

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
March 7, 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 7<sup>th</sup> day of March, 2018, 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
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 Directors Hesson and Wetz, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Tara Martin, Ms. Kelley Matlage, 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 deferred comments from members of the audience after Chair Webb stated that no one had signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on February 15, 2018. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on February 15, 2018, as presented. Director Rogers seconded the motion, which unanimously carried.

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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 Zepeda made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 15087 through 15136, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2576 through 2579, as set forth on the attached reports. Director Martin 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 reviewed the attached final invoice and stated that same has been forwarded to LSC-K for payment. After discussion, Director Rogers made a motion to approve the final invoice as above described. 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 the Incentive Agreement with Mustang Machinery Co. Ltd., dba Mustang CAT ("Mustang"). Mr. McCrady stated that Mustang will be signing the grant agreement soon.

The Board next considered the status of the Incentive Agreement with YMER Technology ("YMER") relative to its lease of a building in the Industrial Park. Mr. McCrady stated that YMER has toured the facility and are satisfied with the construction.

The Board next considered the approval of modifications to the Incentive Agreement with Microprocol Inc. (Nicole's). Mr. McCrady stated that the full-time employment language needs to reflect part time employment as the restaurant is only open 6 hours per day. After discussion, Director Carlisle moved to approve the foregoing revision to the Incentive Agreement with Microprocol and authorize McCrady to execute same. Director Martin seconded the motion, which unanimously carried.

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The Board next considered the approval of modifications to the Incentive Agreement with Tana's Cutting Cottage ("Tana's"). Mr. McCrady stated that the funds will be used for her owned facility instead of a leased property. He noted that \$3,200 has already been used for the leased facility and the remainder of the funds will be used in the new building. After discussion, Director Persson moved to approve the foregoing revision to the Incentive Agreement with Tana's and authorize McCrady to execute same. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- None

The Board next recessed to Executive Session at 5:39 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 7:39 p.m.

The Board next considered a presentation by VANIR Construction Management, Inc. relative to its design/build delivery method for design of the new District building. Ms. Barans presented and reviewed the attached Design Build Delivery Method Process with the Board. The Board discussed the process and Chair Webb stated that she was not ready to proceed with the architectural phase as the Board needs to select a site first. The Board concurred to defer the matter for 30-60 days.

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 Clearwater Utilities, Inc. ("Clearwater") for the construction of water and sanitary sewer facilities to serve Industrial Park, Section 4). Mr. Costanza reported that the lift station appeared to be tilting and upon measurement was found to be unacceptable. He stated that Clearwater has agreed to excavate the lift station and reset it at Clearwater's expense.

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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 reported that the base has been installed and passed testing. He stated that Angel has attempted to do the final grading on several occasions but has been delayed by the wet weather. Mr. Costanza noted that the final grading is scheduled to be completed this week and the asphalt will be placed next week, weather permitting.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 plat is ready for submittal but cannot be submitted until one property owner pays the taxes owed. He 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 signed and 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, and that JAC sent a preliminary punch list to the contractor. He then presented pay application no. 14, in the amount of \$67,898.40, and recommended the Board approve the payment of same. Mr. Costanza also presented change order no. 1 in the amount of \$41,557.00 and the executed Form 1295 from E&S. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 14 and approve change order no. 1, based on a finding by the board that said change order is necessary and beneficial to the district, as set out above. Director Martin seconded the motion, which unanimously carried. Mr. McCrady then requested that Mr. Costanza pursue the installation of a fiber optic line to serve the building.

The Board next considered the status of the Incentive Agreement and approval of a Purchase and Sale Agreement with Jenista Holdings relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the Agreement is in the process of being executed by Jenista.

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”).

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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 considered a proposal relative to the renewal of the District's insurance coverage for term expiring March 31, 2018. Ms. Courte reviewed the proposal and stated that there have been no changes in carriers, limits or deductibles except for property. She noted that TML has added back the named storm deductible of 1%. After discussion, Director Carlisle moved that the renewal proposals from Arthur J. Gallagher & Co. ("AJG") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, worker's compensation, business travel, and agent fee coverage scheduled to expire on March 31, 2019, be approved, as well as the renewal proposals for Zones 1, 2, 3, and 4 in the amount of \$790.00 each, and that the Chairman be authorized to execute the proposals for the District and the Zones. Director Rogers seconded the motion, which unanimously carried.

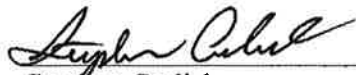
The Board next considered matters for possible placement on future agendas.

The Board next considered the adoption of an Order Declaring Candidates Elected. Mr. Marks advised that in accordance with Subchapter C, Chapter 2 of the Election Code and Section 2.052 of the Election Code, after 5:00 p.m. on February 16, 2018, the District may cancel the election if each candidate whose name appears on the ballot and/or has registered as a write-in candidate is unopposed in such election and the Board of Directors of the District can declare such unopposed candidates to be re-elected for an additional term, or elected to serve a 4-year term if not already a director. In that regard, Mr. Marks presented a certificate declaring all candidates unopposed and presented and reviewed various portions of the attached Order Declaring Candidates Elected. After discussion, Director Martin moved that the Order be adopted by the Board declaring Directors Carlisle, Zepeda and Rogers re-elected for an additional term expiring in May 2022, and Richard Tramm elected for term expiring in May 2022, and that the Chairman be authorized to execute and the Secretary to attest same on behalf of the Board and the District. Director Persson seconded said motion, which unanimously carried.

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

(SEAL)



  
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Stephen Carlisle  
Secretary, Board of Directors