Board of Directors of the Houston Ship Channel Security District
August 13, 2024

A meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on August 13, 2024, 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
Buck Tadlock
Tim Krietemeyer, Vice Chair
Clayton Pace, Treasurer
Gary Scheibe, Chair
Jessica Thomas, Assistant Secretary
LaKenya Wilson

and all said persons were present, except Tim Krietemeyer and Raymond Espinosa, 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 (Ret.) of the Greater Houston Port Bureau ("GHPB"), administrators for the District.

1. Call to Order

Chair Schiebe called the meeting to order at 2:02 PM.

2. Public Comment

There were no comments from the public.

3. Approval of Minutes of May 14, 2024 Board of Directors Meeting

Secretary Bass advised the Board that the draft minutes of the May 14, 2024 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 Griffin moved to approve the minutes of the May 14, 2024 meeting, as presented. Director Thomas seconded the motion, which passed unanimously.

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

Chair Scheibe provided a brief update on cyber-security regulatory matters.

5. **Request from Harris County for Approval of Time Extension for all FY 2021 PSGP IJs**

Director Wilson filed an affidavit with the Secretary of the Board disclosing her employment relationship with Harris County and refrained from any discussion on this matter and agenda items 6 and 7. Lt. Jasper of Harris County next advised that the County experienced delays in acquiring items approved through the FY 2021 Port Security Grant Program grants as a result of supply chain delays caused by COVID-19 disruptions in 2020 and continuing through 2021 and 2022. He noted that the County has already secured FEMA approval for the time extensions for the 2021 IJs, and is now requesting that the District also approve such time extensions. He verified that there is no increase in the overall cost in the budget for the items to be procured, and no effect to the amount of local share funding committed by the District. Following discussion, Director Burke made a motion to approve Agenda item 5. Director Finck seconded the motion, which passed with eight votes in favor of the motion and Director Wilson abstaining from the vote.

6. **Request from Harris County for Approval of Budget Adjustment for FY 2021 PSGP IJ#2 (Marine & Dive Unit Equipment and training)**

Lt Jasper noted that adjustments needed to be made to the equipment and training to be procured under this grant as a result of COVID supply chain disruptions and delays, but there was no net increase to the overall budget amount or amount of local share funding to be provided by the District. Following discussion, Director Burke made a motion to approve Agenda item 5. Director Finck seconded the motion, which passed with eight votes in favor of the motion and Director Wilson abstaining from the vote.

7. **Request from Harris County for Approval of Budget Adjustment for FY 2023 PSGP IJ#5 (Air Operations Section Equipment)**

Lt Jasper noted that adjustments likewise needed to be made to the procurement under this grant as a result of COVID supply chain disruptions and delays, but there was no net increase to the overall budget amount or amount of local share funding to be provided by the District. Following discussion, Director Burke made a motion to approve Agenda item 5. Director Finck seconded the motion, which passed with eight votes in favor of the motion and Director Wilson abstaining from the vote.

8. **Presentation of the Audit Report for Fiscal Year Ending December 31, 2023.**

Michelle Townes from McCall Gibson Swedlund Barfoot PLLC introduced herself to the Board and presented the draft audit report for the District's fiscal year ending December 31, 2023. Following discussion, Director Thomas moved to approve the Audit Report for fiscal year ending December 31, 2023. Director Pace seconded the motion, which passed unanimously.

9. **Appeal by Valero Houston Refinery for Waiver of Penalty and Interest on Delinquent Assessment**

Mrs. Gonzalez advised that Valero has requested a waiver of penalties and interest on its 2023 Assessment on the basis that its headquarters had moved to San Antonio, such that the proper department did not timely receive the Assessment invoice which had been sent to the local facility address. Mr. Ringold inquired whether Valero had previously notified the District of the change in address or had updated the mailing address for tax notices for the facility with the Harris Central Appraisal District. Mrs. Gonzalez advised that neither had occurred. Mr. Ringold noted that the District's assessments are treated like ad valorem taxes for purposes of delinquency and collection. He further advised that the Texas Tax Code does not provide the District with the authority to waive penalties or interest unless the failure for the taxpayer to timely receive a bill or pay their taxes was the result of an error on behalf of the District or the appraisal district. Chair Scheibe requested that Mr. Ringold provide Mrs. Gonzalez with language explaining why the penalties and interest cannot be waived.

10. Review Memorandum Regarding Electronic Storage of District Records; Approval of Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of District Records.

Mr. Ringold advised the Board that the Texas Local Government Records Act allows for retention of records in a digital format instead of a paper format, if authorized by the Board in its adopted records management plan. Mr. Ringold next presented a memorandum on the subject, a copy of which is attached hereto as Exhibit A, and answered various questions from the Board regarding same. Following discussion, Director Finck moved to adopt the Resolution Adopting Records Retention Schedules and Policies and Procedures for Electronic Storage of District Records. Director Thomas seconded the motion, which passed unanimously.

11. Request from Records Management Officer to destroy certain records of the District; notes and audio recordings on Board of Directors meetings from December 1, 2022 to April 30, 2024

Mr. Ringold advised that the District's records retention policies allow for destruction of certain records, like handwritten notes and audio recordings of meetings that are more than 90 days old and have been reduced to approved written minutes. He advised that a written request from the District's Records Management Officer is included in the Board Book materials requesting authorization for the District to destroy certain records. Director Thomas moved to authorized destruction of the handwritten notes and audio recording of the meetings of the District and other documents listed in the written request. Director Griffin seconded the motion, which passed unanimously.

