

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
March 11, 2020

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 11<sup>th</sup> day of March, 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, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O'Connell, Ms. Kelley Matlage, Mr. David Marks, Mr. Ben Morse, Mr. Greg Phipps, Ms. Kaye Townley, Mr. Lopera, Mr. Barry Welch 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.

As the first order of business, Chair Webb presented a check to the Montgomery County Emergency Services District No. 7 in the amount of \$247,649.69 and to Keysteel Corp. in the amount of \$50,000, both in accordance with their respective Agreements with the District.

The Board next considered receiving questions and comments from members of the audience. Mr. Christian Shank of EMC Sports Association ("EMCSA") next addressed the Board and stated that EMCSA is requesting a partnership with the District to bring two (2) baseball tournaments to East Montgomery County. He stated that EMCSA will need approximately \$30,000 to cover the expenses of the tournaments.

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The Board next considered the renewal of the District's insurance coverage for term expiring March 31, 2020. Director Wetz stated that he met with Gallagher and TML relative to the renewal proposals 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. He recommended that the District consider using TML for all coverages they provide and then shop for the rest. Mr. Trinker with TML then addressed the Board and noted that the District is currently a member of TML and would just need to change its relationship to work directly with TML and stop working through Gallagher as a middleman. He noted that TML can work with other providers to get coverages TML doesn't provide directly. Director Wetz advised TML is a good option and Director Tramm stated that he has worked with TML and found them easy to work with, especially on claims. Director Carlisle concurred with the above statements. After discussion, Director Wetz moved to change the contact person from Gallagher to the District for insurance, renew the existing coverages TML can provide and investigate options for those coverages that TML does not provide, and authorize Mr. McCrady to purchase those coverages. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on January 16, 2020, February 6, 2020, and February 20, 2020. After review and discussion, Director Carlisle moved to approve the minutes of the Board of Directors meetings held on January 16, 2020, February 6, 2020, and February 20, 2020, as written. Director Zepeda seconded the motion, which carried, with Director Persson abstaining as to the approval of the January 16, 2020, minutes.

The Board next considered a report of the 2019 constable patrol security program at shopping centers located within the District during the holiday season. Mr. Welch presented and reviewed the attached final reports and discussed the program with the Board.

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 gutter repairs are currently underway.

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The Board next considered the review and approval of the updated 2019 Report on Applying Agreed-Upon Procedures to Sales Tax Calculations to Comply with Agreements with Montgomery County Emergency Services District No. 7 ("ESD 7"). Mr. Lopera presented and reviewed the attached draft report with the Board. He stated that as of December 31, 2019, the sales tax revenue owed by EMCID to ESD 7 totals \$247,649.69. After discussion on the matter, Director Carlisle made a motion to approve the Report and the payments of the amounts owed to ESD 7, as presented. Director Persson seconded the motion, which unanimously carried.

The Board next considered the review of funds reconciliation and the authorization of payment of the District's funding of economic development grant to EMCID EDZ Zone No. 1 ("Zone") in accordance with the terms of the Second Amended and Restated Economic Agreement (the "Agreement") by and among SIG-VALLEY RANCH, LTD., a Texas limited partnership ("Sig-Valley"), VALLEY RANCH TOWN CENTER, LTD., a Texas limited partnership ("Valley Ranch"), (Sig-Valley and Valley Ranch collectively referred to herein as the "Developer"), the Zone, and the District. Mr. O'Connell presented and discussed the attached reconciliation summary with the Board. After discussion, Director Carlisle made a motion to authorize payment of the economic development grant in accordance with the payment calculation summary. Director Persson 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 Rogers made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 17372 through 17389, inclusive, four (4) wire transfer and debits for payroll, and on the Special Events Fund being check nos. 2784 through 2787, as set forth on the attached reports. Director Carlisle seconded the motion, which unanimously carried.

Mr. Howell next discussed the possible refinancing of District debt. He presented and reviewed the attached Sources and Uses Report and stated that the total projected savings is \$2,048,106.74 and 24.87% in present value savings. Mr. Howell stated the refunding would be a negotiated deal with Hilltop Securities and RBS. After discussion, Director Persson moved to authorize the District's consultants to proceed with preparation of the necessary documentation and include the necessary refunding items on the April agenda. Director Carlisle seconded the motion, which unanimously carried.

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The Board next considered the acknowledgement of G-23 letter relative to the proposed refunding. Mr. Howell reviewed the attached letter with the Board. After discussion, Director Persson moved to approve the acknowledgement of the G-23 Letter and authorize the Chairman to execute same on behalf of the Board and District. Director Carlisle seconded the motion, which carried unanimously.

