

**Board of Directors of the Houston Ship Channel Security District
February 14, 2023**

A meeting of the Board of Directors (“Board”) of the Houston Ship Channel Security District (“District”) was convened on February 14, 2023, open to the public, at the offices of the Greater Houston Port Bureau, 4400 Highway 225, 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:

Eric Bass, Secretary
Jimmy Burke
Raymond Espinosa
Eric Finck
Mark Griffin
Tim Krietemeyer
Craig Nelson, Vice Chair
Clayton Pace, Treasurer
Gary Scheibe, Chair
Jessica Thomas, Assistant Secretary
LaKenya Wilson

and all said persons were present, except Directors Espinosa and Griffin, thus establishing a quorum. Also present were Daniel Ringold of Schwartz, Page & Harding, L.L.P. (“SPH”), legal counsel for the District, and Christine Schlenker of the Greater Houston Port Bureau (“GHPB”), administrator 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 public.

3. Approval of Minutes of January 10, 2023, Board of Directors Meeting

Secretary Bass advised the Board that the draft minutes of the January 10, 2023, Board meeting were distributed as part of the Board Book materials and asked if there were any comments or suggested revisions to said minutes. There being none, Director Thomas moved to approve the minutes of the January 10, 2023, meeting, as presented. Director Finck seconded the motion, which passed unanimously.

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

Chair Scheibe noted that the Texas Legislature is currently in session, and that there are several items of interest to the District, including: (i) the proposed rider to the state budget for funding of the Maritime Security Analysts by DHS, and (ii) a bill regarding restrictions relative to operation of drones over critical infrastructure that is intended to cure the defects in the prior law relative to same which was declared unconstitutional by a Federal Judge in 2022. Chair Scheibe advised the Board that he planned to travel to Austin in the coming weeks to meet with the sponsors for the budget rider and Ms. Martin of Williams Public Affairs, who is lobbying for passage of such rider. After a brief discussion, the Board indicated its concurrence with the District reimbursing Chair Scheibe for his necessary and appropriate expenses in connection with his travel and efforts on behalf of the District, all in accordance with the District's adopted code of ethics and the District's adopted budget. Chair Scheibe next commented on the delay to the implementation of the TWIC reader rule, suggesting that now is the time for facility owners and security officers to make their concerns regarding the rule and its effect on their facilities known to groups like the American Fuel and Petrochemical Manufacturers Association and the Texas Chemical Council. Lastly, Chair Scheibe advised that the United States Department of Homeland Security is attempting to schedule meetings and a workshop in March on resiliency, critical infrastructure, and supply chain.

5. Approval of the Amendment to the Contract for Administrative Services with the Greater Houston Port Bureau

Mr. Ringold presented a proposed Amendment to the District's contract with the GHPB for administrative services relative to the to the proposed increase in billing rates which were presented to the Board at the last meeting. He further noted that the proposed Amendment memorializes the scope of services and facilities of the GHPB that are made available for the use of the District. Director Nelson moved to approve the Amendment to the Contract for Administrative Services with the GHPB and acknowledgement of receipt of the Texas Ethics Commission Form 1295 relative to same. Director Thomas seconded the motion, which passed unanimously.

6. Approval of a Refund of \$12,225.00 to La Porte Rail and Terminal for the Over Payment of Their 2022 Assessment

Mr. Ringold advised the Board that it was his understanding that the La Porte Rail and Terminal ("LPR&T") had advised the District in 2021 of changes in the acreage and headcount for their facility, which was noted and reflected in the 2021 assessment, but the changes did not get reflected in the master database, and were therefore not carried over and reflected in the 2022 assessment statement to LPR&T, resulting in an overcharge of \$12,225. Director Burke moved to approve the refund of \$12,225 to LPR&T. Director Thomas seconded the motion, which passed unanimously.

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

Mr. Ringold advised the Board that he had nothing further of a legal nature to report to the Board at today's meeting.

