**Houston Ship Channel Security District**
**Minutes of Annual Meeting of Board of Directors**

**November 14, 2023**

The annual meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on November 14, 2023, open to the public, at the Battleground Golf Course, 1600 Georgia Ave, Deer Park, Texas, 77536, in accordance with the duly posted Notice of Public Meeting.

The roll was called to the officers and members of the Board as follows:

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

And all said persons were present, except Directors Espinosa, Griffin, and Pace, thus establishing a quorum. Also, present were Daniel Ringold of Schwartz, Page & Harding, L.L.P. ("SPH"), legal counsel for the District, and Angela Gonzalez and CAPT Eric Carrero of the Greater Houston Port Bureau ("GHPB"), administrators for the District.

## 1. Call to Order

The Chair Scheibe called the meeting to order at 10:35 AM.

## 2. Public Comment

Chair Scheibe asked if there were any comments from the public. None were presented.

## 3. Welcome and Opening Comments to the 14th Annual Meeting

Chair Schiebe welcomed everyone and provided opening comments to the meeting. He noted that it has been a productive year, and thanked everyone for their collective and collaborative efforts to advance the safety and security of the area of the District. Of recent note, Chair Schiebe advised the laws that prevent the flying of drones over critical infrastructure have been restored. He further noted that CFATS has not been reauthorized at this time, but he anticipates it will be next year.

## 4. Approval of Minutes of October 10, 2023, Board of Directors Meeting

Secretary Bass advised the Board that the draft minutes of the October 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 October 10, 2023 meeting, as presented. Director Fink seconded the motion, which passed unanimously.

## 5. Presentation of the Audit Report for the Fiscal Year Ending Dec. 31, 2022

Michelle Townes with McCall Gibson Swedlund Barfoot PLLC ("McCall") presented the report for the audit of the District's financials for the fiscal year ending December 31, 2022. She noted that McCall has provided an unmodified opinion, which means McCall has concluded that the financial statements are presented fairly, in all material respects, in accordance with the applicable governmental accounting standards. Following presentation of and discussion on the audit report presented, Vice Chair Krietemeyer moved to accept and approve the audit report. Director Thomas seconded the motion, which passed unanimously.

## 6. Engage McCall Gibson Swedlund and Barfoot PLLC to prepare an audit report for Fiscal Year Ending December 31, 2023

Ms. Townes advised that McCall would attend the Board's meeting in February or March of 2024 to present its proposal to audit the District's records for its fiscal year ending December 31, 2023.

## 7. Chairman's Report to the Board

Chair Scheibe thanked the Board members for their service and stated that it is a privilege to carry out the important business of the District with such a committed and conscientious group. He stated his appreciation of everyone's support of him in the role of Chair and advised that he is looking forward to 2024.

## 8. Treasurer's Annual Report

Chair Schiebe advised that Director Pace was not able to attend, but referred the Board members to the Treasurer's report that is included in the written materials. There being no comments or questions regarding the report, Director Burke moved to accept and approve same. Director Krietemeyer seconded the motion, which passed unanimously.

## 9. Recess Regular Meeting to Conduct Public Hearing on 2023 Plan of Assessment

Chair Scheibe recessed the regular meeting of the Board of Directors at 10:59 a.m. and opened a public hearing on the District's proposed 2023 Plan of Assessment. Ms. Gonzalez confirmed that notice of the public hearing was mailed to the owners of all facilities located within the District and subject to assessment, or their designated representatives, at least thirty (30) days in advance of today's hearing, all in accordance with the requirements of the Texas Water Code relative to same. Chair Scheibe asked Mr. Ringold to briefly remind those in attendance the process for preparation of the proposed Plan of Assessment and participation in the public hearing regarding same. Chair Scheibe then asked if anyone present desired to speak at the public hearing or present any comments or objections to the proposed 2023 Plan of Assessment. There being none, Chair Schiebe closed the public hearing at 11:05 a.m.

