

MINUTES

Board of Directors of the Houston Ship Channel Security District December 14, 2021

A meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on December 14, 2021, 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 Alkoussari
Eric Bass, Secretary
Jimmy Burke, Assistant Secretary
Eric Finck
Mark Griffin
Carl Holley
Craig Nelson, Vice Chair
Clayton Pace, Treasurer
Gary Scheibe, Chair
Jessica Thomas

and all said persons were present, except Directors Alkoussari, Finck, Holly, and Nelson, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, L.L.P. (“SPH”), legal counsel for the District; and Al Cusick and Bill Diehl of the Greater Houston Port Bureau (“GHPB”), administrators for the District.

1. Call to Order

Chair Scheibe called the meeting to order at 2:02 p.m.

2. Public Comment

Scott Berry of the City of Houston commented that the City of Houston Emergency Operations Center (EOC) had a port industry consultant on-site during the World Petroleum Congress (WPC). He noted that there were not a lot of security demonstrations performed as part of the WPC, but the City did benefit from seeing some of the security tools that industry is presently using.

Lt. David Jasper of the Harris County Sheriff’s Office commented that every federal, state, and local agency had patrol boats on the ship channel during the WPC with all agencies cooperating with each other and coordinating their activities.

Gary Mesmer of the United States Coast Guard noted that the “behind the scenes” cooperation among all the agencies and departments involved in patrolling and securing the ship channel and port region during the WPC was the driving force in preventing dangerous and/or disruptive activities during the WPC. He noted that the Capitan of the Port was very pleased with the partnership between industry and law

enforcement during the event and felt that the coordinated effort was a deterrent to the occurrence of any security incidents.

Chair Scheibe thanked everyone for their comments. He emphasized that not only does the District support law enforcement efforts by funding of assets, but also provides a platform through which multiple entities can come together to work as a team, which is of real value to facility owners within the District and the broader port community.

3. Approval of Minutes of November 9, 2021, Board of Directors Regular Meeting

Secretary Bass advised the Board that the draft minutes of the November 9, 2021, meeting were distributed as part of the Board Book materials and asked if there were any comments to said minutes. There being none, Director Thomas moved to approve the minutes of the November 9, 2021, meeting, as presented. Director Pace seconded the motion, which passed unanimously.

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

Chair Scheibe noted that there was nothing new to report this month.

5. Report on the Annual Meeting and Luncheon

Mr. Cusick reported that the annual meeting was attended by 83 persons. The total cost of the meeting and luncheon at the Marriott South was \$1,900. Chair Scheibe noted that there was a strong turnout of elected officials and other dignitaries.

6. Report on the Election of Candidates for the 2022-2024 Zone Directors

Mr. Cusick reported that the zone director candidates receiving the highest number of votes in each security zone were Basil Alkousari, Tim Krietemeyer, Eric Finck, and Eric Bass. He noted that, with the Board's approval, the GHPB will send the list of proposed nominees to the Harris County Judge's Office for placement on the agenda for the Commissioners Court's January 4, 2022 meeting. The complete report on the zone director election is attached to these minutes as Exhibit A.

7. Report on Appeals of 2021 Assessments

Mr. Cusick reported there were no appeals of the 2021 Assessment Invoices.

8. Approval of the Tenth Amendment to the Interlocal Agreement with Harris County for 2021 Security Projects and 2022 Security Services

Mr. Ringold advised the Board that the draft agreement was in the Board Book and reviewed pertinent sections of same with the Board. Director Burke moved to approve the Tenth Amendment to the Agreement with Harris County, as presented. Director Griffin seconded the motion, which passed unanimously.

9. Authorize preparation and submission of District information to Texas Comptroller of Public Accounts as required by Section 403.0241, Texas Government Code, and Chapter 203, Texas Local Government Code, for inclusion in the Special Purpose District Public Information Database

Mr. Ringold advised the Board that a supplemental report containing the information required to be submitted to the State Comptroller for inclusion in the Special Purpose District Database is within the scope of the engagement with the District's auditors. Director Pace moved to authorize McCall Gibson

Swedlund Barfoot PLLC to prepare the report and submit same to the State Comptroller's Office on behalf of the District. Director Thomas seconded the motion, which passed unanimously.

10. Legal Report – Schwartz, Page & Harding, L.L.P.

Mr. Ringold advised that the delinquent assessment collection report prepared by Perdue Brandon Fielder Collins & Mott, LLP was in the board book. A copy of the Delinquent Assessment Collection Report is attached to these minutes as Exhibit B. He noted that one account was paid in full over the past month. He further noted that there are a couple of delinquent accounts for facilities that have permanently gone out of business. Mr. Ringold noted that he has requested that Perdue Brandon accerlate their collection activity efforts, where possible, on those delinquent companies that are still solvent or in bankruptcy proceedings.

