

RESOLUTION ADOPTING PLAN OF ASSESSMENT

WHEREAS, the Houston Ship Channel Security District (the "District") was created and organized pursuant to an Order of the Commissioners Court of Harris County, Texas dated June 9, 2009, and operates pursuant to Chapter 68, Texas Water Code; and

WHEREAS, the District is empowered to accomplish the purposes for which it was created, including acquiring, constructing, completing, developing, owning, operating, maintaining and leasing security projects or providing security services inside or outside of the District's boundaries; and

WHEREAS, the District is likewise empowered to contract with the State of Texas, a municipality, a county or other political subdivision of the State of Texas to accomplish any District purpose; and

WHEREAS, the District is further empowered to impose an assessment against facilities located within the boundaries of the District for any District purpose, including for the purpose of financing security projects or security services; and

WHEREAS, the District has provided notice of its intent to hold a public hearing on the advisability of the proposed security project and security services described in Attachment I hereto (the "Project") and the proposed assessments to be imposed in accordance with the plan of assessment described and set forth in Attachment III hereto (the "Assessment Plan"), which notice was provided to facility owners within the District pursuant to the requirements of Section 68.303, Texas Water Code; and

WHEREAS, it is necessary for the Board of Directors ("Board") of the District to adopt a plan of assessment to be imposed for the 2021 - 2022 plan year to fund the Project, as well as the general operating costs of the District; Now, therefore:

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HOUSTON SHIP CHANNEL SECURITY DISTRICT, THAT:

Section 1: There was conducted a hearing on October 26, 2021, on the advisability of the Project and the Assessment Plan, which hearing was open to the public as required by law.

Section 2: Based upon the public comments and objections received at such hearing, all of which have been heard and ruled upon by the Board, the Board hereby makes the following findings:

- (i) The Project is necessary and appropriate to accomplish the purpose or purposes for which the District was created and organized;
- (ii) The nature of the Project is described in Attachment I, which is attached hereto and incorporated herein;

- (iii) The estimated cost of the Project is set forth in Attachment II, which is attached hereto and incorporated herein;
- (iv) All facilities located within the District will derive benefit from the Project;
- (v) The method of assessment shall be as set forth in the Assessment Plan, which Assessment Plan is hereby adopted and a copy of which is attached hereto as Attachment III and incorporated herein;

Section 3: The assessments imposed hereby shall be for a period of one (1) year, and shall be due and payable in accordance with Section 4 hereof.

Section 4: The assessments imposed hereby shall become due and payable upon the receipt of statement therefor, and shall be paid on or before January 31, 2022. All assessments not paid before February 1, 2022, shall become delinquent on that date, and there shall be added thereto such penalties, interest, expenses of collection, attorneys' fees, and other costs and expenses as are permitted by law.

Section 5: The District's administrator is authorized and directed to prepare an assessment roll showing the assessments against each facility and the basis for the assessment, which assessment roll shall be filed with the Secretary of the Board and shall be open for public inspection.

Section 6: Any assessment imposed hereby shall be subject to (i) a supplemental assessment to correct omissions or mistakes in the original assessment after notice and hearing in the manner for original assessments, and/or (ii) correction, reassessment or a new assessment, at the discretion of the Board, upon timely filing of a notice of appeal by a facility owner. All notices of appeal must be filed within thirty (30) days of the date hereof.

Section 7: Assessments imposed hereby and surplus funds, if any, to be used as indicated in Attachment II shall be first used by the District to finance the capital costs of the Project, then for maintenance and operational costs of the Project, and then for operational and administrative costs of the District. Assessments collected for one security project or security service may be used for another security project or service. Surplus assessment funds collected, if any, will be used or refunded in accordance with that certain Resolution Adopting Security Plan and Establishing Procedures for the Disposition of Excess Funds dated March 13, 2012 (the "Excess Funds Resolution"), which sets forth the District's procedures for the use or refund of excess assessment funds in accordance with Section 68.307(f), Texas Water Code.

PASSED AND ADOPTED this the 26th day of October, 2021.

Chair, Board of Directors

ATTEST:

Secretary, Board of Directors

(Seal)

ATTACHMENT I

GENERAL NATURE OF SECURITY PROJECT AND SECURITY SERVICES

Includes intruder detection, incident mitigation, response and recovery, and enhanced security coverage for waterside and landside facilities along the Houston Ship Channel and the associated supply chain and support industries located within the boundaries of the Houston Ship Channel Security District.

