

MINUTES

Board of Directors of the Houston Ship Channel Security District March 8, 2022

A meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on March 8, 2022, 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
Eric Finck
Mark Griffin
Tim Krietemeyer
Craig Nelson, Vice-Chair Clayton
Pace, Treasurer
Gary Scheibe, Chair
Jessica Thomas, Assistant Secretary

and all said persons were present, except Directors Alkoussari, Bass, and Thomas, thus establishing a quorum. Also present were Diana Miller 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 2:00 p.m. Chair Scheibe asked Director Griffin to serve as Secretary Pro-Tem for the meeting, in the absence of Secretary Bass and Assistant Secretary Thomas.

2. Public Comment

There were no comments from the public.

3. Approval of Minutes of February 8, 2022, Board of Directors Regular Meeting

Chair Scheibe advised the Board that the draft minutes of the February 8, 2022, meeting were distributed as part of the Board Book materials and asked if there were any comments to said minutes. There being none, Director Pace moved to approve the minutes of the February 8, 2022, meeting, as presented. Director Finck seconded the motion, which passed unanimously.

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

Chair Scheibe noted the current situation in Ukraine has intensified the frequency of cyber-attacks that have been detected since before the war began. He also noted that CISA hosted a cyber briefing last week.

This week a meeting of industry, government, and representatives of international countries met to share information and best practices to booster business resiliency and keep supply chain lines operating. On the Coast Guard side, everyone is still waiting to see what the Rand final study produces. Chair Scheibe then noted that the deadline for filing your facility's cyber security plan with the Coast Guard is nearing. He suggested following the Cyber guide to prepare your plan and added the earlier it is filed the better.

5. Approval of the Request for a Budget Change to FY2018 PSGP IJ #4, Dive Unit ROV and Training, to Move the Vendor Training Cost From the Equipment Budget to the Training Budget as Approved by FEMA and With No Change in the Overall Budgeted Amount

Sgt. Steve Twitty advised the Board that the budget change requested will reflect FEMA's reallocation of costs related to Dive Unit ROV training from the equipment classification to the training classification. He further noted that the vendor previously included the cost of training with the overall hardware quotation, but that the training cost needed to be a separate line item in the budget. Director Burke moved to approve the budget change request as presented. Director Aalund seconded the motion, which passed unanimously.

6. Appeal from NRG of Penalties and Interest on 2021 Assessment

Mr. Cusick explained the background and reason for the appeal, noting that the failure to timely deliver the 2021 assessment invoice was a District error. Director Aalund moved to grant the appeal and waive the accrued penalty and interest of \$2405.25 for NRG Energy. Director Finck seconded the motion, which passed unanimously.

7. Authorize consultants to research unclaimed property and authorize The Greater Houston Port Bureau to prepare Unclaimed Property Report as of March 1, 2022.

Ms. Miller advised the Board that the District is required to identify any unclaimed property in its possession as of March 1, 2022, and, if applicable, file a report with the State of Texas and escheat any unclaimed funds to the State by July 1, 2022. She further advised that the District's administrations will review the District's records to determine if such a report will be necessary. After discussion on the matter, Director Burke moved that the District's administrators be authorized to determine if the District is holding any unclaimed property, and that, should any unclaimed property exist, be authorized to file an Unclaimed Property Report as of March 1, 2022, with the State of Texas. Director Pace seconded the motion, which passed unanimously.

8. Legal Report – Schwartz, Page & Harding, LLP

Ms. Miller advised the Board she had nothing additional to report.

9. 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 was 1 check which required Board approval this month: a check for \$448,059.94 to Harris County for January thru December 2021 fuel reimbursement; 2020 and 2021 Universal Services O&M; and Engineering 2021 O&M reimbursement. A copy of the Administrative and Financial Report is attached to these minutes as Exhibit A. Director Finck moved to accept the report and to approve the check for payment. Director Pace seconded the motion, which passed unanimously. The Board also discussed the institution of a submission

deadline for operations reimbursement requests to ensure that assessment revenue is timely spent on approved projects.

b. Assessment Update

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

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 C.

d. Management and Outreach

CAPT Diehl advised the Board that the Port Bureau is continuing to work on the annual Year-in-Review magazine.

10. Status Report – City of Baytown

Asst. Chief Gaskin advised the Board that the City of Baytown's Fireboat No. 2 is back in the water after maintenance. Lt. Freeman reported that the City's FY2021 projects were approved by City Council and the purchasing process for such projects has begun. Asst. Chief Gaskin advised the Board that he will be the replacement for Asst. Chief Victor Medrano, who is retiring at the end of this month.

11. Status Report – City of Houston

Chair Scheibe advised the Board that the City of Houston report is in the Board materials. No one from the City spoke on the report.

