

MINUTES

Board of Directors of the Houston Ship Channel Security District March 10, 2020

A regular meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on March 10, 2020, open to the public, at the offices of the Greater Houston Port Bureau, 4400 Highway 225 East, Suite 200, 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:

Niels Aalund
Basil Alkousarri
Eric Bass, Secretary
Brian Blanchard, Treasurer
Jimmy Burke
Eric Finck
Carl Holley
Craig Nelson
Clayton Pace, Assistant Secretary
Gary Scheibe, Chair
Marcus Woodring, Vice Chair

and all said persons were present, except Directors Alkousarri and Bass, 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 2:00 PM.

2. Public Comment

There were no comments from the attendees at the meeting. Chair Scheibe introduced the two new maritime analysts from the Texas Department of Public Safety who will focus on the Port Region, Marisa Brusuelas and Hilary Martinez, and asked them to advise the Board of their respective background in the intelligence community.

3. Recognition of Raymond Russell for Services Rendered as a Director for Security Zone 3

Chair Scheibe recognized Raymond Russell and presented him with a certificate of appreciation.

4. Approval of Minutes of January 14, 2020 Board of Directors Meeting

Chair Scheibe noted that the draft minutes of the January 14, 2020 Board of Directors meeting had been distributed to the Board members in advance of today’s meeting. Directors were asked if there were any comments or suggested revisions to the minutes. Director Blanchard moved to approve the minutes, as presented. Director Burke seconded the motion, which passed unanimously without further discussion.

5. Chair's Comments on Industry Regulations and Related Matters

Chair Scheibe noted that the RAND Study was released on March 5, 2020. It is over 300 pages in length, but a summary of the report was provided those on the District's email distribution list for industry information updates. He noted that the day after the report was released, the Coast Guard released their report delaying the mandatory implementation of the TWIC Reader Rules until May 2023. The Coast Guard report was also sent to the email distribution list. All the regulations defining Risk Group A remain unchanged. Vice Chair Woodring expanded on the details of the reports.

6. Report of Director-at-Large Appointment by Harris County Commissioners Court

Mr. Cusick advised the Board that there was no action on the part of Commissioners Court.

7. Report of Municipal Director Appointment by Harris County Mayors' and Councils' Association

Mr. Cusick advised the Board that the Harris County Mayors' and Councils' Association, at their January meeting, re-appointed Jimmy Burke to a 2-year term as the Municipal Director for the District.

8. Acceptance of Qualifications Statements, Bond, Oaths of Office and Election Not to Disclose Claim information and swearing in of Directors.

Mr. Ringold advised the Board that he discussed each of the qualification documents with Director Burke and had obtained signatures on the required documents. Director Aalund moved to accept the Qualification Statement, Bond, Oaths of Office and Elections Not to Disclose Certain Information of Director Burke. Director Woodring seconded the motion, which passed unanimously.

9. Consider scheduling a Date for a Special Meeting of the Board of Directors to Review and Act on Requests for Matching Funds for FY 2020 PSGP Grant Applications.

Chair Scheibe ask Mr. Cusick to explain the need for a special meeting. Mr. Cusick advised the Board that the final date for submitting FY2020 PSGP grant applications was April 15, 2020, which is only 1 day after the District's regular April Board meeting. To give those entities requesting matching funds from the District an opportunity to react to the Board's decision on a given proposed grant, a special meeting in early April might be appropriate. Chair Scheibe polled the Directors present for available times. April 2, 2020 at 2 PM was selected for the special meeting of the Board.

10. Appoint a Grant Application Review Committee.

With the special meeting, it was determined a review committee was not necessary.

11. Resolution authorizing Participation in the TexPool Investment Pools and Designating Authorized Representatives.

Treasurer Blanchard discussed with the Board moving a portion of the District's current bank balance to the TexPool Investment Pool. Mr. Ringold advised the Board that TexPool appears to meet the requirements of the Texas Public Funds Investment Act and the District's Investment Policy, such that the District may place funds in such pool. Director Woodring moved approval of the TexPool participation resolution. Director Burke seconded the motion, which passed unanimously.

12. Request to Update FY 2018 PSGP IJ #4 – HCSO Dive Unit Defender ROV – Training Line Item Description with No Change to the Budget Allocation Amounts.

Lt. Jeff Easthagen advised the Board of the reason for the requested revision to the FY2018 port grant for a remote operated vehicle. Following discussion, Director Woodring moved to approve the request. The motion was seconded by Director Blanchard, and passed unanimously.

13. Request for an Additional \$3,673.00 in Matching Funds for FY2019 PSGP IJ #4 – Bomb Unit Robot and Accessories – for Accessories.

