

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
March 21, 2019

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 21<sup>st</sup> day of March, 2019, 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
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 Mattlage, 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 Zepeda.

As the first order of business, the Board deferred receiving 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 February 12, 2019, and February 20, 2019. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on February 12, 2019, and February 20, 2019, as written. 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. Mr. McCrady stated that had nothing new to report.

## **East Montgomery County Improvement District meeting on March 21, 2019**

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 Wetz made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 16243 through 16343, inclusive, and debits for payroll, and on the Special Events Fund being check nos. 2657 through 2662, inclusive, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the review and approval of the audit for the fiscal year ending June 30, 2018, after Mr. McCrady stated that the Board has previously approved the referenced audit.

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 Drymalla has cleared and root raked the site and found two areas that require over excavation and will require lime mixed in the subgrade. He then presented pay application no. 1, in the amount of \$97,268.40 and recommended the Board approve the payment of same. Mr. Costanza further stated that Drymalla has also requested the addition of seven (7) days to the contract due to the wet weather. After discussion, Director Persson moved that the Board approve the payment of pay application no. 1 and the seven (7) additional weather related days, as set out above. Director Martin seconded the motion, which unanimously carried.

The Board next considered 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 platting Sections 3 and 4. Mr. Costanza stated that all delinquent property taxes must be paid before the plats will be approved by the County.

The Board next considered the annual review and adoption of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects and consideration of authorizing a survey of wages. Mr. Marks presented a spreadsheet reflecting Prevailing Wage Rates for Construction Projects for the US Department of Labor and reviewed the attached Resolution with the Board. After discussion of the spreadsheet and resolution, Director Wetz made a motion that the Board adopt the attached Resolution Adopting Prevailing Wage Rate Scale For Construction Projects

## **East Montgomery County Improvement District meeting on March 21, 2019**

based on the US Department of Labor rates. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- Director Rogers thanked the Board for the 32 scholarships awarded at the function held at EMCID.
- Director Zepeda stated that the Sammy Taylor Memorial Skeet Shoot will be held this weekend.

The Board next recessed to Executive Session at 5:45 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. The Board returned from Executive Session at 7:37 p.m.

Director Persson exited the meeting during executive session.

The Board next deferred the approval of an Incentive Agreement with Lighthouse Industrial Properties, LLC.

The Board next deferred the approval of an Incentive Agreement with Woodmark, LP.

The Board next considered the approval of an Incentive Agreement with Speedsportz Racing Park at Grand Texas, LLC ("Speedsportz"). McCrady recommended offering a \$50,000 grant to hire two (2) additional full time seasonal employees. He stated that the District will be allowed to post messages/advertisements on fence at the facility and presented the executed Form 1295 from Speedsportz. After discussion, Director Martin moved that the Board approve the Incentive Agreement with Speedsportz as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the approval of an Incentive Agreement with Keysteel Corp.

The Board next considered a report on the activities within the Industrial Park, including the approval of an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Gamma Holdings, LLC relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Mr. McCrady stated that the company wants to purchase a 4-acre tract, at a cost of \$25,000 per acre, with ½ due at closing and the balance going to the Scholarship Fund.

## **East Montgomery County Improvement District meeting on March 21, 2019**

He noted that the company will create 15 jobs over a period of two (2) years, with at least seven (7) employees being hired from within the boundaries of the District. Mr. McCrady recommended that the District offer \$100,000 for infrastructure and improvement reimbursements and \$1,600 per employee for workforce training and relocation fees. He stated that the Economic Development Corporation will provide Gamma with a loan in the amount of \$300,000. Mr. McCrady further stated that Gamma has provided the District with the required executed Form 1295. After discussion, Director Zepeda made a motion to approve an Incentive Letter, authorize preparation of a Purchase and Sale Agreement with Gamma Holdings, LLC relative to the purchase of a site in the Industrial Park, and authorize the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Director Carlisle seconded the motion, which unanimously carried.

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 an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Performance Drywall relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property.

The Board next deferred the approval of an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Pearson Construction relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property.

The Board next considered the approval of a budget for the Holiday to Remember Event ("Event"). Mr. McCrady presented and reviewed the attached budget in the amount of \$474,429.00 and the sponsorship packages. He noted that the expenses will be in the District's 2020 budget. After discussion, Director Carlisle made a motion to approve the budget for the

**East Montgomery County Improvement District meeting on March 21, 2019**

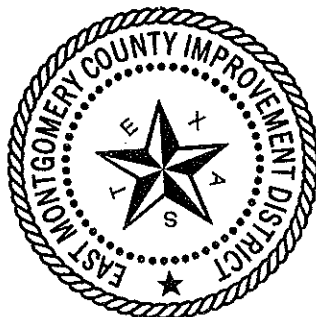
Event. Director Rogers seconded the motion, which unanimously carried.

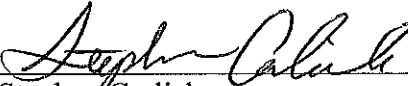
The Board next considered a proposal relative to the renewal of the District's insurance coverage for term expiring March 31, 2019. Mr. McCrady distributed and reviewed the attached renewal proposal received from Arthur J. Gallagher & Co. ("AJG") relative to property, comprehensive boiler and machinery, general liability and hired car and non-ownership automobile liability, international liability, directors and officers liability, public employee blanket crime, directors position bond, worker's compensation, cyber liability, business travel accident, and agent fee coverage scheduled to expire on March 31, 2020. He also distributed a letter prepared by Ms. Courte advising that there were no changes in carriers, limits or deductibles to the policy coverage from the policies currently in effect, except for property. Mr. McCrady noted that TML has added back the named storm deductible of 1%. Director Wetz noted the excessive administrative agent fee of \$7,200 and stated that is approximately 50% of the total TML policy. He further stated that TML is not an insurance company, therefore the Best ratings represented on Ms. Courte's cover page one are not accurate. Mr. McCrady recommended that the Board approve the renewal proposals and offer an agent fee equal to 15% of the TML premium. After discussion, Director Wetz made a motion to approve the renewal proposals, as well as the renewal proposals for Zones 1, 2, 3, and 4 in the amount of \$790.00 each, with the agent fee being reduced to 15% of the TML premium, and that the Chairman be authorized to execute the proposals for the District and the Zones. Director Tramm seconded the motion. Director Carlisle then made a motion to amend the previous motion to authorize Mr. McCrady to negotiate a reduction in the agent fee to an amount acceptable to him. Director Wetz seconded the motion, which unanimously carried. After further discussion, the Chair called for a vote on the motion as amended, which motion carried unanimously.

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)



  
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Stephen Carlisle  
Secretary, Board of Directors