12. 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. He advised that the few cameras that are down are a result of moisture accumulation on the lenses of the cameras. The vendor and supplier are on site this week and believe they have solved moisture issue.

b. Engineering

Greg Karr advised the Board that there was nothing to report from Harris County Engineering.

c. Sheriff's Office

Sgt. Twitty reported that the monthly Sheriff's Office report is in the board book. He advised that the Sheriff's Office 35' Multi-Mission Interceptor SAFE Boat, is currently undergoing personnel familiarization and training while doing the final "shake-down" of the boat.

13. Status Report – Texas Department of Public Safety

Marisa Brusuelas advised that the 2022 Annual Threat Assessment report is being developed. Also, continuing to monitor the current world situations and reports are being distributed as they become available.

14. Status Report – U.S. Coast Guard

Tyson Muniz advised the Board that the Cyber subcommittee will meet on March 17, 2022, and the Area Maritime Security Committee meeting will be April 21, 2022. He also reported on the results of an AWS exercise. Keiton Moore said the Captain of the Port is encouraging him to market the Coast Guard Cyber Protection Team that is available to assist industry.

15. Status Report DHS/CISA

No one was present from CISA.

16. 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.

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

There was no Executive Session.

18. Consider Items for Future Meeting Agendas

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

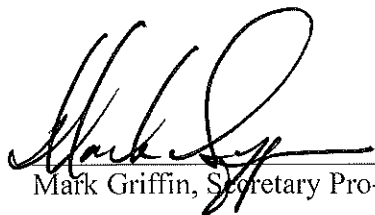
19. Adjourn.

Director Krietemeyer moved to adjourn the meeting. Director Finck seconded the motion, which passed unanimously at 2:40 PM.

Next Meeting.

The next regular meeting of the Board will be on April 12, 2022, at 2:00 PM

The above is a correct copy of the Minutes of March 8, 2022, meeting of the Board of Directors of the Houston Ship Channel Security District.



Mark Griffin, Secretary Pro-Tem

LIST OF EXHIBITS:

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



HSCSD Administrative Report

March 8, 2022

Financial and Investment Reports

- **Operating and Investment Statements as of February 28, 2022**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$10,612.85
 - Deposits were \$2000.00
 - Transfers from Money Market were \$300,000.00
 - Transfers from TexPool were \$0.00
 - Transfer to Money Market were \$0.00
 - Cleared checks were \$321,178.48.
 - Service Charge was \$221.38
 - Checks outstanding were \$7,298.50
 - Money Market Account Reconciliation shows:
 - The invested balance was \$70,921.86
 - Deposits were \$ 218,241.75
 - Transfers from TexPool Investments were \$0.00
 - Transfers to Operating were \$300,000.00
 - Transfers to TexPool Investments were \$350,000.00
 - Deposits in Transit were \$23,968.00
 - Interest earned was \$0.96 - 0.01%
 - TexPool Account Reconciliation shows:
 - The invested balance was \$8,399,358.61
 - Deposits were \$0.00
 - Transfers from Money Market were \$350,000.00
 - Transfers to Operating Account were \$0.00
 - Transfers to Money Market Account were \$0.00
 - Interest earned was \$715.85– 0.1137%
 - Disbursements totaled \$317,551.02
- **Incumbered and Committed PSGP Matching Funds**
 - \$ 2,701,063.24 outstanding as of 02/28/22
- **Checks Requiring Board Approval**
 - Harris County \$448,059.94 for January thru December 2021 Fuel and O&M reimbursement, and 2018 thru 2021 PSGP reimbursement



Houston Ship Channel Security District

**Assessment Analysis
as of
March 31, 2022**

2021 Assessment Analysis

2021 Assessment Roll – 182 Companies			\$2,344,525.00
Receipts to Date 90.2%	172 Companies	last payment 03/31/22	2,228,710.50
Receivables	14 Companies		\$115,814.50
Penalty & Interest	Accrued P&I as of 03/01/22		29,488.34
P&I Receipts to Date	15 Companies		19,404.50
P&I Write-Off	0 Companies		0.00
P&I Receivables			\$10,083.84
Total Receivable			\$125,898.34

2013-2020 Accounts with Collection Agency

Receivables	Delinquent – 3 Companies	\$45,446.52	
	Accrued Penalty & Interest as of 01/01/22	31,764.53	
Total at Collections			\$77,211.05

- 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 C

Houston Ship Channel Security District

Education Report

March 8, 2022

SCHEDULED COURSES

April 2022

- April 18 & 19, 2022 CFATS FSO Compliance Training

May 2022

- May 3 & 4, 2022 MTSA FSO Certified Training