Lt. Jeff Easthagen explained that Harris County intended to include the accessories for the Bomb Robot with the original request to the District, but they were overlooked in the budget and, therefore, inadvertently omitted. He further advised that the accessories are necessary for efficient operation of the Robot. Director Woodring moved to approve the request. The motion was seconded by Director Blanchard, and passed unanimously without further discussion.

14. Proposal by ABS Group to Conduct Three (3) Facility Security Officer Cyber Security Classes.

CAPT Dave Nichols advised the Board that the cyber security training classes conducted in 2019 were well attended and well received by the attendees. He advised that ABS Group is proposing to conduct additional training classes this year on the same terms and at the same price as last year. Director Burke moved to accept the proposal from ABS, subject to review of same by Schwartz, Page & Harding on behalf of the District and receipt of a Texas Ethics Commission Form 1295 from ABS Group. Director Blanchard seconded the motion, which passed unanimously.

15. Proposal by Chemical Security Group to add MTSA Tabletop Security Exercises to the District's Education and Training Schedule.

Mr. Steve Roberts advised the Board that he has received requests from attendees of the other training classes Chemical Security Group has led for the District for MTSA tabletop security exercise training. He described how the tabletop exercises would be conducted and the deliverables/benefits to the attendees. Director Aalund moved the proposal from Chemical Security Group be accepted subject to review of the agreement by counsel and receipt of Texas Ethics Commission Form 1295 from CSG. Director Blanchard seconded the motion, which passed unanimously.

16. Status of the Eighth Amendment to the Agreement with Harris County for 2019 Security Projects & 2020 Security Services

Mr. Ringold advised the Board that discussions with the Harris County Judge's Office and County Attorney's Office have yielded language in line with the direction provided by the Board at last month's meeting and acceptable to the County. Mr. Ringold then explained the subject revisions. Following discussion on the matter, Director Aalund moved that the Eighth Amendment to the Harris County Agreement be approved. Director Holley seconded the motion, which passed unanimously.

17. Legal Report

Mr. Ringold advised the Board there was nothing additional of a legal matter to be reported. He noted the Perdue Brandon Fielder Collins & Mott collection report was previously distributed in the Board Book.

**18. Status Report – Greater Houston Port Bureau
a. Financial and Administrative Reports**

Mr. Cusick advised the Board that the administrative and financial report was in the Board Book, which includes the following checks requiring Board approval:

1. City of Houston - \$56,321.16: Includes \$49,936.36 for FY2017 and FY2018 PSGP Matching Funds; and \$6,384.80 for February Marine O&M.
2. Harris County – \$38,545.74 Including \$36,262.50 for PSGP Matching funds and \$2,283.24 for Revision of Invoice AH019577, billed in June 2019 for March 2019 O&M reimbursement, to Capture March 2019 O&M Boat Fuel Reimbursement.
3. Harris County – \$151,611.86: Including \$88,606.86 for FY 2017 & FY2018 PSGP Matching Funds; and \$63,005.00 for October and December 2019 O&M Reimbursement.

The Administrative and Financial report is attached hereto as Exhibit "A". Director Blanchard moved and Director Pace seconded the approval of the bookkeeping report and payment of the checks. The motion passed unanimously.

b. Assessment Update

Mr. Cusick advised the Assessment Analysis Report was previously distributed to the Board. The Assessment Analysis Report is attached as Exhibit "B".

c. Education Report

Mr. Cusick advised the Board MTSA FSO Certification Training classes would be conducted over the next 2 days.

d. Management and Outreach

CAPT Diehl advised that he is still attempting to schedule the new Directors to visit the GHPB and the offices of the District for an overview of the operation. He noted that the Annual magazine went to the printer this morning, and would be distributed as soon as it was returned. He noted that PowerPoint presentations were developed, based on a presentation developed by Director Woodring, for Director Burke and Chair Scheibe, who spoke at the Port of the Future conference. Director Woodring asked that the presentations be sent to the Directors.

19. Status Report – City of Baytown

Assistant Fire Chief Victor Medrano reported that the fire boat approved with the 2018 PSGP was scheduled for delivery in April.

20. Status Report – City of Houston

Mr. Rick Retz advised the purchase order was issued for the radios for the B.E.S.T. center. He further advised that Houston Fire Department is developing a 2-day shipboard firefighting class in conjunction with the Coast Guard. The first class is scheduled for May 4, 2020. Chair Scheibe recognized Mr. Retz for his representing the City of Houston to the District since the inception of the relationship between the District and the City, as well as his 40 years of service with the Houston Police Department. Mr. Retz is retiring on May 20, 2020.

