

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
February 15, 2018

THE STATE OF TEXAS           §  
  §  
COUNTY OF MONTGOMERY   §

The Board of Directors of East Montgomery County Improvement District (the "District") met in Regular Session, open to the public, on the 15<sup>th</sup> day of February, 2018, at 6:00 p.m., at the East Montgomery County Improvement District Complex, 21575 U.S. Highway 59 North, EMCID Board Room 103, New Caney, Texas, within the boundaries of the District, and the following officers and members of the Board of Directors were present:

Brenda Webb	Chairperson
Dale Martin	Vice Chair
Scott Hesson	Treasurer
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Fred Wetz	Director

with all of said persons being present, except Director Hesson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Tara Martin, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley and several others from the community, as shown on the attached sign in sheet.

Chair Webb called the meeting to order and announced that a quorum was present.

Director Rogers led in prayer followed by the pledges of allegiance led by Director Carlisle.

As the first order of business, the Board considered comments from members of the audience. Ms. Jennifer Kordisch with the East Montgomery County Sports Association ("EMCSA") updated the Board on the use of the grant funds. She stated that EMCSA has acquired two (2) tournaments to be held in East Montgomery County and noted they are working with Montgomery County Parks Department to cover all three (3) batting cages.

Mr. Holger Butzelar of NC Customs next addressed the Board relative to internet issues in the Industrial Park. He noted that 70%-80% of his business is done over the internet and that it is frequently unreliable.

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The Board next considered the review and approval of the minutes of the Board of Directors meetings held on January 11, 2018 and January 25, 2018. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meetings held on January 11, 2018 and January 25, 2018, as presented. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Chief Welch addressed the Board and discussed the attached final statistic report. He stated that the security patrol program is making a significant difference in the crime environment in East Montgomery County. Chief Welch stated that the original budget for the program was \$55,000 and that the District contributed an additional \$15,000 to pay for the program through January 10, 2018. He then requested an additional \$2,542.50 to pay for the period of January 11, 2018 through January 15, 2018. After discussion, Director Carlisle made a motion to authorize a final payment in the amount of \$2,542.50 for the security patrol program. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the status of development of the District's 12.85-acre site, including the construction of improvements and the leasing of space in the District's office building and the approval of a revised rental invoice in connection with the use of District building space by Lone Star College-Kingwood ("LSC-K") and approval or modification to the lease. Mr. McCrady reported that the final invoice for LSC-K is being prepared. He then stated that he was approached by MET Head Start for a 3 to 4-month lease of approximately 600 square feet in the building. After discussion, Director Carlisle authorized Mr. McCrady to prepare and sign a lease with MET Head Start. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented as reflected in said reports. Ms. Townley presented the attached financial and investments reports, and discussed the invoices presented for payment. Following review, Director Wetz made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14900 and 15010 through 15064, inclusive, with check no. 14900 being voided, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2564, 2569 and 2571 through 2575, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

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Ms. Townley next presented and reviewed with the Board the attached Quarterly Investment Report ("QIR"), which had been prepared by M&A, for the reporting period ending December 31, 2017. After review, Director Wetz moved to approve the District's QIR and to authorize the Investment Officer to execute same on behalf of the Board and District. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the status of an economic development grant to VR Porter Health Realty, LLC ("VR") for an Assisted Living Facility in the District. Mr. McCrady reported that the property has been purchased and that VR is proceeding with the design of the facility, but has not yet signed and returned the grant agreement.

The Board next considered the status of an economic development grant to Ace Hardware ("Ace") relative to relocation in the District. Mr. McCrady stated that Ace will be signing the grant agreement soon.

