

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
May 11, 2017

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 May, 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 Director Carlisle, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Matlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, 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 Hesson led in prayer followed by the pledges of allegiance led by Director Rogers.

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 April 20, 2017, and May 3, 2017. After review and discussion, Director Wetz moved to approve the minutes of the Board of Directors meetings held on April 20, 2017, and May 3, 2017, as written. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the review of Community Development Grant Funding Requests. Mr. McCrady reviewed the attached results of the Grant Scores and Peer Review Scores with the Board and noted that \$48,993 of the budgeted grant money is available and that the District received grant requests totaling \$59,140.

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The Board next reviewed the following grant requests, including:

- American Legion Holbrook Post 615 (“ALHP 615”) relative to funding \$3,840.00 to fund the program fee for 8 boys to attend the Texas Boys State 2017 Program. Mr. McCrady noted that there are no matching funds as this is a mini grant request;
- American Legion Auxiliary Unit 615 (“ALAU 615”) relative to funding \$3,800.00 to send 8 junior girls to Blue Bonnet Girls State to teach good citizenship and government. Mr. McCrady noted that there are no matching funds as this is a mini grant request.
- City of Woodbranch Village Police Department (“WVPD”) relative to funding \$5,000.00 to purchase tasers, taser holsters, taser batteries, smart cartridges and data port download USB kit. Mr. McCrady noted that the total cost of four (4) tasers is \$5,540.48, and that the WVPD will fund the balance.
- Girl Scout Troop 116007 relative to funding \$500.00 to fund a camping trip. Mr. McCrady noted that there are no matching funds as this is a mini grant request.
- Montgomery County Youth Services (“MCYS”) relative to funding \$6,000.00 of a total project cost of \$7,980.00 to fund the sponsorship of 20 East Montgomery County children to attend the 2017 Camp Watsitumi. Mr. McCrady noted that MCYS is providing \$1,980.00 in matching funds.
- New Caney Independent School District (“NCISD”) relative to funding \$5,000.00 to fund pre-school backpacks. Mr. McCrady noted that there are no matching funds as this is a mini grant request.
- Roman Forest Police Department (“RFPD”) relative to funding \$30,000.00 of a total project cost of \$69,910.84 to update radio systems to be compliant with the Montgomery County radio system. Mr. McCrady noted that RFPD is providing \$39,910.84 in matching funds.
- The Women’s Center, Lone Star College-Kingwood relative to funding \$5,000.00 to purchase books for literacy program. Mr. McCrady noted that there are no matching funds as this is a mini grant request.

After discussion, Director Hesson made a motion to approve all grant funding as requested, except to reduce the grant to RFPD by \$10,000. Director Persson seconded the motion. Director Hesson recommended that as a condition to funding the grant, RFPD be required to increase its matching funds amount by \$10,000 to enable full funding of the projects. Director Webb suggested the District not fund the NCISD grant, and that the \$5,000 be to restore \$5,000 of the

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funds to the RFPD. Director Zepeda suggested that the \$5,000 saved by not funding the NCISD grant be split between the ALHP 615 and the ALAU 615 to bring the total of their grant requests to \$5,000. A discussion ensued whether ALHP 615 and ALAU 615 had a use for the additional funds, noting that the representatives of each had stated that it was past the deadline for adding additional participants. Director Wetz made a motion to amend the original motion to decline the NCISD grant request and to allocate \$1,260 in additional grants funds to ALHP 615 and an additional \$1,200 in grant funds to ALAU 615 for use as requested and approved by Mr. McCrady, with any of such funds not expended by the next grant request deadline being forfeited. Director Zepeda seconded the motion to amend. Director Zepeda noted that the RFPC application is not complete and therefore under District policies, should not be considered. Director Wetz stated that the WVPD representative was 20 minutes late to the Board workshop meeting and that the grant application should be ineligible for failure to appear as required under District policies. The Board next discussed the motion as amended. After discussion and vote, the motion to amend passed unanimously. The Board then considered the motion as amended. Mr. McCrady recommended that if the Board approves the \$10,000 reduction in the RFPD grant request, the RFPD be permitted to reduce the total project size and its matching amount to reflect a pro rata reduction to match the grant reduction. After further discussion, a vote was called and the motion, as amended, passed unanimously. The Board concurred that Mr. McCrady should obtain a revised project summary with the revised grant amount and pro rata revised matching funds for the RFPD grant request.

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 Hesson made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14092 through 14159, inclusive, with check no. 14116 being voided, five (5) certified checks, fourteen (14) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2522 through 2526, inclusive, as set forth on the attached reports. Director Wetz seconded the motion, which unanimously carried.

Ms. Townley next presented and reviewed with the Board the attached Quarterly Investment Report ("QIR"), which had been prepared by M&A, for the reporting period ending March 31, 2017. After review, Director Hesson moved to approve the District's QIR and to authorize the Investment Officer to execute same on behalf of the Board and District. Director

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Wetz seconded the motion, which unanimously carried.

The Board next considered the following announcements:

- May 12<sup>th</sup> & May 13<sup>th</sup> – Rock the Ranch music festival
- May 13<sup>th</sup> – Kingwood College Graduation (1,200 students graduating, including 164 early High School students)

The Board next recessed to Executive Session at 6:30 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 7:32 p.m.

Director Martin entered the meeting during the executive session.

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 he had nothing new to report, but noted that the building is experiencing a problem with birds nesting on it again.

The Board next deferred the status of design of the new District building by Turner Duran Architects.

