

MINUTES

Board of Directors of the Houston Ship Channel Security District June 9, 2020

A regular meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on June 9, 2020, open to the public, via telephone conference call pursuant to Texas Government Code, Section 551.125, as amended, and as modified by the temporary suspension of various provisions thereof effective March 16, 2020, by the Governor of Texas in accordance with the Texas Disaster Act of 1975, all as related to the Governor's proclamation on March 13, 2020, certifying that the COVID-19 pandemic poses an imminent threat of disaster and declaring a state of disaster for all counties in 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 Alkoussari
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 Alkoussari, Burke, and Finck, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, L.L.P. ("SPH"), legal counsel for the District, and Bill Diehl and Al Cusick of the Greater Houston Port Bureau ("GHPB"), administrators for the District.

The following persons also announced they were present on the conference call:

LaKenya Wilson, Lt. Jeff Easthagen, Patrick Gonzales, Bo Garces, and Sgt. Carlton Horton representing Harris County and Harris County Sheriff's Office.

Scott Berry and Gerald Welsh representing the City of Houston.

Asst. Fire Chief Victor Medrano representing the City of Baytown.

Capt. Jennifer Weaver representing Texas Parks and Wildlife Department.

Garr Mesmer representing the Coast Guard.

Julio Gonzalez representing CISA

Marisa Brusuelas and Hilary Martinez representing Texas Department of Public Safety

Members of the public present Jessica Thomas, Director of Security at Port Houston and Chris Wolski, Information Security Officer at Port Houston. Larry McKinney, Vice President of Operations at Womble Company, Inc.

1. Explanation of Telephonic Meeting Procedures and Call to Order

Mr. Ringold reminded all in attendance of the requirements of the Texas Open Meetings Act, as modified by the Governor's Disaster Proclamation, relative to the conduct of meetings by telephone. In connection therewith, he informed the participants that the meeting would be recorded and requested that participants clearly state his or her name before speaking, including when making or seconding a motion. Mr. Ringold stated that a full roll call of all participants would be conducted at the start of the meeting for attendance purposes. Mr. Ringold proceeded to perform a roll call to establish attendance of Board members, consultants, development representatives, and members of the public, if any.

Following such roll call, Chair Scheibe called the meeting to order at 2:10 PM.

2. Public Comment

There were no comments from the public.

3. Approval of Minutes of May 12, 2020 Board of Directors Regular Meeting

Director Woodring moved to approve the minutes of the May 12, 2020 meeting, as presented. Director Blanchard seconded the motion. The motion passed unanimously.

4. Approval of Minutes of November 5, 2019 Board of Directors Annual Meeting

Director Woodring moved to approve the minutes of the November 5, 2019 annual meeting, as presented. Director Blanchard seconded the motion. The motion passed unanimously.

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

Chair Scheibe advised the Facility Inspector Cyber Job Aid was being distributed. It is a checklist for facility cyber inspections. Although items are currently recommendations, in about a year the process control and administrative controls will become regulatory requirements.

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

Mr. Cusick reported there was no information from the County concerning the Director-at-Large appointment.

7. Report from the Operation and Maintenance Committee

Director Blanchard advised the Board the Committee report was in their Board Books. He described the activities of the Committee, the work completed and the work remaining to be completed. Director Woodring moved to accept and adopt the recommendations from the Operations & Maintenance Committee relative to the District's support of operational and maintenance expense requests from industry partners for calendar year 2021. Director Blanchard seconded the motion. The motion passed unanimously. The report is attached as Exhibit A.

8. Request by Harris County to Extend the Period of Performance (POP) for FY2017 PSGP IL #1 (Port Security Surveillance System) and IJ #5 (Marine Unit Standardization) Programs as Approved by FEMA

Mr. Garces advised the Board the Surveillance System Project was on schedule and this request was a precautionary measure, allowed by FEMA, if the COVID-19 pandemic were to delay completion. Lt. Easthagen echoed Mr. Garces' comments stating there was little left to be spent on the Marine Unit Standardization project. Director Woodring moved the request be approved. Director Blanchard seconded the motion. The motion passed unanimously.