The Board next considered the approval of an Incentive Agreement with Mustang Machinery Co. Ltd., dba Mustang CAT ("Mustang"). Mr. McCrady stated that the District is offering an incentive of \$15,000 for reimbursement of infrastructure costs, and rebate of an amount equal to ½% of taxable sales by Mustang for 4 years. He noted that the company will hire 8 employees, with ½ of the employees being from within the District. He also advised that Mustang would agree to contribute \$2,000 per year for four (4) years to the Scholarship Foundation. After discussion, Director Martin moved to approve the foregoing terms of the Incentive Agreement with Mustang and authorize MRPC to prepare and Mr. McCrady to execute same. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- Director Martin reported on thank you notes received from the students at Pinewood Elementary and New Caney Elementary for the books received from the grant to Lone Star College.
- Director Zepeda stated that EMCSA will be holding a Golf Tournament on May 3, 2018.

Director Persson entered the meeting at this time.

The Board next recessed to Executive Session at 6:37 p.m. to discuss real property matters pursuant to §551.072, Texas Government Code, pending or contemplated litigation pursuant to §551.071, Texas Government Code, matters in which the duty of the attorney to the District under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflict

with Chapter 551, Texas Government Code, pursuant to §551.071, Texas Government Code, and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 8:18 p.m.

The Board next deferred a presentation by VANIR Construction Management, Inc. relative to its design/build delivery method for design of the new District building.

The Board next considered a report on activities within the Industrial Park, including the status of the sale of dirt excavated from the future detention pond site and the status of the contract with TDG for excavation and delivery of said dirt. Mr. Costanza reported that there were no new dirt sales this month.

The Board next considered the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3. Mr. Costanza stated that Montgomery County Engineering inspected the pavement and provided an email stating they approve of the payment. He then presented pay application no. 4 (final), in the amount of \$56,792.69, and recommended the Board approve the payment of same. Mr. Costanza also presented change order no. 3 in the amount of \$3,740.66 and the executed Form 1295 from Quadvest. He then presented the engineer's certificate of completion, district acceptance letter and recommended that the Board accept the project as complete. After discussion, Director Persson moved that the Board approve the payment of pay application no. 4 (final) and to approve Change Order No. 3 based on a finding by the board that said change order was necessary and beneficial to the district, as set out above. Director Martin seconded the motion, which unanimously carried.

The Board next considered the status of the contract with Clearwater Utilities, Inc. ("Clearwater") for the construction of water and sanitary sewer facilities to serve Industrial Park, Section 4). Mr. Costanza reported that all of the utilities are complete, including the relocation of the utilities to serve the 15-acre tract to the North. He stated that the lift station is being recoated and that the paint manufacturer has been onsite to offer services as to when the surface is ready to paint, due to the weather. He then presented pay application no. 7, in the amount of \$16,017.85, and recommended the Board approve the payment of same. After discussion, Director Martin moved that the Board approve the payment of pay application no. 7, as set out above. Director Persson seconded the motion, which unanimously carried.

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The Board next considered the status of the contract with Angel Brothers ("Angel") for the construction of roads to serve Industrial Park, Section 4. Mr. Costanza stated that the road bed, including stabilization and rock are in place, but due to the wet conditions, the asphalt driving surface has not been placed. He then presented pay application no. 2, in the amount of \$290,024.10, and recommended the Board approve the payment of same. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 2, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that one landowner signature is still needed, and that Montgomery County requires 2017 tax certificates to be submitted with the plat for Section 3. He stated that once this is completed, the plat will be submitted for recording. Mr. Costanza then stated the section 4 plat is complete but noted that the Hometown Chef property is not showing on the tax rolls. He stated once the tax certificate for Hometown Chef is recorded, the plat will be submitted for recording.

The Board next considered the status of contract with E&S Construction ("E&S") for construction of the warehouse building project. Mr. Costanza reported that building is essentially complete, with only a few landscaping and fencing items remaining. He then presented pay application no. 13, in the amount of \$56,620.00, and recommended the Board approve the payment of same. After discussion, Director Wetz moved that the Board approve the payment of pay application no. 13, as set out above. Director Persson seconded the motion, which unanimously carried. The Board then discussed the request from Ymer Technology ("Ymer") for the District to add a truck well at an estimated cost of \$100,000. The Board concurred for JAC to design same and submit to Ymer for approval and if approved by Ymer, to obtain bids for construction.

