Board of Directors of the Houston Ship Channel Security District
October 8, 2024

A meeting of the Board of Directors ("Board") of the Houston Ship Channel Security District ("District") was convened on October 8, 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
Jessica Thomas, Vice Chair
Clayton Pace, Treasurer
Gary Scheibe, Chair
LaKenya Wilson

and all said persons were present, except Jimmy Burke 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, Angela Gonzalez and Christine Schlenker of the Greater Houston Port Bureau ("GHPB"), administrators for the District, and Judson Coleman, a prospective candidate to fill the Security Zone Director vacancy on the Board for Zone 2.

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 September 10, 2024 Board of Directors Meeting**

   Secretary Bass advised the Board that the draft minutes of the September 10, 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 Thomas moved to approve the minutes of the September 10, 2024 meeting, as presented. Director Griffin seconded the motion, which passed unanimously.

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

There were no comments at this time.

5. **Appointment of new Director to fill vacancy for Zone Director for Security Zone 2**

Mr. Ringold advised that the GHPB has received multiple responses to its email communication to facility owners regarding the Security Zone 2 director vacancy, but that two of the three people expressing interest in filling the vacancy are not employed at a facility located in Zone 2, as is required by state statute to qualify for the position. Mr. Ringold noted that Judson "Jud" Coleman does appear to meet the statutory requirements to fill the vacancy, has expressed interest in doing so, and is present and available to answer any questions from the Board regarding his background and qualifications. Mr. Coleman addressed the Board and advised that he is the Senior Safety Manager for Watco at their Greens Port location. He discussed his qualifications and job responsibilities in general, and noted that he previously served in the Coast Guard, rising to the Commanding Officer of Marine Safety position in Texas City. Following discussion, Director Thomas made a motion to appoint Jud Coleman to fill the Security Zone 2 Director vacancy on the Board, and to accept his qualification documents. Director Griffin seconded the motion, which passed unanimously.

Mr. Coleman took his official Oath of Office and executed his Statement of Appointed/Elected Director, Bond, Qualification Statement and Election Not to Disclose Certain Information, was formally seated as a member of the Board, and participated in the rest of the meeting.

6. **Acceptance of Qualifications Statement, Bond, Oaths of Office and Election Not to Disclose Certain Information and Swearing in of Director**

This matter was covered under the prior agenda item.

7. **Discuss Training Requirement for new Director Pursuant to the Texas Open Meetings Act and the Texas Public Information Act**

Mr. Ringold advised that he had discussed this agenda item with Director Coleman.

8. **Discuss Conflicts Disclosure Statement Reporting Requirements Memorandum for new Director**

Mr. Ringold advised that he had discussed this agenda item with Director Coleman.

9. **Election of Officers of the Board**

Mr. Ringold advised the Board that a vacancy exists in the position of Assistant Secretary. Following discussion, Director Thomas moved to appoint Director Coleman as Assistant Secretary, and to keep all other officer positions unchanged. Director Finck seconded the motion, which passed unanimously.

10. Quarterly Investment Officer's Report

Director Pace presented the Investment Officer's report for the calendar quarter ending September 30, 2024, a copy of which is attached as **Attachment A** to these minutes. Director Thomas made a motion to accept such report, which motion was seconded by Director Finck and unanimously carried.

11. Quarterly Treasurers Report

Director Pace presented the Treasurer's report for the calendar quarter ending September 30, 2024, a copy of which is attached as **Attachment B** to these minutes. He reported on current account balances, outstanding delinquent assessment amounts, and the GHPB collection efforts. Director Thomas made a motion to accept such report, which motion was seconded by Director Finck and unanimously carried.

12. Report from the Assessment and Budget Committee

Director Pace advised the Board that the committee, comprised of himself, Directors Tadlock, Thomas, and Finck, with support from Mr. Ringold, CAPT Carrero and Ms. Gonzalez, met on September 26, 2024 and October 2, 2024 to review the FY2025 O&M funding requests received from the City of Houston and Harris County. The City of Houston requested $18,000 for Air Unit Fuel Support and $85,860 for Marine Unit Fuel Support, which is based on proposed adjustments to the District's marine fuel reimbursement rates for FY2025. The amounts requested are in line with previous years' service levels, and the committee recommends approval of these requests.