8. Status Report – Greater Houston Port Bureau

a. Administrative and Financial Reports

Ms. Schlenker noted that the administrative and financial reports are in the Board Books. She advised the Board that there are three checks which requires Board approval: 1) City of Houston - \$50,820.66 for January air & marine fuel reimbursement, and reimbursement for the matching fund portion of the FY2021 PSGP grant for Ford F350 prime mover; 2) Greater Houston Port Bureau - \$16,359.40 for January administrative services; and 3) Harris County - \$130,973.24 for December O&M and FY2019, FY2020, and FY2021 PSGP reimbursement. A copy of the Administrative and Financial Report is attached to these minutes as Exhibit A. Director Thomas moved to accept the report and approve the checks presented for payment. Director Pace seconded the motion, which passed unanimously.

b. Assessment Update

Ms. Schlenker advised the Board that the Assessment Analysis Report is in the Board Book, a copy of which is attached to these minutes as Exhibit B. She noted that all the Richardson delinquent assessment accounts were paid in full in January.

c. Education Report

Ms. Schlenker advised the Board that the Education Report is in the Board Book, a copy of which is attached to these minutes as Exhibit C.

d. Management and Outreach

Ms. Schlenker advised the Board that the annual magazine for calendar year 2022 was mailed to almost 700 recipients in the District. She also advised that the job description for the position to fill Mr. Cusick's position is nearly complete. After a discussion, the Board requested that the GHPB forward a completed draft of said job description, when ready, to Chair Scheibe and Directors Krietemeyer and Pace for review and comment on behalf of the Board.

9. Status Report – City of Baytown

Assistant Chief Derrick Gaskin advised that Baytown had nothing to report to the Board this month.

10. Status Report – City of Houston

Mr. Scott Berry advised that the monthly report was in the Board Book. He noted further that the HPD Marine Unit would receive an award for their continued support of "Operation Sailing Dirty", which targets enforcement against commercial vessels operating over their licensed passenger capacity.

11. Status Report – Harris County

a. Universal Services/CTS

There was no report.

b. Engineering

There was no report.

c. Sheriff's Office

Lieutenant Jasper provided an update on the activities of the Sheriff's Office. He also introduced Major Jesse Razo, who recently replaced Major Nelson.

12. Status Report – Texas Department of Public Safety

Ms. Brusuelas advised the Board that she and Ms. Martinez have begun conducting interviews in connection with their security assessment efforts. She further advised that once the interviews are complete, the 2022 analysis report will be finalized.

13. Status Report – U.S. Coast Guard

Mr. Messmer advised the Board that a new Infrastructure Grant Program has been authorized. Also, the Port Security Grant Program (PSGP) Notice of Funding Opportunity (NOFO) is due to be distributed on February 27, 2023. Mr. Messmer also provided the following upcoming event information: The "Port of the Future Conference" is scheduled for April 4-6, 2023; the "Tall Ships Galveston" event will be on April 12-14, 2023; and the Sector Houston-Galveston Change of Command will be on June 9, 2023. He noted that CAPT Smith will be replaced by the current Deputy Commander, CAPT Donohue, as the Sector Commander and Captain of the Port.

Mr. Moore advised the Board that elections for a new chair of the FSO Subcommittee would be held at the subcommittee's next meeting on March 15, 2023. He also advised that the Maritime Cyber Assessment Annex Guide (MCAAG) was available to FSOs to help with preparation for facility security assessments. Chair Scheibe noted that the guide would almost certainly be utilized by the Coast Guard inspectors in carrying out their assessments.

Lastly, a discussion ensued regarding several recent reports of unreported helicopter and unmanned aircraft overflights in the area of the District.

14. Status Report – U.S. DHS/CISA

Mr. Arnette advised of the availability of virtual and hybrid training from CISA on April 12, 2023.

15. 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.

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

There was no Executive Session, therefore nothing to report.

17. Consider Items for Future Meeting Agendas

No items were presented for consideration.


18. Adjourn.

Director Thomas moved to adjourn the meeting at 2:37 p.m. Director Krietemeyer seconded the motion, which passed unanimously.

Next Meeting.

