

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
February 16, 2017

THE STATE OF TEXAS §
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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 16th day of February, 2017, at 6:30 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 Carlisle, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Matlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Greg Turner, Mr. Jack Duran, Ms. Kim Courte, and 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 pledge of allegiance led by Director Zepeda.

As the first order of business, the Board considered comments from members of the audience. Chair Webb presented grant checks to Speedsportz Racing Park and to New Caney New Horizons. Director Wetz next addressed the Board, as a citizen, and discussed the attached planned steering committee meeting of elected officials.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on January 12, 2017. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on January 12, 2017, as written. Director Martin seconded the motion, which carried, with Chair Webb abstaining.

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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 Rogers made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 13872 through 13947, inclusive, five (5) wire transfers and debits for payroll, and on the Special Events Fund, being check nos. 2514 through 2517, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered authorizing the advance redemption of the District's outstanding Series 2010 Bonds, including the approval of a Resolution Authorizing Redemption of Bonds ("Resolution"). Mr. Marks stated that the District has excess funds on hand and recommended that the District use a portion of such funds to pay the principal on certain outstanding bonds of the District by calling for redemption the Series 2010 Bonds scheduled to mature on August 15 in the years 2017 through 2022, inclusive, totaling two million four hundred seventy-five thousand dollars (\$2,475,000). After discussion, Director Persson moved that the District's consultants be authorized to take all actions necessary to redeem the bonds, as set out above, and that the Board approve the Resolution. Director Martin seconded the motion, which unanimously carried.

The Board next considered a proposal relative to the renewal of the District's insurance coverage for term expiring March 31, 2017. Ms. Courte reviewed the proposals and stated that there is no change in carrier, but does have a new 1% windstorm deductible. She noted that the premium increased by \$1,981 and that the District will have liability coverage of \$5,000,000 for five (5) festival/events, including Rock the Ranch. After discussion, the Board deferred approval of the proposal until the next meeting.

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Constable Welch addressed the Board and reviewed the attached Safe Shopper Crime Data graph with the Board. Mr. McCrady stated that the program did not completely deplete the budget amount allocated for the project, and recommended that the remaining funds be used to purchase a couple of new bikes. After discussion, Director Persson moved that the Board authorize Mr. McCrady to purchase a couple new bikes for the Constables. Director Hesson seconded the motion, which unanimously carried.

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The Board further concurred to remove the item from the agenda.

The Board next considered the approval of Grant policies, a revised grant application form and mini grant application form. Mr. McCrady discussed adopting a Faith Based Organization policy, a copy of which is attached hereto, and incorporating two (2) questions in grant application. After discussion, Director Wetz moved to adopt the policy and to approve the Grant application changes proposed by Mr. McCrady. Director Rogers seconded the motion, which unanimously carried.

Mr. McCrady next recommended other modifications to the grant application form and to the mini grant application form, copies of the revised forms are attached hereto. After discussion, Director Wetz moved to approve the revised grant and mini grant application format. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- February 18th – Opening Day for girls' softball
- February 21st – Immigration Seminar from 3:00-5:00 at Lone Star College-Kingwood
- April 1st – EMC Shred Day and Heavy Trash Day from 8:00 am to 2:00 p.m.

The Board next considered the approval of an Agreement between the District and Turner Duran Architects ("Turner Duran") for design of the new District building. Mr. McCrady discussed the Agreement with the Board and presented the executed Form 1295 from Turner Duran for the Board's review. After discussion, Director Rogers moved that the District approve an Agreement with Turner Duran for design of the new District building. Director Persson seconded the motion, which unanimously carried.

The Board next recessed to Executive Session at 7:36 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 8:49 p.m.

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. Mr. McCrady stated he had nothing new to report.

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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 stated that a deal has been negotiated to sell 5,000 cubic yards of dirt to E-Controls (Stanchi Interests, LLC).

The Board next considered the approval of plans and to authorize advertisement for bids for construction of second phase of the regional detention basin. Mr. Costanza reported that the regional detention design plans are 95% complete and will be submitted to Montgomery County for review on February 24, 2017. After discussion, Director Martin moved to approve the plans and to authorize the engineer to advertise the project for bids. Director Zepeda seconded the motion, which unanimously carried.

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 the road base is being laid and that the project is proceeding. He noted that weather permitting, the asphalt is scheduled for installation in the next two weeks.

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 stated that Clearwater will begin construction once the ground dries.