9. Request by the Houston Maritime Information Sharing Office (HM-IASO) to sponsor a Cyber Security Information Network linked to the Maritime Transportation System – Information Sharing and Analysis Center (MTS-ISAC)

Director Woodring introduced Mr. Chris Wolski, Chief Information Security Officer, Port Houston. Mr. Wolski presented 3 slides (Exhibit B) for an information sharing network for the members of the District. Director Bass moved the request for sponsorship funding be approved with Director Woodring and Mr. Ringold to prepare an agreement for licensing and deliverables. Director Blanchard seconded the motion. The motion passed unanimously.

10. Legal Report

Mr. Ringold advised the Board there was nothing pertaining to this agenda item to report.

11. Status Report – Greater Houston Port Bureau

a. Administrative and Financial Reports

Mr. Cusick advised the Board the administrative and financial reports are in the Board Books. He advised the Board there is one (1) check requiring Board Approval: 1) for the City of Baytown for \$36,875.00, for the FY2017 direct funding of dive and bomb equipment The Administrative and Financial Report is attached as Exhibit C. Director Woodring moved to approve the check. Director Blanchard seconded the motion. The motion passed unanimously.

b. Assessment Update

Mr. Cusick advised the Board the Assessment Analysis report is in the Board Book. The Assessment Analysis Report is attached as Exhibit D.

c. Education Report

Mr. Cusick advised the Board that all education classes are cancelled through June. A tentative date of July 28, 2020 is reserved for a MTSA FSO Refresher Training class.

d. Management and Outreach

CAPT Diehl advised the Board the Pasadena Convention Center was not available on November 10, 2020 as originally requested. An alternate date of October 27, 2020 has been confirmed.

12. Status Report – City of Baytown

Assistant Fire Chief Victor Medrano advised the Board orientation and training on the new fire boat is completed. A christening ceremony is scheduled for June 26, 2020 and the District's Board members are invited. Invitations have been mailed.

13. Status Report – City of Houston

Scott Berry advised the Board that the marine activity report is in the Board Book. The marine unit had 109 hours of patrol in May, including 8 hours on Memorial Day. There were no aircraft hour in May. The Bell 412 helicopter has returned in time for hurricane season. The MD 500 helicopters are currently limited in operations with only 2 helicopters in use.

14. Status Report – Harris County

a. Central Technology Services.

Bo Garces reported that all cameras are functioning correctly. He advised that CTS completed training on the Command Bridge software. All site cabinets are being fitted with LED lighting. The AIS systems recently installed are reporting and visible in Command Bridge.

b. Engineering.

No one from Engineering was participating in the call.

c. Sheriff's Office.

Lt. Easthagen advised the Board of several incident responses during May.

15. Status Report – Texas Game Wardens – TPWD

Captain Jennifer Weaver advised the Board they are continuing to conduct patrols of the Ship Channel with local personnel. She advised that there were 7 patrols, totaling 64 hours collectively in the months of May.

16. Status Report – Texas Department of Public Safety

Marisa Brusuelas advised the Board that she and Hilary Martinez were continuing to contact maritime partners in the area to introduce themselves and collect pertinent information.

17. Status Report – U.S. Coast Guard

Mr. Gary Mesmer advised the Board CAPT Smith and CAPT (Select) Donahue are on board for their in-brief. The change of command ceremony is June 12, 2020. He thanked the Port Security Grants Committee for their efforts to rank and approve about \$7.2 million in grant requests, which went up without any significant changes or comments from CAPT Oditt. He advised the next AMSC is tentatively set for July 23, 2020.

Mr. Julio Gonzalez advised the Board CISA has consolidate their 3 separate command centers into a single central command called CISA Central. He warned that an increase hurricane scam emails are appearing and advised everyone to be aware.

18. 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.

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

No Executive Session was held.

20. Consider Items for Future Meeting Agendas

There were no items requested.

21 Adjourn

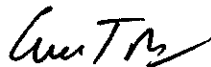
Chair Scheibe discussed his idea of memorializing fallen law enforcement officers in our naming convention for approved grants. Director Bass suggested recognition be given at the annual meeting. Director Woodring asked if it was appropriate and/or legal to make contributions to memorial funds. Mr. Ringold said he would look into that option.

