

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 14, 2020

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 14th day of May, 2020, at 5:30 p.m., via teleconference, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted member of said Board of Directors, as follows:

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

and all of said persons were present, thus constituting a quorum.

Also present by teleconference were Mr. Frank McCrady, Mr. Joe O’Connell, Mr. David Marks, Mr. Ben Morse, Ms. Brandi Eckersley, Mr. Joe Costanza, Ms. Kaye Townley, Chief Howard Rinewalt, Mr. Shane Rowe, Dr. Jeff Burke, Mr. Kevin Lynch, Mr. Christopher Hopkins, Mr. Mark Winberry, and Mr. Thomas Segura.

Chair Webb called the meeting to order, announced that a quorum was present by teleconference.

As the first order of business, the Board deferred receiving questions and comments from members of the audience, after Chair Webb noted that no members of the public signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on March 27, 2020, April 9, 2020, April 16, 2020 and April 23, 2020. After review and discussion, Director Zepeda moved to approve the minutes of the Board of Directors meetings held on March 27, 2020, April 9, 2020 and April 16, 2020, as written and to approve the minutes of the meeting on April 23, 2020, as revised. Director Carlisle seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmative, the motion unanimously carried.

East Montgomery County Improvement District meeting of May 14, 2020

The Board next considered a presentation relating to the construction of a playground at an elementary school in Splendora ISD (“SISD”) and authorizing the preparation of an agreement for participation with Splendora ISD and the developer for development of the playground. Dr. Burke, Superintendent for Splendora ISD, reviewed the plans for a playground at the new Timberlakes Elementary School scheduled to open in August 2020 in the Harrington Trails subdivision located on Hwy 242 and Croake Road and requested a contribution from the District for the playground amenities. Mr. Hopkins with Santec, the Project Manager for the project, reviewed and discussed the attached power point presentation. Mr. Segura with 4-Star development discussed the recreation concept plan, which will be located across the street from the school and described the amenities to be incorporated into the facility. Dr. Burke noted that the SISD will be responsible for the maintenance of the playground facilities located on school property, during school hours. He noted that the maintenance of the playground facilities after school hours has not yet been worked out. Mr. Hopkins then discussed the site plan, which will include the playground, a covered picnic area, a turf mound and various open spaces. Dr. Burke stated that SISD is requesting a donation from the District for the playground structure in the amount of \$53,400.00. The Board next requested a timeline of the development. Dr. Burke stated that all shared amenities will be completed by August 2020. Mr. Hopkins stated that the recreational center construction, across the street from the school, is scheduled to be complete in the Fall 2020. After discussion, Director Carlisle moved to fund the request of SISD, as set out above. Director Persson seconded the motion. A roll call vote was conducted, and with six directors present voting in the affirmative, and director Tramm being present and voting against, the motion carried.

The Board next considered an amendment to the Agreement between the District and Montgomery County ESD No. 7 (“MC ESD No. 7”) relative to the use of Economic Development Funds for the purchase of a Metro 100 ladder truck. Mr. McCrady stated that construction on the original fire truck ordered by MC ESD 7 has not yet begun. Chief Rinewalt stated that MC ESD 7 has found another fire truck that is already built and can be in services in approximately 90 days. He stated that the cost of the fire truck has increased approximately 7%-10% per year. Mr. McCrady noted that the original purchase price of the fire truck was \$1,000,000 plus financing at a maximum rate of 4.5% per annum for a total of \$1,200,000. He stated that the purchase price of the new truck is \$1,200,000 plus financing, which will increase the total cost by approximately \$27,000 per year. Director Carlisle asked if MC ESD No. 7 can split the cost increase 50/50 with

East Montgomery County Improvement District meeting of May 14, 2020

the District. Chief Rinewalt stated that he was not sure if MC ESD 7 has the extra funds available in its budget to split the cost increase. He noted that MC ESD No. 7 will obtain financing and make the payments on the new truck and Mr. McCrady noted that the District will reimburse MC ESD No. 7. After discussion, Director Carlisle moved to terminate the existing contract with MC ESD No. 7 and to approve a new contract with MC ESD No. 7 for a new fire truck, with the new purchase price and financing plan and to split the increase cost amount 50/50 with MC ESD No. 7, as set out above. Director Tramm seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the approval of the Third Amended and Restated Agreement between the District and the Greater East Montgomery County Chamber of Commerce (“GEMCCC”) regarding the funding for certain GEMCCC programs and activities. Mr. McCrady discussed the District’s funding of the GEMCCC and its use of funds. He stated that the GEMCCC is now prioritizing the \$20,000, previously used for community events, for fundraising efforts to help the GEMCCC become self-sufficient. After discussion, Director Persson moved to approve the funding to the GEMCCC in the amount of \$10,000 per year for the next three (3) years. Director Rogers seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmative, the motion 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 discussed how to operate the building in the future and how other governmental organizations have addressed issues raised by the COVID-19 pandemic. He stated that he is looking at monitoring stations to check temperatures and will deny access to potentially infected individuals. Mr. McCrady further stated that there will be no public events held at the building through June and noted that is likely to be extended.

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 three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2790 and 2792 through 2891, inclusive, as set forth on the attached reports. Director Zepeda seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmative, the motion unanimously carried.

East Montgomery County Improvement District meeting of May 14, 2020

The Board next deferred the status of the District's proposed \$8,260,000 Sales Tax Revenue Refunding Bonds, Series 2020 (Taxable).