**10. Reconvene and Call to Order Regular Meeting**

Chair Scheibe called the regular meeting back to order at 11:05 a.m. Mr. Ringold advised that Director Wilson has signed and submitted an affidavit disclosing her employment with Harris County and is abstaining from discussion and voting on the 2023 Plan of Assessment, as it includes funding for the County.

**11. Consider and Rule on any Objections to 2023 Plan of Assessment**

No objections to the 2023 Plan of Assessment had been presented.

**12. Adoption of Resolution Adopting 2023 Plan of Assessment**

Director Thomas moved to adopt the 2023 Plan of Assessment. Director Krietemeyer seconded the motion, which passed unanimously, with Director Wilson abstaining from the vote.

**13. Authorize the Greater Houston Port Bureau to Prepare the 2023 Assessment Roll and Mail Assessment Invoices**

Director Thomas moved to authorize the Greater Houston Port Bureau to prepare the 2023 Assessment Roll and mail the assessment invoices to each of the facilities. Director Krietemeyer seconded the motion, which passed unanimously.

**14. Appointment of Assessment Appeals Committee**

Mr. Ringold reminded the Board and the facility representatives present that facility owners have thirty days from today to submit an appeal of their assessment. Chair Schiebe appointed Directors Finck, Thomas, Krietemeyer, and Pace to be on a committee to consider any submitted appeals of assessments and make a recommendation to the Board as to the resolution of same.

**15. Approval of the 2023 Annual Operating Budget**

Mr. Ringold advised that Director Wilson has signed and submitted an affidavit disclosing her employment with Harris County and is abstaining from discussion and voting on the 2023 Budget, as it includes items that fund projects and services for the County. Director Krietemeyer moved to approve 2023 Annual Operating Budget. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining from the vote.

16. **Payment of Bills**

Ms. Gonzalez advised the Board that the administrative report, including the checks submitted for approval, is included in the Board book materials. She noted the checks for Board approval included payments to: (i) Harris County for grant reimbursements in the amount of $227,481.08; (ii) GHPB in the amount of $18,900.12; (iii) Texas Department of Public Safety in the amount of $190,295.46; (iv) Schwartz, Page & Harding LLP in the amount of $16,232.01 for legal services; and (v) City of Houston for grant reimbursements in the amount of $28,406.77. Director Burke moved to approve the checks. Director Thomas seconded the motion, which passed unanimously with Director Wilson abstaining.

17. **Schedule for Election of Directors for the 2024-2026 Term**

Ms. Gonzalez advised that each of the incumbents whose term expires at the end of 2023 has been nominated to re-run for the Board, and that no other nominations were received. She advised that the schedule for sending ballots to the facility owners and subsequent submission of the nominated candidates to the Harris County Commissioners Court for appointment is included in the Board book materials.

18. **Approval of Eighth Amended and Restated Interlocal Agreement with the City of Baytown**

Mr. Ringold presented the proposed Eighth Amended and Restated Interlocal Agreement with the City of Baytown. Following discussion, Director Thomas moved to approve the Eighth Amended and Restated Interlocal Agreement. Director Krietemeyer seconded the motion, which passed unanimously.

19. **Approval of Letter Agreement with the City of Houston for 2023 Security Projects and 2024 Security Services**

Mr. Ringold presented the proposed letter agreement with the City of Houston to incorporate the 2023 security projects and 2024 security services into the Interlocal Agreement with the City. Following discussion, Director Thomas moved to approve the letter agreement. Director Finck seconded the motion, which passed unanimously.

20. **Approval of the Twelfth Amendment to the Interlocal Agreement with Harris County for 2023 Security Projects and 2024 Security Services**

Mr. Ringold advised the Board consider deferring on this item until its next meeting to allow the County sufficient time to review the draft and provide comments.

21. **Approval of an Agreement with the Port of Houston Authority for a Port Security Donation of $61,675 and to Maintain an Information Sharing Hub for Physical and Cyber Security**

Mr. Ringold reminded the Board that the Port of Houston Authority is not subject to assessment, but agrees to make an annual voluntary payment to support district projects. He further reminded the Board that the District agreed to fund the Maritime Transportation System Information Sharing and Analysis Center and the SLACK licenses for the information sharing hub. Following discussion, Director Bass moved to approve the Agreement with the Port of Houston Authority. Director Finck seconded the motion, which passed unanimously.