The Board next considered the status of the Incentive Agreement with Ymer relative to relocation into the Industrial Park. Mr. McCrady stated that the Agreement is in the process of being executed by Ymer.

The Board next considered approval of an incentive agreement with Jenista Holdings ("Jenista"), authorize the preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park, and authorize the President and Chair to take all action and to execute all required documents in connection with the purchase and sale of the property. Mr. McCrady stated that he has received the required executed Form 1295 from Jenista. After discussion, Director Carlisle moved to authorize the preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to

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take all action and to execute all required documents in connection with the purchase and sale of the property. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the approval of Special Warranty Deeds for the Waste Water Treatment Plant Site and for drainage facilities to serve the Industrial Park, Sections 3 and 4. After discussion, Director Carlisle moved to approve the special warranty deeds for the wastewater treatment plant site and drainage facilities, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the approval of a Correction Drainage & Detention Easement for Industrial Park, Sections 3 and 4 Detention Pond.

The Board next deferred the approval of a Conveyance of Utility Facilities for water distribution and wastewater collection facilities to serve Industrial Park, Section 3 (Quadvest) to East Montgomery County MUD No. 3 ("EMC 3").

The Board next deferred the approval of a Conveyance of Utility Facilities for wastewater lift station and force main improvements to serve Industrial Park, Section 3 (Quadvest) to EMC 3.

The Board next deferred the approval of a proposal relative to the renewal of the District's insurance coverage for term expiring March 31, 2018.

The Board next discussed changing the regular meeting start time. After discussion, Director Rogers moved to change the regular meeting start time to 5:30 p.m. Director Wetz seconded the motion, which carried, with Directors Carlisle, Martin and Zepeda being opposed.

The Board next considered matters for possible placement on future agendas.

The Board considered the calling of a Directors Election to be held on May 5, 2018, and determining of procedure for giving notice of same, and the adoption of an Order in connection therewith, including the appointment of an agent for the District in connection therewith, and the approval of any joint election agreements among the District, Montgomery County and other participating entities as authorized by the Texas Election Code, if necessary. There was presented the Order calling such election to be held on May 5, 2018. It was noted that the terms of office of Directors Hesson, Carlisle, Zepeda and Rogers would expire in June 2018. Mr. Marks advised the Board that notice of the election could be given by one or more of the following methods: (1) publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before; (2) posting the notice at a public place in the District at least twenty-one (21) days before the election; or (3) mailing the notice to each registered voter in the District at least ten (10)

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days before the election. Mr. Marks further advised that, in addition to the above, notice must be posted at the location used for posting notices of the meetings at least twenty-one (21) days before the election. Following discussion of the options, it was moved by Director Persson, seconded by Director Wetz and unanimously carried that the Order Calling the election be adopted, that notice of the election be given by publishing the notice in a newspaper published in the territory of the District or of general circulation in the District at least ten (10) days before the election, but not more than thirty (30) days before, and that the attorneys for the District be authorized to arrange for said notice to be published and posted and, if necessary, authorize the District to enter into any joint election agreements with Montgomery County and other participating entities as authorized by the Texas Election Code.

Mr. Marks next advised the Board that an agent should be appointed to perform election duties in connection with the Directors Election. After discussion on the matter, Director Persson moved that the Notice of Appointed Agent appointing the law firm of Marks Richardson PC as agent be adopted, that the Chair and Secretary be authorized to execute the Notice on behalf of the Board and the District, and that the attorneys of the District be instructed to handle the mechanics of said election. Director Wetz seconded said motion, which unanimously carried.

There being no further business to come before the Board of Directors, the meeting was adjourned.



Stephen Carlisle  
Secretary, Board of Directors

(SEAL)

