

**Board of Pilot Commissioners for Harris County Ports
Public Meeting**

**Houston, Texas
December 13, 2011**

A public meeting of the Board of Pilot Commissioners for Harris County Ports (the "Pilot Board") was convened on December 13, 2011 at 9:55 a.m., at the Port of Houston Authority Executive Office Boardroom, at 111 East Loop North, Houston, Texas 77029. The following Commissioners, staff, and counsel were present:

James T. Edmonds, Chairman
Jimmy A. Burke, Commissioner
Jim Fonteno, Jr., Commissioner
Elyse B. Lanier, Commissioner
Kase L. Lawal, Commissioner
Janiece Longoria, Commissioner
Steve L. Phelps, Commissioner
Alec G. Dreyer, Chief Executive Officer
Erik A. Eriksson, Senior Vice President and General Counsel
David H. Brown of Brown & Kornegay, LLP, Litigation Counsel
J. Kent Friedman of Haynes and Boone, LLP, Special Counsel

(PB-2011-1213-01) Chairman Edmonds asked if the Pilot Board had changes to the minutes of its November 15, 2011 meeting. Hearing no changes, the Chairman declared the minutes approved as written.

The Pilot Board then considered the Request for Pilot Board Action ("RPBA") submitted by Mr. Dreyer, attached to these minutes as Exhibit "A."

(PB-2011-1213-02) RPBA C1 was presented, moved by Commissioner Burke seconded by Commissioner Longoria. All voting Aye. Nays none. RPBA C1 PASSED.

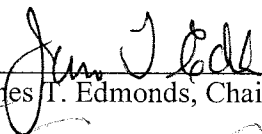
(PB-2011-1213-03) RPBA C2 was presented, moved by Commissioner Burke, seconded by Commissioner Longoria. All voting Aye. Nays none. RPBA C2 PASSED.

(PB-2011-1213-04) RPBA C3 was presented, moved by Commissioner Burke, seconded by Commissioner Longoria. All voting Aye. Nays none. RPBA C3 PASSED.

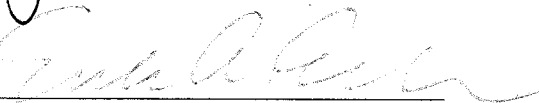
(PB-2011-1213-05) RPBA C4 was presented, moved by Commissioner Burke, seconded by Commissioner Longoria. All voting Aye. Nays none. RPBA C4 PASSED.

At 9:55 a.m., Chairman Edmonds adjourned the meeting of the Pilot Board.

The above is a correct copy of the Minutes of the December 13, 2011 meeting of the Pilot Board.



James T. Edmonds, Chairman



Erik A. Eriksson, General Counsel and Assistant Secretary

Request for Port Commission Action

Category: General	Agenda Date: December 13, 2011	Agenda Section: C - 1
From: Division: Port Security & Emergency Operation Department: Marine	Staff Contact: Ruben Arredondo	
Summary Recommendation: Appointment of Pilot Board Application Review Committee Members (ARC).		
Background: Prior authorizing Port Commission Action: Minute No. 2010-1214-03 Pursuant to the provisions of the Rules and Regulations Governing Pilots and Pilotage on the Houston Ship Channel between the Galveston Bar and the Turning Basin, adopted August 25, 1993 by Minute No. 1881, amended by Minute No. 2007-1030-66, and by Minute No. 2010-0323-23 (Rules), an Application Review Committee (ARC) is appointed annually by the Chairman of the Pilot Board, with the appointees subject to approval by the Pilot Board. The Rules provide that the ARC shall be composed of voting members from the Houston Pilots Association, the Port of Houston maritime industry, the Harris County Community at large, and the Port Authority, and chaired by a Port Authority voting member.		
Staff Evaluation/Justification: The Secretary of the Pilot Board requests that the Pilot Board approve each ARC member appointee, to serve for the calendar year 2012 and thereafter until a replacement is named.		
Full Recommendation: The Board of Pilot Commissioners, at its December 13, 2011 meeting, approve the appointment of the following nominees to the Pilot Board Application Review Committee for the calendar year 2012 and thereafter until a replacement is named, and further authorize the Secretary of the Pilot Board to do any and all things in his opinion reasonable or necessary to give effect to the foregoing. Ruben H. Arredondo, Port Authority – Chairman Captain Stephen J. Conway, Presiding Officer, Houston Pilots Association Captain Paul Brown, Houston Pilots Association Captain Joe Hill, Maritime Industry Pat Studdert, Maritime Industry Harvey Petree, At Large Brian Rego, At Large		