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 Angel will begin once the Clearwater contract is far enough along not to create any conflicts.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the plats are ready to be submitted to the title company.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza reported that the interior re-coat has been tested and that several deficiencies were found and are now being repaired. He then presented pay application no. 5, in the amount of \$11,516.05, and recommended that the Board approve the payment of same. After discussion, Director Wetz moved to approve the payment of pay estimate no. 5 to Quadvest, as set out above. Director Rogers seconded the motion, which unanimously carried.

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The Board next considered the status of the contract with Quadvest for construction of the sanitary sewer and water facilities to serve Industrial Park, Section 3. Mr. Costanza stated that the only items remaining are adjusting the manholes and checking the sanitary sewer line for roundness by pulling a mandrel through the line. He noted that these items will be completed once the roads are complete.

The Board next considered the status of contract with E&S Construction ("E&S") for construction of the General Ballistics building project. Mr. Costanza stated that the work is proceeding and presented pay estimate no. 3 in the amount of \$32,834.70, and recommended that the Board approve the payment of the pay estimate. After discussion, Director Rogers moved to approve the payment of pay estimate no. 3 to E&S, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the approval of an incentive agreement with Dunn Welding or assignees and authorization of preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park and recommended the item be removed from the agenda.

The Board next deferred the status of a Purchase and Sale Agreement with Woodland Fluid Power Inc. relative to the purchase of a site in the Industrial Park.

The Board next considered the status and amendment of Purchase and Sale Agreement with Metal Specialties or assignees relative to the purchase of a site in the Industrial Park. Mr. McCrady reviewed the revised incentives with the Board. After discussion, Director Persson moved to approve the amendment to the Purchase and Sale Agreement. Director Hesson seconded the motion, which unanimously carried.

The Board next considered the status of Purchase and Sale Agreement with Fire Ant Rescue Inc. d/b/a Bug Police ("Bug Police") relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the contract is with Bug Police for execution.

The Board next considered the status of Purchase and Sale Agreement with Remington Valve, LLC & Multiplex Machinery, Inc. ("Remington") relative to the purchase of a site in the Industrial Park. Mr. McCrady reported that General Ballistics has withdrawn from the project and that Remington may move into the General Ballistics building. He reviewed the terms of the proposed agreement and incentives with the Board. After discussion, Director Martin moved to authorize the lease with purchase option to Remington. Director Persson seconded the motion, which unanimously carried.

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The Board next considered the approval of a Purchase and Sale Agreement with Kro Energy Products, LLC and James and Betty Edwards Family Partnership LLP relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to take all actions and execute all required documents in connection with the purchase and sale of the property. Mr. McCrady reviewed the incentives with the Board. After discussion, Director Persson moved to approve a Purchase and Sale Agreement and to authorize the President and Chair to take all actions and execute all required documents in connection with the purchase and sale of the property. Director Hesson seconded the motion, which unanimously carried.

Mr. McCrady next reported that Stanchi Interests, LLC has requested a Subordination Agreement relative to its Deed of Trust to secure performance so they can get construction financing. He reviewed the Agreement with the Board. After discussion, Director Hesson moved that the Board approve the Agreement and authorize the President/CEO to execute on behalf of the Board and the District. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the status of the incentive agreements with Plaza Plastics Corp., Veer Hanuman Hospitality, Inc. and Super Cuts.

The Board next considered the status of construction of the splash pad in the City of Splendora. Mr. Costanza stated that he has been in contact with the contractor, Kraftsman, to finalize the project. He stated the color selections have been made for the new building enclosure and for the splash pad deck, but noted they are still waiting on electricity from Entergy.

The Board next considered the status of construction of the splash pad site in the City of Roman Forest. Mr. Costanza reported that construction has started and that he has been in contact with the City relative to the new building enclosure.

The Board next considered a report on activities of the 85th Texas Legislation, including legislation or proposed legislation affecting the District's enabling statute. Mr. McCrady discussed the proposed legislation to give the District authorization to tax car rentals in the District, with the revenues going to the District's Scholarship Fund. He presented and reviewed the attached Resolution Supporting Special Legislation to Amend the Statutory Powers of the District ("Support Resolution") with the Board. After discussion, Director Martin moved that the District approve the Support Resolution. Director Wetz seconded the motion, which unanimously carried.

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

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

(SEAL)





Katherine Persson
Asst. Secretary, Board of Directors