Deliverables include: (i) increased air patrols and incident management through fuel support; (ii) increased waterside patrol and response capabilities through (a) fuel support, (b) acquisition of communications equipment to enhance incident prevention and response capabilities of the City of Houston's Port Patrol unit, (c) specialized marine firefighting and dive team training, (d) acquisition of dive equipment and expendables in connection with dive team training, (e) acquisition of an emergency generator to ensure interrupted operations of the Interagency Marine Operations Center serving the area within the District, (f) enhancement of shipboard firefighting training assets, (g) acquisition of an underwater remote operated vehicle and associated generator, and (h) acquisition of panoramic night-vision optics for low-light marine operations; (iii) increased landside patrols and incident management by virtue of fuel support; (iv) recapitalization, enhancements, expansions, upgrades, maintenance and repairs to existing wireless and fiber optic-wired communications system that features closed circuit video cameras and radar detection systems along waterways, roadways and bridges and, if and to the extent approved by the District's Board of Directors, associated monitoring center; (v) enhanced intelligence, threat detection and communications capabilities and interoperability among first responders and law enforcement partners through provision of dedicated maritime sector specific analyst positions within the State fusion center; (vi) provision of access for stakeholders to an information-sharing hub focused on enhancing awareness of physical and cyber security related threats to the Houston Ship Channel Region; and (vii) training programs to promote or aid in security within the District, including, but not limited to, programs addressing incident prevention, management and response.

ATTACHMENT II

ESTIMATED COSTS

The total estimated costs of the Security Project are approximately \$3,334,852 for infrastructure, improvements, equipment and training course materials and costs. The estimated District share of such infrastructure, improvements, equipment and materials is \$921,376. The estimated District share of the Security Services, including operations, maintenance, upkeep, and training, is \$1,236,797. The balance of the Security Project and Security Services costs, if any, will be funded by federal grant funds or other sources, persons or agencies. The total estimated District administration costs are \$309,758.

The Security Project and the Security Services will be deliverable in a single phase, as follows:

Income (\$1,000's):	2021-2022
Assessments	\$ 2,369.0
Use of Surplus Funds /Carry Forward	\$ 32.5
Interest Earnings	\$ 4.8
Contract Revenue	\$ 61.7 ¹
<i>Subtotal</i>	<i>\$ 2,468.0</i>
Expenses (\$1,000's):	
Security Project (Equipment, Infrastructure, Improvements, and Training Materials and Programs)	\$ 921.4
Security Services (O&M)	\$ 1,236.8
District Administration	\$ 309.8
<i>Subtotal</i>	<i>\$ 2,468.0</i>
Net (\$1,000's)	\$ 0.0

¹ Reflects funds expected to be received from the Port of Houston Authority (the "Port Authority") pursuant to a contract between the District and the Port Authority. Such funds may be used to pay any legally authorized expenses or other obligations of the District, and are not restricted to items specifically set forth in this Plan of Assessment or any other Plan of Assessment heretofore or hereafter adopted by the District.

ATTACHMENT III

The security and protection of human life, including employees, contractors and other personnel of the owners of facilities within the District, may require different methods, equipment, tactics and technology, implemented at different cost levels, than the security and protection of facility sites with direct or indirect water access from the Houston Ship Channel and/or subject to the Maritime Transportation Security Act (“MTSA”). Similarly, the costs of protection of personnel may increase disproportionately in areas of higher population concentration, while the costs of protecting such facility sites with water access may decrease disproportionately with the size of the land area. Equitable apportionment of the costs of the proposed Security Project and Security Services, taking into account these varying circumstances, requires a comparison of these factors to determine the benefits to each facility and, therefore, the proper resulting allocation of costs proportionate to the benefits to be realized. Accordingly, the proposed method and plan of assessment apportions costs to a facility based upon the greater of the costs incurred and benefits received through each approach, as follows:

Landside Facility Assessment Table

Employees/Contract Personnel	Assessment
<40	2,000
<100	6,175
<250	10,200
<500	18,550
<1000	26,725
<1500	38,950
<2500	61,675
<3500	82,075
>3499	102,500

MTSA/Waterside Facility Assessment Table

		Acreage							
		<10	<25	<50	<150	<500	<1000	<5000	>5000
Headcount	<40	2,000	6,175	10,200	18,550	26,725	38,950	61,675	82,075
	<100	6,175	6,175	10,200	18,550	26,725	38,950	61,675	82,075
	<250	10,200	10,200	10,200	18,550	26,725	38,950	61,675	82,075
	<500	18,550	18,550	18,550	18,550	26,725	38,950	61,675	82,075
	<1000	26,725	26,725	26,725	26,725	26,725	38,950	61,675	82,075
	<1500	38,950	38,950	38,950	38,950	38,950	38,950	61,675	82,075
	<2500	61,675	61,675	61,675	61,675	61,675	61,675	61,675	82,075
	<3500	82,075	82,075	82,075	82,075	82,075	82,075	82,075	82,075
	>3499	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500

- Multiple facilities within the District under one ownership or holding company shall be aggregated by number of personnel and acreage by the District for purposes of assessment and/or security and collection of such assessment.
- The number of personnel associated with each facility will be determined by the District on the basis of the best and most reliable information available to the District, including information from self-reporting by owners, and other sources or estimates.
- The acreage of facility sites within the District will be determined by the District on the basis of the best and most reliable information available to the District, including information from self-reporting by owners, public records and/or the Harris County Appraisal District.
- The **Landside Facility Assessment Table** will be applied to facilities or aggregated facilities in which no portion of any of the facility or facilities are located on a site with access to the Houston Ship Channel or its navigable tributaries and waterways and/or a “facility” as defined in §70101 of MTSA. All other facilities or aggregated facilities shall be assessed per the **MTSA/Waterside Facility Assessment Table**.