Request for Port Commission Action

Category: General	Agenda Date: December 13, 2011	Agenda Section: C - 2
From: Division: Port Security & Emergency Operation Department: Marine	Staff Contact: Ruben Arredondo	
Summary Recommendation: Appointment of Pilot Board Investigation and Recommendation Committee Members (PBIRC).		
Background: Prior authorizing Port Commission Action: Minute No. 2010-1214-04 Pursuant to the Rules and Regulations Governing Pilots and Pilotage on the Houston Ship Channel between the Galveston Bar and the Turning Basin, adopted August 25, 1993 by Minute No. 1881, amended by Minute No. 2007-1030-66, and by Minute No. 2010-0323-23 (Rules), the Pilot Board Investigation Recommendation Committee (PBIRC) investigates, holds hearings, and makes recommendations regarding certain accidents on the Houston Ship Channel and matters pertaining to the Rules. The Rules provide that the PBIRC is appointed annually by the Chairman of the Pilot Board, with the appointees subject to approval by the Pilot Board. The Rules provide that the PBIRC shall be composed of voting members from the Houston Pilots Association, Port of Houston maritime industry, and the Port Authority, and nonvoting advisory members from the U.S. Coast Guard, and chaired by a Port Authority voting member.		
Staff Evaluation/Justification: The Secretary of the Pilot Board requests that the Pilot Board approve each PBIRC member appointee, to serve for the calendar year 2012 and thereafter until a replacement is named.		
Full Recommendation: The Board of Pilot Commissioners, at its December 13, 2011 meeting, approve the appointment of the following nominees to the Pilot Board Investigation Recommendation Committee for the calendar year 2012 and thereafter until a replacement is named, and further authorize the Secretary of the Pilot Board to do any and all things in his opinion reasonable or necessary to give effect to the foregoing. Ruben H. Arredondo, Port Authority - Chairman Captain Stephen J. Conway, Presiding Officer, Houston Pilots Association Captain Charles Schuessler, Houston Pilots Association Captain Michael Curtiss, Houston Pilots Association Paul A. Caruselle, Maritime Industry Tim Leitzell, Maritime Industry David Foret, Jr., At Large Thomas P. Marian, At Large U.S. Coast Guard representative (Non-voting advisory member)		

Request for Board of Pilot Commissioners Action

Category: General	Agenda Date: December 13, 2011	Agenda Section: C - 3
From: Division: Port Security and Emergency Operations	Staff Contact: Marcus Woodring	
Summary Recommendation: Increase the number of full Branch Pilots from 87 to 93.		
Background: The Houston Pilots Licensing and Regulatory Act, Chapter 66 of the Texas Transportation Code requires the Board of Pilot Commissioners for the Ports of Harris County (the "Pilot Board") to establish the number of pilots necessary to provide adequate pilot services for each Harris County port. On October 19, 2011, the Houston Pilots (the "Pilots") informed the Pilot Board that an increase in the authorized number of full Branch Pilots, from 87 to 93, was necessary to "safely maximize [Houston Ship Channel] capacity."		
Staff Evaluation/Justification: Staff members concur that an increase in the authorized number of full branch pilots, from 87 to 93, is reasonable.		
Full Recommendation: The Board of Pilot Commissioners, at its December 13, 2011 meeting, establish that the number of pilots necessary to provide adequate pilot services for each Harris County port be increased from 87 to 93, and further authorize the Secretary of the Pilot Board to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.		

