

6. Quarterly Investment Officer's Report

Treasurer Blanchard advised the Board that a copy of the Investment Officer's Report was in the Board Book and that he and Mr. Cusick would attend the required Public Funds Investment Act training in May. There were no questions or suggested revisions from the Board members.

7. Quarterly Treasurer's Report

Treasurer Blanchard advised the Board that a copy of the Financial Statements were in the Board Book and there was nothing further to be added. There were no questions or suggested revisions from the Board members.

8. Legal Report

Mr. Ringold reported he was in contact with Mr. Garrett Wright of DHS/U.S. Customs and Border Protection, who advised that DHS/CBP did not have a problem with the District's approach to funding the Small Scale Donation Program. However, Mr. Wright further advised that the local office would need to determine whether it had the necessary resources for the ongoing operational expenses related to the installation of the connectivity equipment.

Mr. Ringold advised there was no Delinquent Assessment Collections Attorney's Report this month.

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 two invoices requiring approval:

1. Greater Houston Port Bureau – \$15,568.18 March Administrative Services
2. Harris County – \$22,306.62 January O&M and February SMAG Support

Upon review of the invoices presented, Director Blanchard moved that said invoices be approved for payment. Director Boehme seconded the motion, which passed unanimously.

B. Assessment Report

Mr. Cusick advised the Board there was nothing to add to the reports previously distributed. A copy of the Assessment Analysis Report is included as Exhibit B.

C. Project Management/Education Report

Mr. Cusick advised the Board there were 46 attendees at the TWIC Reader Final Rule Compliance Workshop held on March 23, 2017. The Internet Profiling and Intelligence Gathering class attracted 30 industry and law enforcement personnel on March 28-29, 2017. The All Hazards Incident Management Team Training hosted 35 individuals on April 3-7, 2017. He noted that all training classes were well received by those District facility personnel and law enforcement partner personnel in attendance.

D. Management and Outreach Report

CAPT Diehl advised the Board on the Borders-Trade-Immigration Institute (BTI), which has been designated a DHS Center of Excellence. BTI is located at the University of Houston, and may be a valuable resource for the District.

10. Status Report – City of Baytown

No one was present from the City of Baytown.

11. Status Report – City of Houston

Mr. Retz advised the Board he was able to fill an available slot in in the All Hazards Incident Management Training course and thanked the Board for providing funding for the course. He stated that the City of Houston had nothing additional to report to the Board this month.

12. Status Report – Harris County

Mr. Patrick Gonzalez introduced Nemiah McGee as a new member of the Harris County CTS Team. He reported that CTS is continuing work on the Harris County Port Security Camera Network. He said the down cameras continue to be the result of faulty microwave radio links. A new study of the microwave paths and radios is needed before the radios can be replaced. Also, air conditioning units and batteries are beginning to fail in the enclosures and need to be replaced.

Deputy D'Abbraccio advised that the Harris County Sheriff's Office report is in the Board Book, and 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 2:50 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 2:52 P.M., advising that no items had been discussed in closed session. There were no items requiring further action.

CAPT Diehl presented a review of the previous program manager's activities and hours. He noted he would be seeking to fill the program manager position with a person working 25-50% on District activities and 50-75% on Port Bureau projects.

17. Consider Items for Future Meeting Agendas

No items were suggested other than customary and ongoing matters.

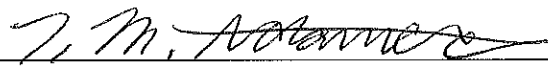
18. Adjourn

The meeting was adjourned at 3:07 P.M., upon a motion by Director Blanchard, seconded by Director Boehme, which passed unanimously.

Next Meeting – May 9, 2017

The next regular meeting of the Board is scheduled for May 9, 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 April 11, 2017, regular meeting of the Board of Directors of the Houston Ship Channel Security District.

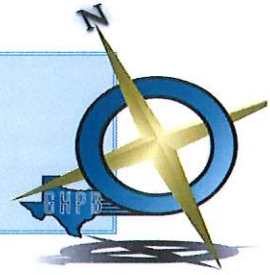


Todd Adamec, Secretary

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 April 11, 2017

Financial and Investment Reports

- **Bank Statements as of March 31, 2017**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$21,281.93
 - Deposits were \$108.00
 - Transfers from Money Market were \$100,000.00
 - Cleared Checks were \$123,864.96
 - Checks Outstanding were \$0.00
 - Money Market Account Reconciliation shows:
 - The invested balance was \$10,710,154.95
 - Deposits were \$25,288.00
 - Transfers to Checking were \$100,000.00
 - Deposits In Transit were \$1,062.00
 - Interest earned was \$455.78
- **Disbursements for March 2017**
 - Disbursements totaled \$124,116.51
- **Invoices Requiring Board Approval**
 - Greater Houston Port Bureau – \$15,568.18 March Administrative Services
 - Harris County – \$22,306.62 January & February O&M

2016 Assessment Update as of March 31, 2017

- 2016 Assessment – 190 companies were assessed \$2,135,100.00/ 185 companies have paid \$2,104,475.68, as of February 28, 2017. Outstanding receivables, including penalties and interest, are \$32,465.84 owed by 5 companies.

Delinquent Assessments Update as of March 31, 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 \$53,865.00
- 2015 Assessment
 - 3 companies have assessment receivables totaling \$14,807.00 with accrued and unpaid penalty & interest totaling \$1,644.78
 - 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 March 31, 2017

2016 Assessment Analysis

2016 Assessment Roll 190 Companies (after appeals)			\$2,135,100.00
Receipts to Date	Assessments – 185 Companies	2,104,425.68	
	Penalty & Interest	6,305.32	
Total Related Receipts			\$2,110,731.00
Receivables	Current – 1 Company (Installments)	3,748.32	
	Delinquent Assessment – 4 Companies	\$26,926.00	
	Accrued Penalty & Interest – 4	1,791.52	
Total 2016 Receivables			\$32,465.84

2015 Assessment Analysis

Receivables	Delinquent – 3 Companies	\$14,807.00	
	Accrued Penalty & Interest – 3	1,644.78	
Total 2015 Receivables			\$16,451.78

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	5,985.00	
Total 2014 Receivables			\$21,735.00

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	11,130.00	
Total 2013 Receivables			\$32,130.00

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 \$70,316.78

Attachment C

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

Waterside (March 2017)

Hours Deployed 156.5

HSCSD Expenses (January 2017)

Fuel \$3,692.00
Maintenance \$4,428.52
\$8,120.52

Landside (March 2017)

Patrols: 733

HSCSD Expenses (December 2016)

Fuel \$2,458.07
Maintenance \$801.97
\$3,260.04

Air Side (March 2017)

Patrol Hours 34.60

HSCSD Expenses (December 2016)

Fuel: \$242.46
Maintenance \$1,848.35
Equipment \$0.00
\$2,090.81

HCSO Industry Deputy

Coordination Meetings 12
OEM/Drills/Events
and Inspections 18
CIKR Visits 34
64

HCSO District Deputy

Coordination Meetings 4
OEM/Drills/Events
and Inspections 20
CIKR Visits 36
60

SMAG (January 2017)

Hours Worked 537 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