Director Woodring moved the meeting be adjourned. Director Blanchard seconded the motion. The motion passed unanimously, and the meeting was adjourned at 3:07 PM

Next Meeting – July 14, 2020

The next regular meeting of the Board is scheduled for July 14, 2020 at 2:00 P.M.

The above is a correct copy of the Minutes of the June 9, 2020 regular meeting of the Board of Directors of the Houston Ship Channel Security District.



Eric Bass, Secretary

LIST OF ATTACHMENTS

- A. Operations & Maintenance Committee Report
- B. Houston Maritime Information Sharing Office Slides
- C. Administrative and Financial Report
- D. Assessment Analysis Report

Attachment 'A'



Houston Ship Channel Security District

Operation & Maintenance Committee

June 9, 2020

At the May 12, 2020 Board of Directors meeting, the Board authorized the Operation and Maintenance committee, comprised of Directors Aalund, Bass, Blanchard, Burke (committee chair) and Pace, to reconvene and continue the process of developing recommendations to be provided to the Board relative to general policies regarding operation and maintenance funding support provided by the District. The committee met on May 28, 2020 and June 4, 2020 to consider such matters. In addition to the committee members, Mr. Ringold and Mr. Cusick also participated in the meetings. For the purpose of better organization, deliberation was divided between operational expenses and maintenance expenses.

Maintenance Expense

After considerable discussion, the committee divided maintenance into two categories: 1) Fixed Assets (i.e. those associated with the security network), and 2) Movable Assets (i.e. aircraft, automobiles, boats, ROV, trucks, etc.)

The committee recommends that maintenance support no longer be provided for any type of movable asset. The committee recognizes that certain maintenance items may be included in the original grant application for movable assets and is not recommending that the District exclude such items from consideration as part of the District's grant evaluation process; however, the committee's position is that the District should not pay ongoing maintenance expenses for movable assets.

The committee recommends maintenance support for fixed assets be continued for the 2020-2021 assessment period; however, the committee would like to further evaluate fixed asset maintenance expenses over the upcoming year to assure the expenses are related to the purpose of the asset and provide direct benefit to the District and its facility owners.

Operational Expense

The discussion of operation expenses was separated by category of movable asset, aircraft, vehicles, and watercraft. The following recommendations are presented to standardize reimbursement for operational expenses of each category of movable assets:

1. Aircraft
 - a. Fixed Wing
 - i. Maule STOL - \$40.00/engine hour or the actual cost of fuel, whichever is less
 - ii. Cesena 206 - \$50.00/engine hour or the actual cost of fuel, whichever is less
 - b. Helicopter
 - i. Bell 412 - \$355.00/engine hour or the actual cost of fuel, whichever is less
 - ii. MD 500 - \$70.00/ engine hour or the actual cost of fuel, whichever is less

