

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
February 20, 2020

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 20th day of February, 2020, at 5:30 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
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Fred Wetz	Treasurer/Investment Officer
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Richard Tramm	Director

with all of said persons being present, except Directors Carlisle and Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Mr. Anthony Lasky and several others from the community, as shown on the attached sign in sheet.

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

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

In absence of the Secretary and Assistant Secretary, Director Tramm was appointed to serve as Secretary Pro-Tem and authorized to execute the minutes of the meeting.

As the first order of business, the Board considered receiving questions and comments from members of the audience. Chair Webb presented a check to Andrew Berry of VR Porter Health (“VR”) pursuant to the terms of the agreement between VR and the District. Mr. Keith Pinkston of Pearson Construction (“Pearson”) next addressed the Board and stated that Pearson has opened an office in the District. He noted that Pearson assisted in the construction of the YMER building and is looking forward to being a part of the growing community.

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The Board next deferred the review and approval of the minutes of the Board of Directors meetings held on January 16, 2020, and February 6, 2020.

The Board next deferred a report of the 2019 constable patrol security program at shopping centers located within the District during the holiday season, after Mr. McCrady stated that he has not received the final report.

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 that the building repairs will begin in the coming weeks.

The Board next deferred the review of calculations and authorization of payment to MC ESD No. 7 pursuant to the terms of the Contract between the District and MC ESD No. 7.

The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented as reflected in said reports. Mr. Lasky 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. 17093, 1721, 17215 and 17269 through 17371, inclusive, with check nos. 17093, 17212 and 17215 being voided, one (1) wire transfer and debits for payroll, on the Kingwood Detention Account being check no. 1002, and on the Special Events Fund being check nos. 2749, 2753, 2762 and 2764 through 2783, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

Mr. Marks next advised the Board that provisions of the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. He reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and the attached list of financial institutions, brokers and dealers attached thereto as Exhibit "A." Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Wetz made a motion to approve the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Director Rogers seconded the motion, which carried unanimously.

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The Board next considered a report on engineering and construction projects within the Industrial Park, including the status of contract with Drymalla Construction Co., Inc. (“Drymalla”) for construction of building #2 for YMER Technology. Mr. Costanza stated that the project is complete and that the building is now occupied and in operation. He noted there is \$227,913.41 remaining to be paid on the contract.

The Board next considered the status of the sale of dirt excavated from the future detention pond site, including the termination of the contract with TDG for excavation and delivery of dirt and approval of a contract for the sale of dirt to Grand Parkway Infrastructure, LLC. Mr. Costanza stated that no dirt sales occurred during the month.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza stated that the Section 3 plat is awaiting payment of all taxes, penalties and interest from the landowner. He noted that JAC spoke with the landowner who informed them that the taxes would be paid this week. Mr. Costanza stated that the Section 4 plat has been submitted to Montgomery County for final review and submission to Commissioners Court for approval.

The Board next considered the status of the contract with Solid Bridge Construction for the construction of a detention pond and storm sewer trunk lines to serve the Kingwood Parc project. Mr. Costanza stated that the contractor has completed all of the drainage pipe and is finalizing the basin grades and pouring the pilot channel. He then presented pay application no. 3, in the amount of \$260,295.98 and recommended the Board concur in the developer’s payment of same. After discussion, Director Rogers moved that the Board concur in the payment of pay application no. 3, by New Quest, as set out above. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered a discussion relative to the drainage along West Industrial Parkway. Mr. Costanza stated that Polar Rigs, J.M. Maly and Woodmark, all located along West Industrial Parkway, received flood water in their buildings during Hurricane Harvey and Tropical Storm Imelda. He stated that JAC surveyed the slab elevations, the outfalls, the ditch elevations, Gene Campbell elevations, performed field surveys and recommend the following: 1) clear the areas between the buildings that are overgrown; 2) lower the area to be cleared and the receiving swales to allow some additional storm water storage and conveyance capacity; and 3) open the original 4-36” pipes, that were placed during the construction of Gene Campbell and originally plugged on the ends, subject to County approval, and construct a control structure inlet on the north side. He stated that the recommended improvements are estimated to cost between \$60,000-\$75,000. After discussion, Director Zepeda moved that the engineer be authorized to proceed with

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preparation of the plans for the improvements and to obtain approval by East Montgomery County MUD No. 3.

The Board next considered a report on the Economic Development Administration (“EDA”) Business Center Building in the Industrial Park. The Board deferred approval of contract with J.A. Costanza & Associates Engineering, Inc. relative to program management and/or engineering services related to the project.

The Board next considered the status of Request for Proposal (RFP) for Architectural/Engineering Services, including negotiations and contract with best qualified candidates from RFQ process. Mr. Costanza stated that Joiner Architects (“Joiner”) submitted a proposal for architectural/engineering services in the amount of \$93,700.00. He stated that Joiner appears to meet the EDA requirements and recommended the firm for contract negotiations. After discussion, the Board concurred Mr. McCrady should meet with Joiner to assemble a contract.

The Board next deferred authorizing Agreement for Architectural/Engineering Services and preparation of plans, specifications and construction documents; and the approval of plans, specifications and construction documents and authorize Project Bidding Phase.