Request for Board of Pilot Commissioner Action

Category: General	Agenda Date: December 13, 2011	Agenda Section: C - 4
From: Division: Port Security & Emergency Operations Department: Marine	Staff Contact: Ruben H. Arredondo	
Summary Recommendation: Recommendation for approval of the Pilot Board Investigation Recommendation Committee's proposed findings and recommendations regarding Houston Branch Pilot Captain Charles E. Larsen.		
Background: The Secretary may refer complaints alleging violations of the Rules and Regulations governing Pilots and Pilotage on the Houston Ship Channel and Galveston Bar to the Pilot Board Investigation and Recommendation Committee ("PBIRC") for investigation, hearing and recommendation to the Pilot Board.		
Staff Evaluation/Justification: The PBIRC convened September 20, 2011 and held a formal hearing to hear testimony and consider the facts in the matter of Houston Branch Pilot Captain Charles E. Larsen. The following members were present: Ruben H. Arredondo (PBIRC Chairman) Captain Stephen J. Conway (Presiding Officer Houston Pilots) Captain Charles Schuessler (Houston Pilots) Captain Michael Curtiss (Houston Pilots) Tim Leitzell (Maritime Industry) David A. Foret, Jr. (At Large) Paul A. Caruselle (Maritime Industry) Thomas Marian (At Large) Erik Eriksson, the Port Authority General Counsel, was in attendance on behalf of the Pilot Board. Mike Usher, Compliance Coordinator for the PBIRC was also in attendance. Keith LeTourneau attended the hearing as counsel representing Captain Larsen. Mr. Steven Stokely and Lieutenant Chris Jones of the United States Coast Guard Sector Houston-Galveston were also present at the hearing, in the capacity of advisors. The PBIRC's report with its proposed findings and recommendations is attached to this RCA.		
Full Recommendation: The Board of Pilot Commissioners, at its December 13, 2011 meeting, approve the Pilot Board Investigation Recommendation Committee's proposed findings and recommendations regarding the matter of Houston Branch Pilot Captain Charles E. Larsen and further authorize the Secretary of the Pilot Board to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.		

BOARD OF PILOT COMMISSIONERS
FOR FRANCIS COUNTY TEXAS

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November 8, 2011

Captain Charles Edward Larsen
Houston Pilots Association
203 Deerwood Glen Dr.
Deer Park, Texas 77536

Subject: Proposed Findings and Recommendations regarding Captain Charles E. Larsen

Dear Captain Larsen:

Enclosed herewith please find copy of the Proposed Findings and Recommendations of the Pilot Board Investigation and Recommendation Committee ("PBIRC") with reference to subject incident.

If you wish to request that the PBIRC reconsider these Proposed Findings and Recommendations please make your request for reconsideration in writing to the undersigned as Chairman of the PBIRC within fourteen (14) days following your receipt of this letter.

Yours truly,



Ruben H. Arredondo
Chairman
Pilot Board Investigation and Recommendation Committee

Pilot Board Investigation and Recommendation Committee

In the Matter of Houston Branch Pilot Captain Charles Larsen

Summary of Proceedings.

1. On September 20, 2011, the Pilot Board Investigation and Recommendation Committee ("PBIRC") held a formal hearing to hear testimony and consider the above-referenced matter.
2. The PBIRC entered into the record their qualifications to hear the matter.
3. The following undisputed chronology of events was provided to the Pilot Board Investigation and Recommendation Committee ("PBIRC") by Pilot Board Compliance Coordinator Mike Usher, and entered into the record a binder of case materials regarding his investigation of the matter (the "Case Materials"):
 - a. By letter dated March 21, 2011, the Houston Pilots Association ("Association") informed Pilot Board Secretary Alec Dreyer that the Association had received a positive drug test report pertaining to Houston Branch Pilot Captain Charles E. Larsen ("Captain Larsen"), following a random drug test.
 - b. The Association further advised the Secretary that Captain Larsen had been removed from all safety-sensitive positions and would not be dispatched to any vessels, and that his case had been reported to the United States Coast Guard as required by federal regulations.
 - c. The Pilot Board Secretary referred the matter to the PBIRC, for investigation, hearing and recommendation to the Pilot Board in this matter.
 - d. The Advisory Subcommittee of the PBIRC subsequently met on March 29, 2011 and on June 28, 2011, to consider possible action with regard to Captain Larsen's state pilot commission, based on this matter.
 - e. As a result, the Advisory Subcommittee recommended that PBIRC proceedings be held in abeyance, pending completion of the Coast Guard's administrative action against Captain Larsen.
 - f. By letter dated July 27, 2011, the Pilot Board Compliance Coordinator received notice of a Consent Order in the matter of United States Coast Guard v. Charles Edward Larsen issued May 6, 2011 (the "Consent Order"). The Consent Order was included in the Case Materials and therefore entered into the record in this matter.