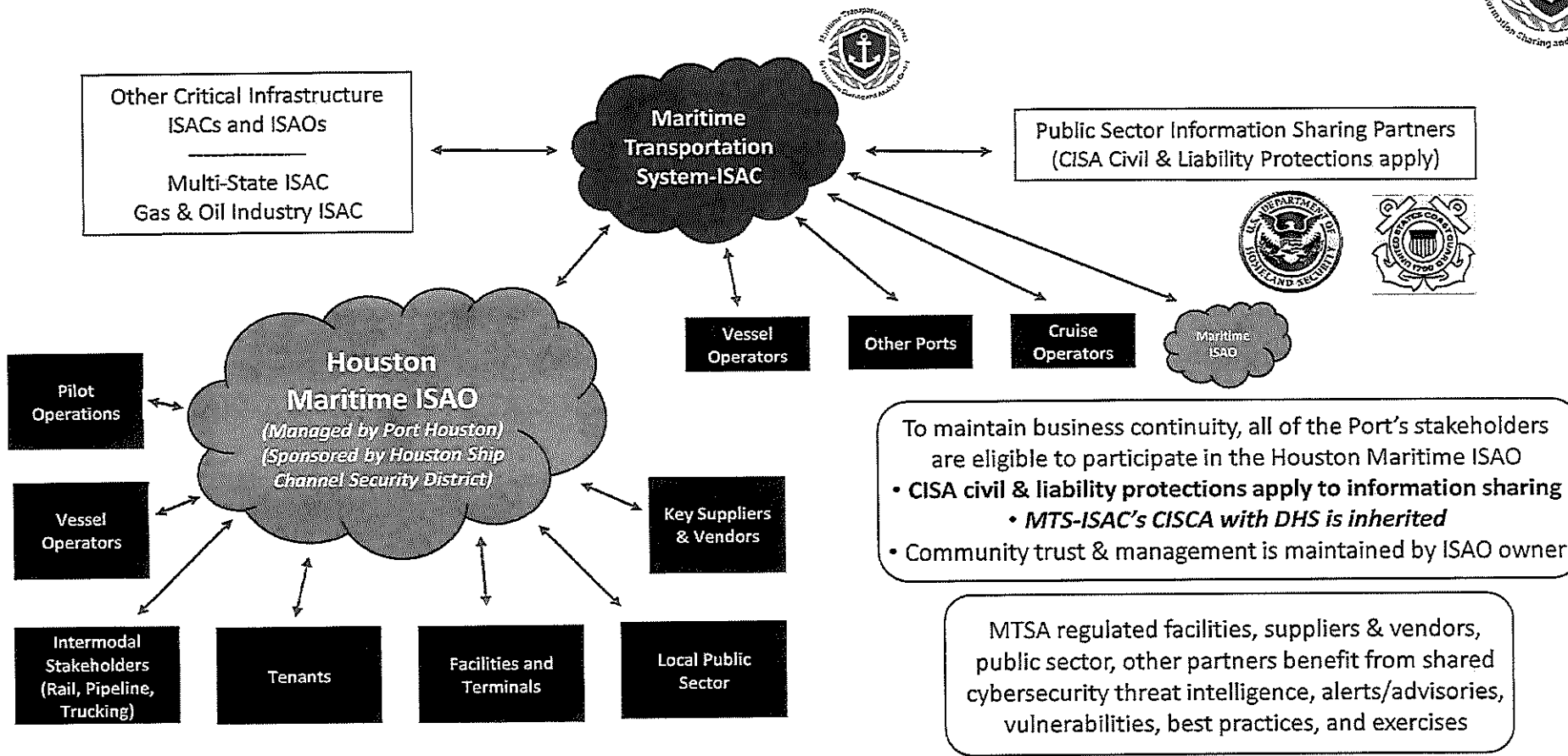
2. Vehicles

- a. Automobiles - \$0.20/mile or the actual cost of fuel, whichever is less
- b. Trucks - \$0.20/mile or the actual cost of fuel, whichever is less