Director Pace reported that Harris County Engineering is requesting $25,000 to be used, as needed, for emergency repairs to the Port Information Network fiber system, which is consistent with previous requests. The committee recommends approval of this request.

Director Pace advised that the Harris County Sheriff's Office ("HCSO") requested $14,480 for licenses, training and support for the Bridge4PS communication application for the Sheriff's Security Monitoring and Assessment Group, which request was approved at a previous meeting. The HCSO also requested $121,469 for Air Unit Fuel support, $88,540 for Marine Unit Fuel support, and $70,800 for vehicle fuel. Director Pace noted that the HCSO's request for air fuel support includes $32,760 for the Airbus H125 helicopter, but the committee feels that there is sufficient coverage with the City of Houston's similar assets and does not recommend funding that portion of the request. He further noted that the amount for marine fuel support may need to be adjusted upward if the Board approves the increase in District's standard reimbursement rates that has been requested by the City of Houston. He advised that the committee recommends approval of $88,709.40 for fuel support for the Fixed Wing Cirrus SR22, $88,540 for Marine Unit fuel support (or such greater amount as may be appropriate based upon revisions to the District's marine fuel reimbursement rates), and $70,800 in fuel support for patrol vehicles.

Harris County Universal Services requested $456,500 for cameras, cables, wireless equipment, among other items. The request is $15,000 less than last year for the same scope of work. Director Pace advised that the committee recommends approval of the request, as presented, but also requests that Universal Services negotiate pricing with its service providers to achieve an overall 10% reduction in operating and maintenance funding requirements for FY2026.

13. Amendment to Fuel Reimbursement Rates for 2025

Director Pace advised that the District's current marine fuel reimbursement rates are based upon $1.85 per gallon; however, the City of Houston has provided a detailed report of marine fuel usage and costs, which suggests that $2.81 per gallons is more in line with current market rates. He noted that the GHPB performed a survey of local marine fuel costs and confirmed that $2.81/gallon is a reasonable rate. Following discussion, Director Thomas made a motion to adopt new marine fuel rates, effective January 1, 2025, as reflected in the fuel reimbursement schedule attached as **Attachment C** to these minutes. Director Finck seconded the motion, which passed unanimously. Mr. Ringold noted that the reimbursement rates for fuel for vehicles and air assets remained unchanged, and that actual fuel reimbursement for all categories of patrol assets would remain the lesser of stated reimbursement rate or the partner agency's actual costs for such fuel.

14. Request by the City of Houston for Reimbursement of Fuel Costs of up to $18,000 for the Air Unit for FY2025

Director Pace noted that the recommendation to approve the City's request for reimbursement of air fuel costs up to $18,000 for FY 2025 was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously.

15. Request by the City of Houston for Reimbursement of Fuel Costs of up to $85,860 for the Marine Unit for FY2025

Director Pace noted that the recommendation to approve the City's request for reimbursement of marine fuel costs up to $85,860 for FY 2025 was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously.

16. Request by Harris County Engineering for Reimbursement of Operating and Maintenance Costs of up to $25,000 for FY2025

Director Wilson presented an affidavit disclosing her employment with Harris County and abstained from participation in the discussion or taking action on agenda items 16 through 20. Director Pace noted that the recommendation to approve the County's request for up to $25,000 for FY 2025 emergency fiber repairs was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining.

17. **Request by Harris County Sheriff's Office for Reimbursement of Fuel Costs of up to $121,469.40 for Air Unit for FY2025**

Director Pace noted that the recommendation to approve the County's request for reimbursement of air fuel costs up to $88,709 for FY 2025 was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining.

18. **Request by Harris County Sheriff's Office for Reimbursement of Fuel Costs of up to $88,540 for Marine Unit for FY2025**

Director Pace noted that the recommendation to approve the County's request for reimbursement of marine fuel costs for FY 2025 was provided as part of the Assessment and Budget Committee Report. Ms. Gonzalez noted that the total amount of fuel reimbursement should be the lesser of $135,010 or the County's actual cost of such fuel based upon the newly adopted marine fuel reimbursement rates for 2025. Director Griffin moved to accept the committee's recommendation, with the amount of reimbursement to be the lesser of $135,010 or the County's actual cost of such fuel. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining.

19. **Request by Harris County Sheriff's Office for Reimbursement of Fuel Costs of up to $70,080 for Vehicles for FY2025**

Director Pace noted that the recommendation to approve the County's request for reimbursement of vehicle fuel costs up to $70,080 for FY 2025 was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining.

