

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
March 9, 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 9th day of March, 2017, 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 Directors Martin and Hesson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Mr. Cory Burton 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 Wetz.

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 meetings held on January 18, 2017, and February 16, 2017. After review and discussion, Director Wetz moved to approve the minutes of the Board of Directors meeting held on February 16, 2017, as written. Director Zepeda seconded the motion, which carried, with Director Carlisle abstaining. The Board next deferred the approval of the minutes from the January 18, 2017, meeting.

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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. Mr. Burton 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. 13948 through 13999, inclusive, three (3) wire transfers and debits for payroll, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the status of the advance redemption of the District's outstanding Series 2010 Bonds. Mr. Marks stated that the District has provided Wells Fargo Bank, NA, as Paying Agent, the required Notice of Bond Redemption relative to the 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).

The Board next considered a proposal relative to the renewal of the District's insurance coverage for term expiring March 31, 2017. Director Wetz stated that he has spoken with Ms. Courte, has reviewed the proposal and has made some modifications to the original policy and recommended that the Board approve the proposal. After discussion, Director Carlisle moved that the attached revised 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, 2018, be approved, and that the Chairman be authorized to execute the proposals for the District. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- March 13th – Splendor Splashpad Opening at 11:00 a.m.
- March 13th – Montgomery County night at Houston Livestock Show & Rodeo

The Board next recessed to Executive Session at 6:10 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

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Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 7:22 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 that the fountains in front of the building have been removed by TxDOT.

The Board next considered the status of design of the new District building by Turner Duran Architects ("Turner Duran"). Mr. McCrady reported that Turner Duran is proceeding with the design.

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 E-Controls (Stanchi Interests, LLC) has purchased approximately 4,000 cubic yards of dirt to date.

The Board next deferred the review of bids and award of a contract for construction of the second phase of the regional detention basin, after Mr. Costanza stated that the bid opening is scheduled for April 5, 2017.

The Board next considered the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3. Mr. Costanza reported that the road base material failed to meet specifications and that the project is shut down until the base material issue is resolved. He stated that Quadvest requested that they run their own laboratory testing, but noted that the District will be testing a split sample as well. Mr. Costanza then presented and reviewed the attached letter to Quadvest outlining various issues relative to the District's rejection of pay estimate no. 1, in the amount of \$37,052.50, submitted for payment by Quadvest.

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 project has begun and that the sanitary sewer line has been laid down Nichols Way and Callie Way. He noted that construction of the lift station has also started.

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.

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The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that JAC has received title information on Section 3, but cannot submit until after the road to serve the Bug Police tract is approved. He noted that JAC has not yet received title information on Section 4.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza reported that the lift station is essentially complete, except for receiving electrical service from Entergy. He stated that the pumps have not been installed to prevent a possible theft, but noted that delivery of the pumps has been visually confirmed. He then presented pay application no. 6, in the amount of \$10,012.54, and recommended that the Board approve the payment of same. After discussion, Director Wetz moved to approve the payment of pay estimate no. 6 to Quadvest, as set out above. Director Zepeda seconded the motion, which unanimously carried.

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 reported that the contractor has begun making manhole adjustments, valve box adjustments and cleaning the lines in preparation for pulling a mandrel.

The Board next considered the status of contract with E&S Construction ("E&S") for construction of the warehouse building project. Mr. Costanza stated that the slab is being prepared to be poured and presented pay estimate no. 4 in the amount of \$69,093.90, 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. 4 to E&S, as set out above. Director Zepeda seconded the motion, which unanimously carried.

Director Persson entered the meeting at this time.

The Board next considered the status of a Purchase and Sale Agreement with Woodland Fluid Power Inc. Mr. McCrady reported that the purchase and sale documents are at the title company.

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 stated that the Agreement has been prepared for review and execution by Metal Specialties.

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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 and then will be sent to the title company for closing.

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 Remington has withdrawn from the project. The Board requested that the item be removed from the agenda.

The Board next considered the status of a Purchase and Sale Agreement with Kro Energy Products, LLC and James and Betty Edwards Family Partnership LLP ("Kro, et. al.") relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the Agreement has been prepared for review and execution by Kro et. al.

The Board next considered the review and approval of a Subordination Agreement ("SA") relating to New Caney Customs LLC. Mr. McCrady stated that the SA was signed today by the Economic Development Corporation ("EDC"). He noted that the District lien is subordinating to the EDC loan. After discussion, Director Carlisle moved that the Board approve the SA and authorize the President/CEO to execute on behalf of the Board and the District. Director Rogers seconded the motion, which unanimously carried.

The Board next deferred the status of the incentive agreements with Plaza Plastics Corp., and Veer Hanuman Hospitality, Inc. after Mr. McCrady stated he had nothing new to report. The Board then considered the status of the incentive agreement with Super Cuts and Mr. McCrady reported that one (1) of the new employees is from within the District.

The Board next considered the status of construction of the splash pad in the City of Splendor. Mr. McCrady stated that the grand opening is scheduled for March 13th at 11:00 a.m., and noted that the final walk through will occur at that time.

The Board next considered the status of construction of the splash pad site in the City of Roman Forest. Mr. Costanza reported that the slab has been poured and the underground piping is in place. He stated that the equipment building has been constructed and that the electrician is working on the electrical matters.

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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 stated he had nothing new to report. He noted that several directors traveled to the Capitol Building for Montgomery County Day.

The Board next considered matters for possible placement on future agendas. The Board noted that the April Board of Directors meeting will be held on April 20, 2017.

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



Stephen Carlisle
Secretary, Board of Directors

(SEAL)