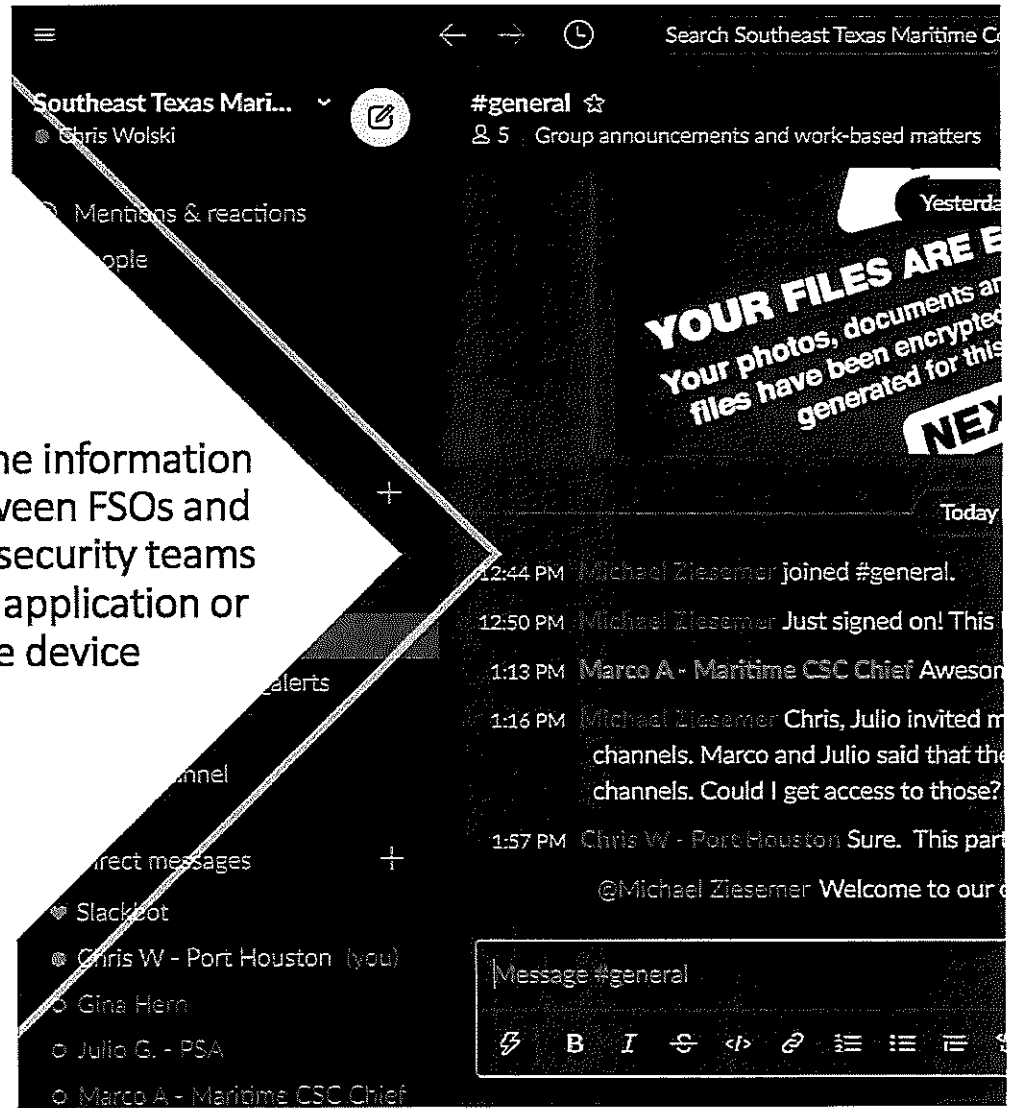
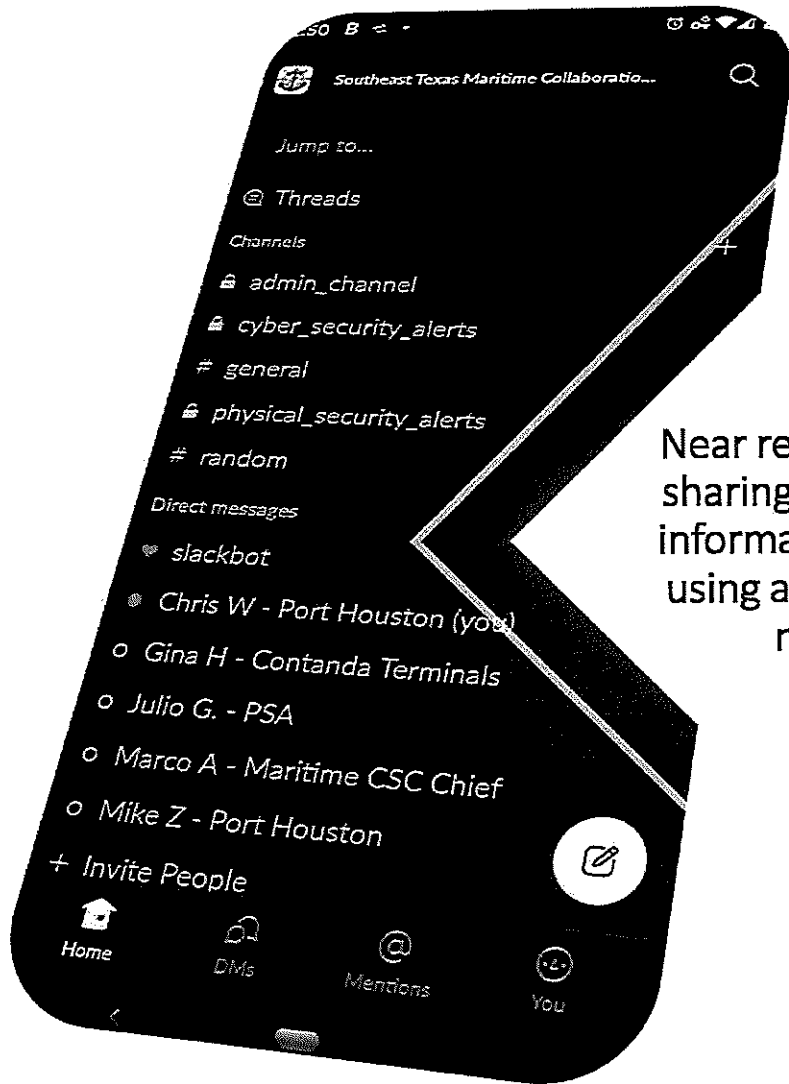
3. Watercraft