21. Status Report – Harris County

a. Central Technology Services.

Mr. Patrick Gonzales advised the Board that CTS has been preparing its information for the FY2020 PSGP grant applications.

b. Engineering.

Mr. Greg Karr advised the Board there was nothing to report.

c. Sheriff's Office.

Lt. Jeff Easthagen reported the HCSO Marine Unit took delivery of the new Remote Operated Vehicle.

22. Status Report – Texas Game Wardens – TPWD

Capt. Weaver reported that patrol hours for January & February 2020.

23. Status Report – Texas Department of Public Safety

There was nothing to report.

24. Status Report – U.S. Coast Guard

Mr. Gary Messmer advised the Board that cybersecurity information were being sent to Facility Security Officers through the Cybersecurity Working Group. He also advised that the FSO Working Group would meet, followed by a drone identification demonstration, on Tuesday March 17, 2020.

25. 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

No Executive Session was necessary.

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

No Executive Session was held.

27. Consider Items for Future Meeting Agendas

No items were presented.

28. Adjourn

Chair Scheibe introduced Commander Patricia Cantu, the new commander of the HPD Air and Marine Division.

The meeting was adjourned at 3:15 P.M. upon a motion by Director Woodring, seconded by Director Blanchard, which passed unanimously.

Next Meeting – April 2, 2020

The next regular meeting of the Board is scheduled for April 2, 2020 at 2:00 P.M.

The above is a correct copy of the Minutes of the March 10, 2020 regular meeting of the Board of Directors of the Houston Ship Channel Security District.

Clayton Pace, Assistant Secretary

LIST OF ATTACHMENTS

- A. Administrative and Financial Report
- B. Assessment Analysis Report



HSCSD Administrative Report

March 10, 2020

Financial and Investment Reports

- **Bank Statements as of February 28, 2020**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$23,255.54
 - Deposits were \$1,400.00
 - Transfers from Money Market were \$0.00
 - Cleared checks were \$1,996.13
 - Service Charge was \$127.48
 - Checks outstanding were \$70,697.76 (Unsigned-No Board Meeting)
 - Money Market Account Reconciliation shows:
 - The invested balance was \$8,915,131.42
 - Deposits were \$ 178,414.00
 - Transfers to Checking were \$0.00
 - Deposits in Transit were \$98.00
 - Interest earned was \$8,470.39
- **Disbursements for February 2020**
 - Disbursements totaled \$71,917.80
- **Incumbered and Committed PSGP Matching Funds**
 - \$3,646,013.81 outstanding as of 03/01/20
- **Checks Requiring Board Approval**
 - City of Houston - \$56,321.16: Includes \$49,936.36 for FY2017 and FY2018 PSGP Matching Funds; and \$6,384.80 for February Marine O&M.
 - Harris County – \$38,545.74 Including \$36,262.50 for PSGP Matching funds and \$2,283.24 for Revision of Invoice AH019577, billed in June 2019 for March 2019 O&M reimbursement, to Capture March 2019 O&M Boat Fuel Reimbursement.
 - Harris County – \$151,611.86: Including \$88,606.86 for FY 2017 & FY2018 PSGP Matching Funds; and \$63,005.00 for October and December 2019 O&M Reimbursement.



Exhibit B

Houston Ship Channel Security District

**Assessment Analysis
as of
March 31, 2020**

2019 Assessment Analysis

2019 Assessment Roll – 184 Companies			\$1,643,100.00
Receipts to Date	171 Companies 03/31/20	1,566,002.00	
Receivables	13 Companies		\$77,098.00
Penalty & Interest	Accrued P&I as of 03/01/20	\$22,642.96	
P&I Receipts to Date		15,711.00	
P&I Receivables			\$6,931.96
Total Receivable			\$84,029.96

Accounts with Collection Agency

Receivables	Delinquent – 2 Companies	\$26,999.52	
	Bankruptcy – 1 Company	11,150.00	
	Accrued Penalty & Interest as of 03/01/20	21,631.12	
Total at Collections			\$59,780.64

- Two companies were turned over to the collection attorney on July 1, 2014. Interest continues to accrue on these accounts. Legal action is being combined for 2013, 2014 and 2015.
 - One 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 account has been referred to Perdue, Brandon, Fielder, Collins & Mott L.L.P. to file proof of claim on behalf of the District.
 - An additional amount for a company was referred to Perdue, Brandon, Fielder, Collins & Mott L.L.P. July 1, 2019. Interest continues to accrue on this account.
-