20. **Request by Harris County Universal Services for Reimbursement of $456,500 for Port Surveillance System FY2025**

Director Pace noted that the recommendation to approve the County's request for up to $456,500 for FY 2025 routine and emergency maintenance and repairs to camera sites and the situational awareness software was provided as part of the Assessment and Budget Committee Report. Director Griffin moved to accept the committee's recommendation. Director Thomas seconded the motion, which passed unanimously, with Director Wilson abstaining.

21. **Adoption of Order Calling Hearing on Assessment Plan**

Mr. Ringold provided and reviewed with the Board members with a proposed Order Calling Hearing on Assessment Plan and a draft budget for FY2025, copies of which are attached to these minutes as **Attachment D**. He specifically noted that Attachment I to the proposed Order is a general description of the projects and services included in the Assessment Plan. He further noted that Attachment II to the proposed Order provides the estimated costs of the security project and services, broken down into a line item presentation of categories of projected income and expenses. Finally, he pointed our that Attachment III is the actual plan of assessment, which is unchanged from last year in categories and amounts. Following discussion of the document presented, Director Thomas moved to adopt the

Order Calling Hearing on Assessment Plan, and authorize the GHPB to mail notice of the public hearing on said Assessment Plan to be held on November 12, 2024, in the form attached as Exhibit "A" thereto. Director Pace seconded the motion which passed unanimously.

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

Mr. Ringold advised he had nothing further to report.

23. Status Report – Greater Houston Port Bureau

a. Administrative and Financial Reports

Mrs. Gonzalez advised that the administrative and financial reports are in the Board Books. She advised the Board that there are two (2) checks which require Board approval: (i) for Perdue Brandon Fielder Collins Mott LLP in the amount of $23,130.75, and (ii) for GHPB in the amount of $17,806.48. Director Pace made a motion to approve the checks. Director Finck seconded the motion, which passed unanimously.

b. Assessment Update

Mrs. Gonzalez noted that information on the status of assessment collections was covered under the Treasurer's report.

c. Education Report

Mrs. Gonzalez advised the MTSA FSO training class in September is completely booked and the next class has been scheduled for November 20th - 21st. This will be the last class for 2024, and classes will thereafter resume in Spring of 2025.

d. Management and Outreach

Ms. Schlenker advised that CAPT Carrero is currently presenting at the Chemical Summit and has been on the road representing both the general maritime industry and the District. She advised that he will be in Austin Thursday testifying in front of the Texas House of Representatives transportation committee. She then noted that GHPB is undertaking an internal review of its processes to determine how best to efficiently deliver services to the District and the GHPB's other clients.

24. Status Report – City of Baytown

Nothing to report currently.

25. Status Report – City of Houston

Nothing to report currently.

26. **Status Report – Harris County**

   a. **Universal Services/CTS**

      Bo Garces reported that four of the cameras are currently inoperable, and one site is inoperable. He advised that Universal Services is in the process of making certain improvements and should have the cameras and site back up soon.

   b. **Engineering**

      Nothing to report.

   c. **Sheriff's Office**

      Nothing to report.

27. **Status Report – Texas Department of Public Safety**

   No one present.

28. **Status Report – U.S. Coast Guard**

   Larry Johnson advised that security meeting cyber on Oct 17th if anyone is interested. The next area maritime security meeting scheduled for November 7th at the sector, Josh Manner with national counter terrorism will be our main speaker.

29. **Status Report – U.S. DHS/CISA**

   Julio Gonzalez provided a report to the Board on CISA's efforts to validate its tier one and tier two evaluations. Jeremy Hansen advised that he is back in town and is available to provide support to the District.

30. **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.

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

There was no Executive Session.

32. Consider Items for Future Meeting Agendas

Mrs. Gonzalez advised that next month is the District's annual meeting and asked representatives from Harris County and the City of Houston to get their presentations turned in to her in advance of then.

33. Adjourn.

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

Next Meeting.

The next meeting of the Board will be on November 12, 2024, at 11:00 AM at Battleground Golf Course 1600 Georgia Ave, Deer Park, TX 77536

The above is a correct copy of the Minutes of October 8, 2024, meeting of the Board of Directors of the Houston Ship Channel Security District.

Eric T Bass

Eric Bass, Secretary