22. **United States Coast Guard request for funding of 5th year Area Maritime Security Plan update.**

Mr. Ringold reminded the Board that the United States Coast Guard has inquired whether the District will engage a qualified third party consultant to prepare the 5 year update to the Area Maritime Security Plan. Mr. Gary Messmer addressed the Board and advised that the projected cost to prepare the 5th year update should not exceed $25,000. He advised that the Coast Guard can perform the assessment update, but to do so uses up USCG personnel time that can be dedicated to other security tasks and initiatives. Following discussion, Director Thomas moved to have the District solicit proposals for preparation of the 5th update. Director Krietemeyer seconded the motion, which passed unanimously.

23. **Harris County Sherriff's Office requests for reconsideration of local share funding support for purchase of three drones ($14,816.00).**

Sgt. Carlton Horton advised the Board that FEMA funded the County's grant request for ___________ (IJ __) at a level that requires less than 25% local matching share funding, and that the reduction in the District's committed funding amount is greater than the local share funding for the grant to purchase three drones for the HCSO air support division. Accordingly, HCSO is requesting that the District reallocate the funds that would have been spent on __________ to finance the local matching share of the drone purchase grant. Chair Scheibe and Mr. Ringold noted that the use of assessment funds for the drones was not included in the 2023 Plan of Assessment, but that unrestricted funds from the Port of Houston Authority could be used to support such project. Following discussion, Director Finck moved to approve the use of $14,816 in funds received from the Port of Houston Authority to fund the request for local matching share funding support for the purchase of three drones by the Harris County Sherriff's Office. Director Thomas seconded the motion, which passed unanimously with Director Wilson abstaining from discussion and voting on this item.

24. **Harris County Sheriff's Office request for FY2020 PSGP IJ#2 Marine and Dive Unit Equipment Budget Adjustment**

Sgt. Horton advised the Board that item descriptions within the HCSO's FY2020 PSGP Marine and Dive Unit support grant had changed. He noted that FEMA has approved the budget adjustment, and the HCSO is now seeking the District's approval of such changes. He confirmed that no additional funds are being requested and there is no material change to the scope of the project as a result of the adjustments.

Following discussion, Director Thomas moved to approve. Director Krietemeyer seconded the motion, which passed unanimously with Director Wilson abstaining for the discussion and vote.

**25. Harris County Sheriffs Office request for FY 2020 PSGP grant extension**

Sgt. Horton advised that Harris County requested and received from FEMA a one (1) year extension to the performance period for completion of IJ1 (universal services), IJ2 (marine and dive unit), and IJ4 (air operations) from the FY 2020 Port Security Grant Program. The County is now seeking the District's approval of same. Following discussion, Director Thomas moved to approve. Director Krietemeyer seconded the motion, which passed unanimously with Director Wilson abstaining for the discussion and vote.

**26. Legal Report – Schwartz, Page &Harding, LLP**

Daniel Ringold advised there is a copy of the delinquent assessment and collection report provided by Perdue Brandon Fielder Collins and Mott LLP in the Board book materials.

**27. Adjourn**

Director Thomas moved to adjourn the meeting at 11:45 PM. Director Burke seconded the motion, which passed unanimously

The next meeting of the Board will be on January 9, 2024, at 2:00 PM at the Greater Houston Port Bureau - 4400 Highway 225 E. Suite 200, Deer Park, Texas 77536

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

Eric T. Bass

Eric Bass, Secretary

List of Exhibits

A. Audit Report for FY ending December 31, 2023
B. Treasures Annual Report
C. Adoption of Resolution Adopting 2023 Assessment Plan
D. Approval of the Eighth Amended and Restated Interlocal Agreement with City of Baytown

E. Approval of Twelfth Amendment to the Interlocal Agreement with Harris County
F. Approval of an Agreement with the Port of Houston Authority for a Port Security Donation