11. Status Report – Greater Houston Port Bureau

a. Administrative and Financial Reports

Mr. Cusick advised the Board that the administrative and financial reports are in the Board Books. He advised the Board that there are two checks which require Board approval this month, as follows: Greater Houston Port Bureau - \$15,535.37 for November administrative services; Harris County - \$43,273.28 for FY2017 & FY2019 PSGP reimbursement. A copy of the Administrative and Financial Report is attached to these minutes as Exhibit C. Director Pace moved to accept the report and to approve the checks for payment. Director Thomas seconded the motion, which passed unanimously.

b. Assessment Update

Mr. Cusick advised the Board the Assessment Analysis report is in the Board Book. A copy of the Assessment Analysis Report is attached to these minutes as Exhibit D.

c. Education Report

Mr. Cusick advised the Board that the Education report is in the Board Book. The Education report is attached to these minutes as Exhibit E.

d. Management and Outreach

CAPT Diehl advised the Board that Chair Scheibe sent thank you notes to the elected officials and dignitaries who attended the Annual Meeting. He also reported that the GHPB would start working on the annual year in review magazine in January. He noted that the Captain of the Port invited Chair Scheibe and him to attend a meeting with the USGC Sector and CISA leaders.

12. Status Report – City of Baytown

No one was present from the City of Baytown.

13. Status Report – City of Houston

Scott Berry noted that a written report of the activities of the City of Houston's airborne and marine units is in the Board Book.

14. Status Report – Harris County

a. Universal Services/Central Technology Services

Bo Garces reported on the operational status of the County's Port Information Network (PIN) camera system and the Command Bridge situational software. Mr. Garces also provided an update on the County's routine and preventative maintenance activities on the PIN hardware and software.

b. Engineering

There was no report from Harris County Engineering.

c. Sheriff's Office

Lt. David Jasper reported on the relevant activities of the Sheriff's Office. He noted that three dive team members completed advanced training this month. He further advised that the Sheriff's Office expects to take delivery of the multi-mission interceptor SAFE Boat before the end of the month.

15. Status Report – Texas Department of Public Safety

Marisa Brusuelas advised they she and Ms. Martinez have completed their threat analysis assessment, and, as soon as it is approved internally, they will be providing it to the District for the Board's use and distribution of any non-protected information.

16. Status Report – U.S. Coast Guard

Gerry Messmer advised the Board that the Area Maritime Security Committee would be meeting in person and virtually on February 24, 2022. He noted that the AMSC is evaluating a 180° camera system that is currently installed in Corpus Christi and provides greater range and capabilities per camera than the system currently in use within the District.

17. Status Report DHS/CISA

There was no report from DHS/CISA.

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

There was no Executive Session.

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

There was no Executive Session.

20. Consider Items for Future Meeting Agendas

No specific items were requested for inclusion on the agenda for the next meeting.

21. Adjourn.

Director Thomas moved to adjourn the meeting. Director Bass seconded the motion, which passed unanimously at 2:32 PM.

Next Meeting.

The next regular meeting of the Board will be on January 11, 2022, at 2:00 PM

The above is a correct copy of the Minutes of December 14, 2021, meeting of the Board of Directors of the Houston Ship Channel Security District.



Eric Bass, Secretary

LIST OF EXHIBITS:

- A. Report on the Election of Candidates
- B. Delinquent Assessment Collection Report
- C. Administrative and Financial Report
- D. Assessment Analysis Report
- E. Education Report



Exhibit A

Houston Ship Channel Security District

2021 Election Results

Zone 1

- | | | |
|---------------------|----------|-----------|
| 1. Basil Alkoussari | 10 votes | Incumbent |
| 2. Jarod Burt | 1 vote | |
| 3. Raymond Espinosa | 2 votes | |
| 4. Jeremy Jenkins | 1 vote | |

Zone 2

- | | | |
|--------------------|---------|--|
| 1. Tim Krietemeyer | 4 Votes | |
|--------------------|---------|--|

Zone 3

- | | | |
|---------------|---------|-----------|
| 1. Eric Finck | 8 Votes | Incumbent |
|---------------|---------|-----------|

Zone 4

- | | | |
|--------------|---------|-----------|
| 1. Eric Bass | 5 votes | Incumbent |
|--------------|---------|-----------|

PERDUE, BRANDON, FIELDER, COLLINS & MOTT L.L.P.
DELINQUENT ASSESSMENT REPORT
HOUSTON SHIP CHANNEL SECURITY DISTRICT
December 14, 2021

Amounts shown are base assessment amounts.

Bankrupt, claim filed:

American Commercial Barge Line 20 assessments \$7,810.00

Lummus Technology Inc. 20 assessments \$7,810.00

- Claims have been filed on behalf of the District.