The Board next considered the review of bids, consider architect’s/engineer’s recommendations, and consider award of project for construction. Mr. Costanza stated that JAC received three (3) bids for the clearing and grubbing to serve the 4.8-acre tract and that the low bid was submitted by TDG General Contractors, Inc. (“TDG”) with a base bid of \$65,950.00. He stated that all required documents, including the executed Form 1295 and verification on SAM.gov for TDG is complete and recommended that the project be awarded to TDG. After discussion, Director Wetz moved that the clearing and grubbing project be awarded to the low bidder, TDG, as set out above. Director Tramm seconded the motion, which carried, with Director Rogers abstaining.

The Board next deferred the review of pay applications, change orders and construction recommendations and the consideration of approval of same; consider final project documents, accept architect’s and engineer’s certification of completion, and accept project; and other items that may arise from time to time.

The Board next considered the following announcements:

- Mr. McCrady distributed and discussed the attached Calendar of Events.
- Director ^{Zepeta} Martin stated that Heaven’s Army presented the District with a plaque acknowledging the District’s support.

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The Board next recessed to Executive Session at 6:02 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, personnel matters pursuant to §551.074, Texas Government Code and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 7:11 p.m.

The Board next considered the status of economic development agreements. The Board deferred the approval of an Incentive Agreement (“IA”) with Lighthouse Industrial Properties, LLC and MHTB Enterprises LLC dba Smallcakes Kingwood and recommended the items be removed from the agenda.

The Board next considered the status of an IA with Weiz LLC (“Weiz”). Mr. McCrady stated that the IA is with Weiz for execution.

The Board next considered the status of an IA with Keysteel Corp. Mr. McCrady stated that he has received the executed IA from Keysteel and that the item can be removed from the agenda.

The Board next deferred the status of an IA with EXP Controls or its assignees (Stanchi).

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”), as the plat has not yet been recorded.

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, as the plat has not yet been recorded.

The Board next deferred the approval of a Conveyance of Utility Facilities for water and sanitary sewer facilities to serve Industrial Park, Section 4 (Clearwater) to EMC 3, as the plat has not yet been recorded.

The Board next deferred the approval of a Purchase and Sale Agreement with Sigma Fasteners or its assigns, relative to the purchase of a site in the Industrial Park after Mr. McCrady stated that the item can be removed from the agenda.

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The Board next deferred the status of the preparation of a Purchase and Sale Agreement with BSD Transport relative to the purchase of a site in the Industrial Park after Mr. McCrady stated that the item can be removed from the agenda.

The Board next deferred the status of the preparation of a Purchase and Sale Agreement with Performance Drywall LLC relative to the purchase of a site in the Industrial Park after Mr. McCrady stated that the item can be removed from the agenda.

The Board next deferred the status of an Option Agreement with Stanchi relative to the sale of a 3-acre tract in the Industrial Park.

The Board next considered the status of a land exchange with Catalyst Trading Services, Ltd. Mr. McCrady stated that the land exchange is in process.

The Board next considered the status of the re-purchase of land previously conveyed to JRA Services LLC d/b/a Hometown Chef Catering Co. Mr. McCrady reported that re-purchase documents are ready for execution by the parties.

The Board next considered the status of a lease of a 2-acre site to YMER for material storage. Mr. McCrady stated that the lease agreement is in process.

The Board next considered the approval of contracts relative to the purchase of land for expansion in the Industrial Park. After discussion, Director Wetz moved that Mr. McCrady be authorized to contract to purchase additional land with a maximum purchase price of \$3,500,000, to borrow up to 50% of the purchase price, to create a limited liability company to acquire the property, and to take all actions and execute all documents required in connection therewith; and to approve the attached Resolution of Authority. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the approval of a Subordination Agreement relative to Levitated Metals. After discussion, the Board concurred that the President/CEO be authorized to execute the Agreement on behalf of the Board and the District.

The Board next considered the renewal of the District's insurance coverage for term expiring March 31, 2020. Mr. McCrady distributed the attached renewal proposals received from Waterworks Insurance Network ("W.I.N.") for property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, cyber liability, umbrella, public employee blanket crime, directors position bond, worker's compensation, and business travel accident coverage scheduled to expire on March 31, 2021. Director Wetz reviewed the proposals and noted that the District does not need an agent to get insurance from TML, since TML doesn't pay commissions. He

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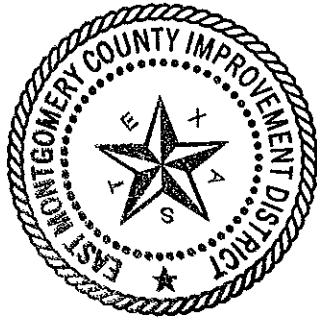
stated that the agent has added a fee of 27% of the policy amount and recommended that the District offer the agent a fee of \$1,000. After discussion, the Board concurred to invite the agent to attend the March meeting and requested that Director Wetz investigate alternative insurance proposals for the 2021 renewals.


The Board next deferred the review and approval of proposals for use of electronic devices for director information for Board of Directors meetings.

The Board next considered matters for possible placement on future agendas. The Board noted that the March meeting will be held on March 11, 2020.

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

(SEAL)




Richard Tramm
Secretary Pro Tem, Board of Directors