

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
April 20, 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 20th day of April, 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:

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| 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, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Ms. Tara Martin, Mr. David Marks, Mr. Greg Phipps, Ms. Kaye Townley 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 pledges of allegiance led by Director Zepeda.

As the first order of business, the Board considered comments from members of the audience. Mr. John Unterreiner addressed the Board and stated he is thankful for the grant to Discovery Leadership East Montgomery County. Chair Webb next presented checks for the New Caney High School Project Graduation, the Porter High School Project Graduation and to the EMC Community Chamber of Commerce.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on January 18, 2017, and March 9, 2017. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meeting held on January 18, 2017, and March 9, 2017, as written. Director Wetz 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 Carlisle made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14000 through 14091, inclusive, with check no. 14037, one (1) wire transfer and debits for payroll, and on the Special Events Fund being check nos. 2518 through 2521, inclusive, as set forth on the attached reports. Director Persson 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 bookkeeper reported that funds were wired and the transaction closed on April 15, 2017.

The Board next considered the following announcements:

- April 18th – Project Connection (Rotary sponsored event
- May 3rd – Special meeting at 11:00 a.m. to review grant requests
- Mr. McCrady reported that Mark Mitchell is the new CEO of the Lake Houston EDP

The Board next recessed to Executive Session at 6:23 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 7:54 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 reported that a portion of the storage facility used by the District burned, but noted that the District's unit was not damaged.

The Board next considered the status of design of the new District building by Turner Duran Architects ("Turner Duran"). Mr. McCrady stated that Turner Duran will be meeting with Mr. Signorelli and will be at the District's special meeting on May 3rd to report on the status.

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. Phipps reported that two (2) dirt sales have occurred.

The Board next considered the review of bids and award of a contract for construction of the second phase of the regional detention basin. Mr. Phipps reported that eight (8) bids were received, with the low bid being submitted by Texas Dirt LLC ("TD") in the amount of \$731,326.62. He recommended that the Board award the contract to TD and presented the executed Form 1295 for the Board's review. After discussion, Director Persson moved that the Board award the contract to TD, as set out above. Director Hesson seconded the motion, which unanimously carried.

The Board next considered the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3. Mr. Phipps reported that the road base material failed to meet specifications and that the project was shut down last month. He stated that Bill Smith with Montgomery County inspected the base and stated it was unacceptable because of all the debris found in it. Mr. Phipps reported that Mr. Smith stated if Quadvest disked the base and had its crew hand remove the debris, the base would be acceptable. He stated that Quadvest did disk the base and removed the debris and that the County re-inspected the base and indicated that the base appeared to be adequate. Mr. Phipps stated that Mr. Costanza requested that the County provide a letter stating that the base is now adequate and noted that he received an email stating the cleanup appears to be adequate and that the requested letter was attached to the email. He noted that the letter stated that the material placed for the base will not meet County specifications. Mr. Phipps reported that Mr. Costanza contacted Mr. Smith relative to the discrepancy between the email and the letter. He noted that the base has been cleaned and that JAC received a second email from Mr. Smith that clarifies that the County now considers the base to be acceptable. He then presented payment application no. 1, in the amount of \$240,242.74, submitted for payment by Quadvest, and change order no. 1 in the amount of \$18,320.00 for work required within the Gene Campbell Boulevard and the executed Form 1295 for the Board's review and recommended that the Board approve the pay application and change order. After discussion, Director Persson moved that the Board approve the payment of pay application no. 1 and to approve change order no. 1, as set out above. Director Wetz seconded the motion, which unanimously carried.

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. Phipps reported that the project is 55% complete, that most of the utility lines have been installed and that the lift station piping is in place. He then presented pay application no. 1, in the amount of \$389,553.82, and change order no. 1 in the amount of \$38,789.00 for the sanitary sewer and force main boring under the Industrial Park outfall channel and for raising the elevation of the sanitary sewer lift station and the executed Form 1295 for the Board's review and recommended the Board approve the payment application and change order. After discussion, Director Rogers moved that the Board approve the payment of pay application no. 1 and change order no. 1, as set out above. Director Hesson seconded the motion, which unanimously carried.

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. Phipps reported that JAC had a pre-construction meeting with Angel and that Angel has started construction surveying but that construction has been slowed by rain.

The Board next considered the status of platting Sections 3 and 4. Mr. Phipps reported that the Section 3 plat submittal is awaiting the approval of Jonah Way, a new street to be constructed in the section, and that the Section 4 plat submittal is awaiting the final title report.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Phipps reported that the lift station is essentially complete, except for receiving electrical service from Entergy. He then presented pay application no. 7, in the amount of \$16,377.86, and recommended that the Board approve the payment of same. After discussion, Director Persson moved to approve the payment of pay estimate no. 7 to Quadvest, as set out above. Director Carlisle 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. Phipps reported that the project has been tested and the mandrels have been pulled thru the lines. He noted that project construction is complete awaiting the lift station start-up and TCEQ final inspection. He then presented pay application no. 5, in the amount of \$7,125.00, and recommended that the Board approve the payment of same. After discussion, Director Persson moved to approve the payment of pay estimate no. 5 to Quadvest, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the status of contract with E&S Construction ("E&S") for construction of the warehouse building project. Mr. Phipps reported that the building is up and work continues to progress. He presented pay estimate no. 5 in the amount of \$138,512.70, and recommended that the Board approve the payment of the pay estimate. After discussion, Director Wetz moved to approve the payment of pay estimate no. 5 to E&S, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the status of a Purchase and Sale Agreement with Woodland Fluid Power Inc. Mr. McCrady reported that the developer requested and he approved a sixty (60) day extension on the contract closing.

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 reported that the developer has requested a sixty (60) day extension and that the revised Agreement will be presented at the next meeting for consideration.

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 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 reported that the developer has requested a sixty (60) day extension and that the revised Agreement will be presented at the next meeting for consideration.

The Board next deferred the approval of an incentive agreement with JRA Services LLC and/or assignees, to authorize the preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to take all action and to execute all required documents in connection with the purchase and sale of the property.

The Board next deferred the approval of an incentive agreement with Memstar USA Inc. and/or assignees, to authorize the preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to take all action and to execute all required documents in connection with the purchase and sale of the property.

The Board next deferred the approval of an incentive agreement with Alan Rudolph Speed Sportz its assignees or affiliates, to authorize the preparation of a Purchase and Sale Agreement relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to take all action and to execute all required documents in connection with the purchase and sale of the property.

The Board next deferred the status of the incentive agreements with Plaza Plastics Corp., Veer Hanuman Hospitality, Inc. and Super Cuts after Mr. McCrady stated he had nothing new to report.

The Board next considered the status of construction of the splash pad in the City of Splendora. Mr. Phipps reported that the new surface has been completed and that the Splash Pad appears to be complete. He noted that JAC is in the process of scheduling the final inspection.

The Board next considered the status of construction of the splash pad site in the City of Roman Forest. Mr. Phipps reported that most of the work is complete, with the exception of the electrical.

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.

Director Wetz advised Mr. McCrady to notify the District's insurance agent, Ms. Courte, that the District has an off-site storage unit.

The Board next considered matters for possible placement on future agendas, including discussion of international travel, which the Board concurred should be held in conjunction with discussions regarding the fiscal year 2018 budget, and discussion on status of construction of a shooting range.

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

(SEAL)



Stephen Carlisle
Secretary, Board of Directors