Suit filed:

Frederick Trucking LLC 13-14 assessments \$18,375.00

Suit filed 10/22/14. Judgment signed 8/11/15; the judgment is final. An abstract of judgment has been filed. The defendant filed a "bill of review" to vacate the judgment. The court heard motions for summary judgment and ruled in favor of the defendant. We have appealed to the court of appeals. The court did not decide the appeal on the merits, but dismissed it to have the main case tried first. We will prepare a motion for summary judgment to file in district court.

Port Packaging LLC 14-15 assessments \$7,224.52

Suit filed 10/22/14. Judgment signed 5/3/16; the judgment is final. An abstract of judgment has been filed. The District agreed to a payment agreement. The most recent payment was received on 9/5/18. We sent a formal notice of default; their attorney responded, said that the company was struggling and that he no longer represented them. He forwarded the default letter to them. It appears that the company is now out of business.

Other accounts:

Richardson Companies 19-20 assessments \$18,092.80

On 10/9/20, we spoke to Silva from the accounts payable department and she asked for our contact information and she said she would give it to the CEO, Kelly Richardson. We called back on 12/2/21 and left another voice mail message; we also sent another demand letter to the mailing address.

Praxair, Inc./ Douglas Shearer 20 assessments \$5,375.00

On 12/2, we sent another demand letter to the mailing address and an emailed statement; we also called and left a voice mail message.

Baker Petrolite Corporation/ Attn: Chris Strouse-Plant Director \$467.05

Paid in full.

Bay Area Environmental Services/ Tracy Hollister- Plant Manager \$350.00

On 11/8, we spoke to Theresa and she gave us an email address for Elizabeth, the person who handles this account. We sent her an emailed statement.



HSCSD Administrative Report

December 14, 2021

Financial and Investment Reports

- **Operating and Investment Statements as of November 30, 2021**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$12,026.29
 - Deposits were \$10,200.00
 - Transfers from Money Market were \$300,000.00
 - Transfers from TexPool were \$0.00
 - Cleared checks were \$722,225.29.
 - Service Charge was \$157.59
 - Checks outstanding were \$0.00
 - Money Market Account Reconciliation shows:
 - The invested balance was \$313,752.82
 - Deposits were \$ 591,964.27
 - Transfers from TexPool Investments were \$100,000.00
 - Transfers to Operating were \$300,000.00
 - Transfers to TexPool Investments were \$ 0.00
 - Deposits in Transit were \$0.00
 - Interest earned was \$0.45 - 0.01%
 - TexPool Account Reconciliation shows:
 - The invested balance was \$6,947,424.06
 - Deposits were \$0.00
 - Transfers to Operating Account were \$0.00
 - Transfers to Money Market Account were \$100,000.00
 - Interest earned was \$379.24– 0.0663%
 - Disbursements totaled \$303,035.56
- **Incumbered and Committed PSGP Matching Funds**
 - \$3,287,470.43 outstanding as of 11/30/2021
- **Checks Requiring Board Approval**
 - There are 2 checks requiring action by the Board
 - Greater Houston Port Bureau - \$15,535.37 for November administrative services
 - Harris County - \$43,273.28 for FY 2017 & FY2019 PSGP Match Reimbursement



Houston Ship Channel Security District

Assessment Analysis
as of
December 31, 2021

2021 Assessment Analysis

2021 Assessment Roll – 182 Companies			\$2,356,750.00
Receipts to Date 55.1%	97 Companies	last payment 12/28/21	1,297,825.00
Receivables	85 Companies		\$1,058,925.00
Penalty & Interest	Accrued P&I as of		0.00
P&I Receipts to Date	0 Companies		0.00
P&I Write-Off	0 Companies		0.00
P&I Receivables			\$ 0.00
Total Receivable			\$1,058,925.00

2013-2020 Accounts with Collection Agency

Receivables	Delinquent – 3 Companies	\$45,446.52	
	Accrued Penalty & Interest as of 12/01/21	30,401.01	
Total at Collections			\$75,847.53

- 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.
- An additional amount for 2018 for a company was referred to Perdue, Brandon, Fielder, Collins & Mott L.L.P. July 1, 2019. Interest continues to accrue on this account. Legal action is being combined for 2013, 2014, 2015, and 2018.
- A third company was referred to Perdue, Brandon, Fielder, Collins & Mott on for 2019 on August 5, 2020. Interest continues to accrue on the account.
- An additional amount for 2020 was referred to Perdue, Brandon, Fielder, Collins and Mott LLP in August 1, 2021. Interest continues to accrue on the account. Legal action is being combined for 202019 and 2020.



Exhibit E

Houston Ship Channel Security District

Education Report

December 14, 2021

SCHEDULED COURSES

January 2022

- January 26 & 27, 2022 MTSA FSO Certified Training