The District has not received invoices for reimbursement of fuel costs for watercraft related to operations during 2020. Given the significant fluctuations in marine fuel pricing over that time period coupled with the variety of marine assets and varying fuel burn rates depending on the particular asset and how it is primarily operated, the Committee is seeking more recent actual fuel usage data to develop standard recommendations for each type of marine asset. Assuming the District receives updated fuel cost and usage information from Harris County and the City of Houston within the next few weeks, the Committee anticipates providing recommendations on standardization of marine fuel cost operating expenses at the next Board meeting.

Information Sharing Model



A. P. ...



Near real time information sharing between FSOs and information security teams using a web application or mobile device

The ask

Houston Maritime ISAO

- Sponsored by Houston Ship Channel Security District
- Managed by Port of Houston Authority
- Provided by MTS-ISAC via \$12,000 annual subscription

Houston Maritime Security Collaboration Group

- Sponsored by Houston Ship Channel Security District
- Managed by Port of Houston Authority and Houston Infragard Maritime CSC (in coordination with AMSC)
- Annual subscription \$12.50/user/month - \$1500/yr
 - Initial cadre of 10 users. Can add users as adoption of the platform increases.



Attachment 'C'

HSCSD Administrative Report

June 6, 2020

Financial and Investment Reports

- **Investment Statements as of May 30, 2020**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$40,168.01
 - Deposits were \$0.00
 - Transfers from Money Market were \$100,000.00
 - Cleared checks were \$399,768.42
 - Service Charge was \$111.09
 - Checks outstanding were \$287.60
 - Money Market Account Reconciliation shows:
 - The invested balance was \$68,383.19
 - Deposits were \$ 16,445.00
 - Transfers to Checking were \$100,000.00
 - Transfer to TexPool Investments were \$8,200,020.00
 - Deposits in Transit were \$0.00
 - Interest earned was \$22.78 - 0.005%
 - TexPool Account Reconciliation shows:
 - The invested balance was \$8,201,334.28
 - Deposits were \$0.00
 - Transfers in were \$8,200,020.00
 - Interest earned was \$1,314.28 – 0.4808%
 - Disbursements totaled \$70,847.80
- **Incumbered and Committed PSGP Matching Funds**
 - \$3,160,176.82 outstanding as of 06/30/20
- **Checks Requiring Board Approval**
 - City of Baytown - \$94,500.00 including \$7,000 for Fire Boat transportation and \$87,500 for the FY2018 PSGP Fire Boat.
 - City of Houston - \$328,188.22 including \$14,058 for April Marine O&M; \$216,949.54 for FY 2017 PSGP Matching Funds; and \$97,180.68 for FY 2018 PSGP Matching Funds
 - Greater Houston Port Bureau - \$18,510.13 May Administrative Services.

Attachment 'D'



Houston Ship Channel Security District

Assessment Analysis
as of
June 30, 2020

2019 Assessment Analysis

2019 Assessment Roll – 184 Companies			\$1,643,100.00
Receipts to Date	180 Companies 06/30/20	1,615,802.00	
Receivables	4 Companies		\$27,298.00
Penalty & Interest	Accrued P&I as of 06/01/20	25,805.84	
P&I Receipts to Date		21,718.00	
P&I Receivables			\$4,087.84
Total Receivable			\$31,385.84

Accounts with Collection Agency

Receivables	Delinquent – 2 Companies	\$26,999.52	
	Bankruptcy – 1 Company	11,150.00	
	Accrued Penalty & Interest as of 05/01/20	22,441.11	
Total at Collections			\$60,590.63

- 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.
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