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

Mr. Ringold advised that Perdue Brandon Fielder Collins Mott LLP ("Perdue") has provided an update to the delinquent assessment collection report that was provided in the Board Book. He noted that Perdue and Mrs. Gonzalez had noted that payment has been received payment in full from American Commercial Barge Line and Lummus Technology. Mrs. Gonzalez also noted that payments have been received from K-Solv, LP and Delta Companies Group. Further, Messer LLC has contacted Perdue and is working on setting up a payment plan. He advised that Perdue would proceed with filing lawsuits at the end of the month if payments on the remaining accounts are not made. No action on behalf of the Board was necessary at this time.

13. Status Report – Greater Houston Port Bureau

a. Administrative and Financial Reports

Mrs. Gonzalez advised that the administrative and financial reports are in the Board Book materials. She advised the Board that there are several checks which require Board approval, as follows:

Encumbered and Committed PSGP Matching Funds Invoices for Harris County:

FY21 PSGP; $9,680.58;
FY20 PSGP; $87,218.10;
FY22 PSGP; $60,250.00;
FY23 PSGP; $42,775.50.

Director Thomas moved to approve these checks for payment. Director Pace seconded the motion, which passed with 8 votes in favor and Director Wilson abstaining.

The following additional checks were presented for payment:

Harris County ITC: Universal Invoice #00000170343; $189,901.00;
Harris County ITC: Universal Invoice #0000017920; $16,156.50;
Harris County ITC: Universal Invoice #0000016284; $21,313.68;
Chemical Security Group: Invoice #4999; $19,000.00;
Chemical Security Group: Invoice #5000 $16,200.00.

Director Thomas moved to approve these checks for payment. Director Griffin seconded the motion, which passed with 8 votes in favor and Director Wilson abstaining.

b. Assessment Update

Mrs. Gonzalez confirmed what Mr. Ringold had stated in his report regarding payment of delinquent assessments and advised that she is collaborating with more companies to get the assessment payments.

c. Education Report

Mrs. Gonzalez advised the MTSA FSO Class in September is completely booked, and the last class for the current calendar year has been scheduled for November 20th & 21st..

d. Management and Outreach

CAPT Carrero advised that he is hearing more and more requests from industry group members for Cybersecurity classes. Chair Schiebe advised that the District had arranged for cyber security training classes several years ago, and advised CAPT Carrero reach out to Keiton Moore to discuss options for development of a cyber security training program in 2025.

14. Status Report – City of Baytown

A representative from the City of Baytown's fire department indicated that Baytown had nothing to report currently.

15. Status Report – City of Houston

Mrs. Gonzalez advised the Board of information that had been provided by Scott Berry of the City of Houston, including the number of patrol hours and material activities undertaken over the past month. She noted that Mr. Berry had also advised that the City has begun construction on its new Boat House.

16. Status Report – Harris County

a. **Universal Services/CTS**

Bo Garces of Harris County Universal Services reported that all cameras are operating properly. He noted that periodic repairs and upgrades to the situational awareness system will be made soon, as some of the hardware was affected by Hurricane Beryl.

b. **Engineering**

Nothing to report.

c. **Sheriff's Office**

Lt. Jasper reported on the marine unit patrol hours completed over the past month, and noted that security patrol operations had proven challenging as a result of Hurricane Beryl.

17. Status Report – Texas Department of Public Safety

No one present.

18. Status Report – U.S. Coast Guard

Chair Schiebe recognized Gary Messer and thanked him for his long time service to the Port community and the Coast Guard. Mr. Messer thanked the Chair and all others present for their partnership over his time in the area. Larry Johnson next advised that the Cyber Security Subcommittee will be meeting this Thursday. Keiton Moore spoke briefly on recent developments in cyber security.

19. Status Report – U.S. DHS/CISA

Nothing to report.

20. 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, including proposed settlement agreement in connection with pending litigation:

There was no Executive Session.

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

There was no Executive Session, therefore nothing to report.

22. Consider Items for Future Meeting Agendas

Chair Scheibe advised that he has been notified that he has been selected to sit on Governor Abbott's Advisory Committee on security matters for the industrial sector. He noted that he will represent the oil and gas sector in particular in connection with such service, and that it will require him to travel to Austin quarterly. He stated that he anticipates that there will be significant overlap in such service and his service to the District, and will look to represent the interests of the District and its private facility owners whenever the opportunity presents itself. He indicated that he may seek to have the Board consider including an expense line item in the District's budget to defray the expenses associated with the necessary travel for the quarterly meetings.

23. Adjourn.

Director Thomas moved to adjourn the meeting at 2:58 p.m. Director Bass seconded the motion, which passed unanimously.

Next Meeting.

The next meeting of the Board will be on September 10, 2024, at 2:00 PM

The above is a correct copy of the Minutes of the August 13, 2024, meeting of the Board of Directors of the Houston Ship Channel Security District.

Jessica Thomas

Eric Bass, Secretary