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. Phipps stated that no pay applications were received during the month.

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. Phipps stated that no dirt sales occurred during the month.

The Board next considered the status of platting Sections 3 and 4. Mr. Phipps stated that the Section 3 plat is awaiting payment of all tax penalties and interest from one landowner. He noted that JAC spoke with the landowner today who stated that the taxes would be paid this week. Mr. Phipps noted that upon payment of the taxes, the plat will be submitted to Montgomery County for approval. He then stated that the Section 4 plat has been reviewed by the Montgomery County Attorney and the Montgomery County Engineering Department and JAC anticipates that the plat will be on the March 24, 2020, Commissioners Court agenda 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. Phipps stated that the contractor has completed the drainage pipe and concrete pilot channel improvements. He stated that the detention basin has been excavated to grade, with the final grading of the basin slopes and berms being finalized. He noted that TxDOT drainage improvements on Loop 494 has been authorized to tie into the District's system. Mr. Phipps then presented pay application no. 4, in the amount of \$91,660.56 and recommended the Board concur in the developer's payment of same. After discussion, Director Persson moved that the Board concur in the payment of pay application no. 4, by New Quest, as set out above. Director Rogers seconded the motion, which unanimously carried.

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The Board next considered the status of the drainage improvements along West Industrial Parkway. Mr. Phipps stated that JAC spoke with Montgomery County Precinct 4 personnel, relative to the installation of structures under Gene Campbell Blvd. He noted that the estimated cost of the project is \$60,000-\$75,000 and that JAC will discuss the cost sharing with the East Montgomery County MUD No. 3 Board at its meeting tomorrow.

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. Phipps stated that Joiner Architects (“Joiner”) proposal for architectural/engineering services in the amount of \$93,700.00 was submitted and approved by the Board at the February 20,2020, meeting.

The Board next considered 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. Mr. Phipps reported that Joiner is preparing a standard AIA contract for architectural/engineering services in the amount of \$93,700 and that the contract will be sent to the EDA for approval of form and amount upon receipt. He noted that upon approval by the EDA and review by MRPC, the agreement will be presented to the Board for execution.

The Board next deferred the approval of plans, specifications and construction documents and authorizing the Project Bidding Phase.

The Board next deferred the review of bids, consideration of architect’s/engineer’s recommendations, and consideration of award of project for construction.

The Board next considered the status of the contract with TDG General Contractors (“TDG”) for the clearing and grubbing to serve the 4.8-acre tract. Mr. Phipps stated that JAC is awaiting the submittal of the undated bonds from TDG and upon receipt, the contract will be sent to the EDA for final approval.

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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; consider authorizing District's attorney to prepare and submit title opinion in connection with the project land, including obtaining title information in connection therewith; and other items that may arise from time to time.

The Board next considered the following announcements:

- None.

The Board next recessed to Executive Session at 6:42 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 7:56 p.m.

The Board next considered the status of economic development incentive agreements ("IA"). The Board then considered the approval of an Incentive Agreement with ArmTact, LLC ("ArmTact"). Mr. McCrady stated that the company has leased a building on East Martin Dr. and recommended offering a \$5,000 grant for relocation and moving expenses. He also presented the executed Form 1295 from ArmTact. After discussion, Director Carlisle moved that the Board approve the Incentive Agreement with ArmTact, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the status of an IA with Weiz LLC ("Weiz"). Mr. McCrady stated that has received the executed IA from Weiz 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) after Mr. McCrady stated that he is meeting with Stanchi on Friday to complete the IA.

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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 status of an Option Agreement and lease with Stanchi relative to the sale of a 3-acre tract in the Industrial Park after Mr. McCrady stated that he is meeting with Stanchi on Friday.

The Board next considered the status of a land exchange with Catalyst Trading Services, Ltd. Mr. McCrady stated that he has the land exchange contract on his desk for execution.

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 with YMER for execution.

The Board next deferred the status of contracts relative to the purchase of land for expansion in the Industrial Park.

The Board next considered a discussion regarding cybersecurity awareness training requirements. Mr. Marks discussed the training requirements noting that such training must be completed by June 14, 2020. Director Carlisle stated that a cybersecurity awareness training is scheduled for next Wednesday at 10:00 a.m. in Roman Forest. Mr. Marks stated that MRPC is looking into online training options as well.

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 a Board re-treat is scheduled for March 23, 2020 at 5:00 p.m., and a meeting to discuss the potential refunding and to meet with EMC Fair Association is scheduled for March 23, 2020 at 6:00 p.m.

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

(SEAL)



Stephen Carlisle  
Secretary, Board of Directors