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 he has received several inquiries, but that no dirt sales have occurred.

The Board next considered the status of the contract with Texas Dirt LLC ("TD") for construction of the second phase of the regional detention basin. Mr. Costanza reported that a pre-construction meeting was held and that a notice to proceed was issued with a start date of May 8, 2017. He noted that work has begun.

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 after rejection again of several loads of base materials, the proper materials were finally delivered and have been placed and compacted according to specifications. He stated that the asphalt is scheduled to be laid this week. Mr. Costanza noted that the project was originally designed with

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a 10" base specified in the plans to provide a road that could sustain the impact of large trucks, but that the bid documents indicated an 8" base which is what the contractor bid. He reported that a 10" base was installed as originally designed and presented change order no. 2, an increase in the amount of \$56,131.74, for the change in quantity and other items and the executed Form 1295 from Quadvest for the Board's review. Mr. Costanza then presented pay application no. 2, in the amount of \$83,574.83, and recommended that the Board approve the payment of pay estimate no. 2 and approval of change order no. 2. After discussion, Director Persson moved that the Board approve the payment of pay application no. 2 and approve change order no. 2, as set out above. Director Hesson 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. Costanza reported that except for the borings under the big ditch and completing the lift station, once electricity is received, the project will be ready for testing. He then presented pay application no. 2, in the amount of \$23,463.73, and recommended the Board approve the payment of same. After discussion, Director Wetz moved that the Board approve the payment of pay application no. 2 to Clearwater, as set out above. Director Martin seconded the motion, which unanimously carried.

The Board next considered the status of the contract with Angel Brothers for the construction of roads to serve Industrial Park, Section 4. Mr. Costanza reported that work has begun and that the storm sewer was constructed along Nichols Way to the drainage ditch. He stated that no pay application was received during the month.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza 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. Costanza reported that the lift station is essentially complete, except for receiving electrical service from Entergy. He stated that the project cannot be finalized until power is received from Entergy.

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 project construction is complete. He presented pay application no. 6 (final), in the amount of \$18,316.42, change order no. 2, a decrease in the project in the amount of \$242,670.10, Form 1295

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for the Board's review and the Engineer's Certificate of Substantial Completion, and recommended that the Board approve the payment of pay estimate no. 6 (final), to approve change order no. 2, and to accept the project as complete. After discussion, Director Martin moved that the Board approve the payment of pay application no. 6 (final) to Quadvest, approve change order no. 2, and to accept the project as complete, as set out above. Director Zepeda 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. Costanza reported that the building is up and work continues to progress. He presented pay estimate no. 6 in the amount of \$50,130.90, 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. 6 to E&S, as set out above. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the status of construction of the splash pad in the City of Splendora. Mr. Costanza reported that the deck coating has been removed and replaced and that the splashpad is scheduled to re-open this weekend.

The Board next considered the status of construction of the splash pad site in the City of Roman Forest. Mr. Costanza reported that the electrical issues have been resolved and startup will occur if the water clears.

The Board next considered the status of a Purchase and Sale Agreement with Woodland Fluid Power Inc. Mr. McCrady reported that the sale documents are at the title company and the transaction is expected to close in June.

The Board next considered the status of a Purchase and Sale Agreement with Metal Specialties or assignees relative to the purchase of a site in the Industrial Park. Mr. McCrady reported that he is waiting on a response from their attorney.

The Board next deferred the status of a Purchase and Sale Agreement with Fire Ant Rescue Inc. d/b/a Bug Police relative to the purchase of a site in the Industrial Park after Mr. McCrady stated that he had nothing new to report.

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 he is waiting on a response from their attorney.

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The Board next considered the approval of an incentive agreement with JRA Services LLC dba Hometown Chef Catering Co. 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. Mr. McCrady noted he has received the executed Form 1295 from JRA. After discussion, Director Martin moved to approve an incentive agreement with JRA Services LLC dba Hometown Chef Catering Co. 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. Director Hesson seconded the motion, which unanimously carried.

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 Andrew Fabrication, 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 considered a report on activities of the 85<sup>th</sup> Texas Legislation, including legislation or proposed legislation affecting the District's enabling statute. Mr. McCrady stated that legislation is pending to allow Lone Star College to provide 4-year college programs. He noted that such legislation would have a positive impact on the community.

The Board next considered the adoption of a Resolution of Support for East Montgomery County Entertainment Initiative ("Resolution"). Mr. McCrady discussed the attached Resolution with the Board. After discussion, Director Persson made a motion that the Board adopt the Resolution. Director Hesson seconded the motion, which carried, with Director Wetz being opposed.

The Board next discussed international travel relative to recruiting projects to the District. Director Hesson stated he wants to make sure the Board is transparent with travel. Director Rogers questioned the cost per year to attend international trade show, including how many shows to attend and the number of people that attend. Mr. McCrady discussed the current opportunities to

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attract foreign companies to come to the United States. Director Webb recommended that the Board review international travel on a case by case basis and to make a determination of whether to attend a specific trade show at that time. Mr. McCrady stated it costs approximately \$6,000-\$12,000 per show for the District to participate as an exhibitor at trade shows. After discussion, the Board concurred to remove the item from the agenda.

The Board next considered matters for possible placement on future agendas, including discussion of the District holding the Fire and Ice Festival every other year, and discussion on feasibility of raising scholarship amounts.

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



  
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Katherine Persson  
Asst. Secretary, Board of Directors