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

The Board next considered the status of platting the Industrial Park, Section 3. Mr. Costanza stated that the Section 3 plat is awaiting payment of all tax penalties and interest from one landowner. He noted that upon payment of the taxes, the plat will be submitted to Montgomery County for approval.

The Board next considered the status of the contract with Solid Bridge Construction ("Solid Bridge") for the construction of a detention pond and storm sewer trunk lines to serve the Kingwood Parc project. Mr. Costanza reported that the project is 98% complete and that the only item left to complete is the wall along Loop 494, which is being held up due to the TxDOT Loop 494 construction project. He then presented pay application no. 5, in the amount of \$123,575.13 and recommended the Board concur in the developer's payment of same. After discussion, Director Rogers moved that the Board concur in the payment of pay application no. 5, by New Quest, as set out above. Director Wetz seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the status of the drainage improvements along West Industrial Parkway. Mr. Costanza stated that the plans will be completed this week and then submitted to Montgomery County for review.

The Board next considered the adoption of a Resolution Adopting Rules for Electronic Submission of Bids. Mr. Marks noted that, in view of the COVID-19 pandemic, engineers have increasingly requested the ability to solicit electronic bids for District projects. Mr. Marks stated that, pursuant to Section 49.2731, Texas Water Code, the District may not receive electronic bids for District projects under Section 49.273, Texas Water Code, unless the Board adopts rules to ensure the identification, security, and confidentiality of electronic bids and to ensure that the

East Montgomery County Improvement District meeting of May 14, 2020

electronic bids remain effectively unopened until the proper time. Mr. Marks advised the Board that adoption of the proposed Resolution would, subject to the District's receipt of the Engineer's Certificate for Electronic Bidding Software attached to the proposed Resolution, permit the District to receive electronic bids for its projects. After discussion, Director Zepeda moved to adopt the Resolution Adopting Rules for Electronic Submission of Bids, as presented. Director Persson seconded the motion. A roll call vote was conducted, and with all seven directors present voting in the affirmation, the motion unanimously carried.

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 after Mr. Costanza reported that the contract has been submitted to the EDA and MRPC for review.

The Board next deferred authorizing the Request for Proposal (RFP) for Architectural/Engineering Services, including negotiations and contract with best qualified candidates from RFQ process after Mr. Costanza stated this has been completed and can be removed from the agenda.

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. Constanza reported that the EDA has approved the standard AIA contract for architectural/engineering services with Joiner Architects. He noted that the contract has been reviewed by MRPC and the comments are being addressed.

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. Constanza stated that final approval was received on May 1, 2020 from the EDA and that a notice to proceed will be issued with a start date of May 18, 2020.

East Montgomery County Improvement District meeting of May 14, 2020

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; and other items that may arise from time to time.

The Board next considered authorizing District's attorney to prepare and submit title opinion in connection with the project land, including obtaining title information in connection therewith. Mr. Costanza stated that has been completed and the item can be removed from the agenda.

The Board next considered the following announcements:

- None.

The Board next recessed to Executive Session at 7:09 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. The Board returned from Executive Session at 7:49 p.m.

The Board next deferred a report on the status of litigation between Drymalla Construction Co. and the subcontractor on the YMER construction project.

The Board next considered the status of economic development incentive agreements ("IA"). The Board then considered the status of the IA with ArmTact, LLC ("ArmTact"). Mr. McCrady stated that he has received the executed IA from ArmTact 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 had nothing new to report and stated the item can be removed from the agenda.

The Board next considered the status of an IA relative to new development in the Industrial Park. Mr. McCrady stated that the IA is currently with the client for review.

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.

East Montgomery County Improvement District meeting of May 14, 2020

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.

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.

The Board next deferred the status of a land exchange with Catalyst Trading Services, Ltd.

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 stated that the transaction is scheduled to fund and close tomorrow.

The Board next deferred the status of a lease of a 2-acre site to YMER for material storage. Mr. McCrady recommended removing the item from the agenda. The Board concurred with Mr. McCrady's recommendation.

The Board next considered the status of contracts relative to the purchase of land for expansion in the Industrial Park. Mr. McCrady stated that a Letter of Intent has been signed and that the District is closing on a tract on May 30, 2020.

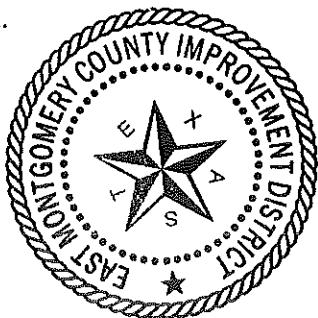
The Board next considered the status of a Contract for the sale of land in the Industrial Park. Mr. McCrady stated that the closing documents are with the title company. The Board then considered the approval of a Resolution of Authority relative to the purchase of a 25-acre tract of land for expansion in the Industrial Park. After discussion, Director Rogers moved to approve the attached Resolution of Authority. Director Wetz seconded the motion. A roll call vote was conducted, and with six directors present voting in the affirmative, and director Persson present but not voting, the motion carried.

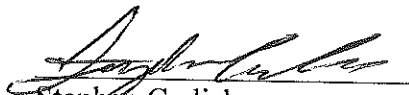
The Board next deferred the review and approval of proposals for use of electronic devices for director information for Board of Directors meetings.

The Board next considered matters for possible placement on future agendas.

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

(SEAL)




Stephen Carlisle
Secretary, Board of Directors