The next meeting of the Board will be on March 14, 2023, at 2:00 PM

The above is a correct copy of the Minutes of the February 14, 2023, meeting of the Board of Directors of the Houston Ship Channel Security District.



Eric Bass, Secretary

LIST OF EXHIBITS:

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



HSCSD Administrative Report

February 14, 2023

Financial and Investment Reports

- **Operating and Investment Statements as of January 31, 2023**
 - Operating Account Reconciliation and Cash Flow Statements show:
 - The bank balance was \$140,630.41
 - Deposits were \$128,725.00
 - Transfers from Money Market were \$60,000.00
 - Transfers from TexPool were \$0.00
 - Transfer to Money Market were \$0.00
 - Cleared checks were \$67,528.76
 - Service Charge was \$192.99
 - Checks outstanding were \$6,000.00
 - Money Market Account Reconciliation shows:
 - The invested balance was \$584,309.92
 - Deposits were \$765,640.72
 - Transfers from TexPool Investments were \$0.00
 - Transfers to Operating Account were \$60,000.00
 - Transfers to TexPool Investments were \$300,000.00
 - Deposits in Transit were \$6,000.00
 - Interest earned was \$155.83 - 0.62%
 - TexPool Account Reconciliation shows:
 - The invested balance was \$7,851,247.48
 - Deposits were \$0.00
 - Transfers from Money Market were \$300,000.00
 - Transfers to Operating Account were \$0.00
 - Transfers to Money Market Account were \$0.00
 - Interest earned was \$29,361.80 – 4.527%
 - Disbursements totaled \$73543.07
- **Incumbered and Committed PSGP Matching Funds**
 - 2,735,442.37 outstanding as of 01/31/23
- **Checks Requiring Board Approval**
 - City of Houston - \$50,820.66 for January air & marine fuel reimbursement, and reimbursement for 2021 agreement for a prime mover F350.
 - Greater Houston Port Bureau - \$16,359.40 for January administrative services
 - Harris County - \$130,973.24 for December O&M and FY2019, FY2020, and FY2021 PSGP reimbursement



Houston Ship Channel Security District

Assessment Analysis
as of
January 31, 2023

2022 Assessment Analysis

| | | | |
|---|-------------------|-----------------------|-----------------------|
| 2022 Assessment Roll – 183 Companies | | | \$2,356,450.00 |
| Receipts to Date | 144 Companies | last payment 01/31/23 | 1,804,850.00 |
| Receivables | 39 Companies | | \$551,600.00 |
| 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 | | | \$551,600.00 |

2013-2021 Assessment Accounts with Collection Agency

| | | | |
|-----------------------------|---|-------------|--------------------|
| Receivables | Delinquent Assessments – 6 Companies | \$27,488.27 | |
| | Accrued Penalty & Interest as of 01/01/23 | 29,862.15 | |
| Total at Collections | | | \$57,350.42 |

- 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. **Paid in full on January 19, 2023 including penalty, interest, and collection fee.**
- An additional amount for 2020 for an account already with Perdue, Brandon, Fielder, Collins and Mott LLP was referred on August 1, 2021. Interest continues to accrue on the account. Legal action is being combined for 2019 and 2020. **Paid in full on January 19, 2023 including penalty, interest, and collection fee.**
- An additional amount for 2021 for an account already with Perdue, Brandon, Fielder, Collins and Mott LLP was referred on August 1, 2022. Interest continues to accrue on the account. Legal action is being combined for 2019, 2020, and 2021. **Paid in full on January 19, 2023 including penalty, interest, and collection fee.**
- Four accounts were referred to Perdue, Brandon, Fielder, Collins and Mott LLP, for delinquent penalty & interest, on August 1, 2022. Interest continues to accrue on these accounts.



Exhibit C

Houston Ship Channel Security District

Education Report

February 14, 2023

SCHEDULED COURSES

February 2023

- February 21-22 MTSA FSO Certified Training

March 2023

- March 8-9 CFATS FSO Training

April 2023

- April 4-5 MTSA FSO Certified Training