In the Matter of Houston Branch Pilot Captain Charles Larsen

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4. The Consent Order states that Captain Larsen admitted to the factual allegation of the Complaint referenced therein, i.e. that a urine specimen collected from Captain Larsen on March 11, 2011 subsequently tested positive for cocaine metabolites.
5. The Consent Order states that "all of the Respondent's Coast Guard issued Credentials and Endorsements are REVOKED, however, this revocation will be STAYED in order to permit Respondent to complete a drug rehabilitation program," and required Captain Larsen to "[d]eposit all Coast Guard-issued Credential and Endorsement with Sector Houston/Galveston until successfully completing the terms" of the Consent Order.
6. By letter dated August 22, 2011 to PBIRC Chairman Ruben Arredondo, Captain Larsen's attorney Keith Letourneau stated that "Captain Larsen has admitted to the Coast Guard the use of an unlawful drug, to wit: cocaine[.]" Such letter was included in the Case Materials and therefore entered into the record in this matter.

7. At the hearing, Mr. Letourneau asked Captain Larsen as follows:

MR. LETOURNEAU: Now Captain, back in March of 2011, did you, in fact, ingest cocaine?

CAPTAIN LARSEN: Yes.

(See Transcript of Hearing, page 18).

8. At the hearing, Mr. Letourneau asked Captain Larsen as follows:

MR. LETOURNEAU: And you admitted to the drug use to the Coast Guard and agreed to their conditions?

CAPTAIN LARSEN: Yes.

(See Transcript of Hearing, page 22).

9. At the hearing, PBIRC member Thomas Marian asked Captain Larsen as follows:

MR. MARIAN: And during those four times you inhaled from that glass smoking instrument, you were aware that you had to go on duty in a couple of days?

CAPTAIN LARSEN: Yes.

MR. MARIAN: Were you aware or did you have any feeling as to how long that would be in your system?

In the Matter of Houston Branch Pilot Captain Charles Larsen

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CAPTAIN LARSEN: I didn't know anything about it.

MR. MARIAN: But you knew it was an illegal substance?

CAPTAIN LARSEN: I did.

(See Transcript of Hearing, page 25)

10. Dr. Wayne Snodgrass, a toxicologist from University of Texas Medical Branch also appeared as an expert witness for Captain Larsen.

Proposed Findings. Following its deliberations, the PBIRC proposes the following findings:

1. Captain Larsen has not maintained his qualifications as a Branch Pilot, as required by Texas Transportation Code Chapter 66 (the "Houston Pilots Licensing and Regulatory Act") Sec. 66.043 (a)(1) and Rules and Regulations Governing Pilots and Pilotage on the Houston Ship Between the Galveston Bar and Turning Basin Houston, Texas (the "Rules") Sec. 3(B)(1)(d), based on the revocation of his license under federal law by the United States Coast Guard as provided in the Consent Order.

Therefore grounds exist for suspension or revocation of Captain Larsen's Branch Pilot's license pursuant to Houston Pilots Licensing and Regulatory Act Sec. 66.043(a)(1), and grounds exist for suspension or revocation of Captain Larsen's Branch Pilot's license pursuant to Houston Pilots Licensing and Regulatory Act Sec. 66.043(a)(4).

2. Captain Larsen "used narcotics or other types of drugs, chemical, or controlled substances as defined by the law that impair the pilot's ability to perform the pilot's duties skillfully and efficiently," as set forth by the Consent Order, the admissions of his attorney, and his admissions to the PBIRC.

Therefore grounds exist for suspension or revocation of Captain Larsen's Branch Pilot's license pursuant to Houston Pilots Licensing and Regulatory Act, Sec. 66.043 (a)(2).

Proposed Recommendations. Following its deliberations, the PBIRC proposes the following recommendation to the Board of Pilot Commissioners for Harris County Ports:

It is recommended that the Board of Pilot Commissioners for Harris County Ports recommend to the governor that Captain Larsen's Commission as a Branch Pilot in the Houston Ship Channel be revoked.


We, the undersigned members of the Pilot Board Investigation and Recommendation Committee, having reviewed subject incident of the hearing conducted, cast our votes of the proposed findings and recommendations covering the matter of Captain Charles E. Larsen as attested by signature below:

Concur Not concur

Michael A. Curtis


Concur Not concur

Tim Leitzell

Concur Not concur

Paul A. Camiselle

Concur Not concur

Charles Schuessler

Concur Not concur

Stephen J. Conway

Concur Not concur

Thomas P. Marian

Concur Not concur

David A. Foret Jr.

Concur Not concur

Ruben Arredondo
Chairman