

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
June 7, 2018

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 7<sup>th</sup> day of June, 2018, at 4:00 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 Directors Hesson and Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Tara Martin, Ms. Kelley Matlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Ms. Virginia Blake 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 Carlisle.

As the first order of business, the Board considered comments from members of the audience. Mr. Brett Ligon, Montgomery County District Attorney ("DA"), address the Board and discussed the role of DA in law enforcement. He stated that the DA's office would like the ability to conduct its own traffic investigations and the need for a "total station". Mr. Ligon stated that the DA's office is willing to pay ½ of the \$40,000 total cost, if the District is willing to pay the other ½.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on May 10, 2018. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meeting held on May 10, 2018, as presented.

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Director Martin seconded the motion, which unanimously carried.

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2018. Ms. Blake presented to the Board an engagement letter from McCall Gibson Swedlund Barfoot PLLC ("McCall") and stated that the projected fees to prepare the District's audit are estimated at \$16,000 to \$17,000. She then stated that the projected fees to prepare the audit reports for the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3, and 4 (the "Zones") are estimated at \$1,500 to \$2,000 for each Zone and presented the executed Form 1295 for the Board's review. After discussion on the matter, a motion was made by Director Martin and seconded by Director Wetz, which unanimously carried, that the Board engage McCall to prepare the District's audit report and the audit reports for the Zones for the fiscal year ending June 30, 2018.

The Board next considered the review and approval of the Report on Applying Agreed-Upon Procedures to Sales Tax Calculations to Comply with Agreements with Montgomery County Emergency Services District No. 6 ("ESD 6") and Montgomery County Emergency Services District No. 7 ("ESD 7"). Ms. Blake presented and reviewed the attached draft report with the Board. She stated that as of June 7, 2018, the sales tax revenue owed by EMCID to ESD 6 totals \$388,978.11 and the sales tax revenue owed by EMCID to ESD 7 totals \$176,332.18. After discussion on the matter, Director Rogers made a motion to approve the Report and the payments of the amounts owed to ESD 6 and ESD 7, as presented. Director Zepeda seconded the motion, which unanimously carried. Mr. McCrady then requested that Ms. Blake send back-up documentation from last month's ESD 7 audit to Jan Peterson.

The Board next deferred the review and approval of a new Grant Agreement with ESD 7, after Mr. McCrady noted that he has not received any information on the proposed purchase of the ladder truck.

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 and status of a long-term lease agreement in connection with use of District building space by MET. Mr. McCrady stated that the lease agreement with MET will end in July. He noted that the Grand Parkway construction is continuing and that he has the EASL Lease Space Agreement for execution by the Board.

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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. 15293 through 15361, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2592, 2593, 2595 and 2596, as set forth on the attached reports. Director Carlisle seconded the motion, which unanimously carried.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2019, after Mr. McCrady stated that the budget committee will conduct a budget workshop prior to the July meeting.

The Board next considered the status of an economic developments. The Board deferred the status of the Incentive Agreement with YMER Technology ("YMER") relative to its lease of a building in the Industrial Park.

The Board next deferred the status of the Incentive Agreement with McDonald's of New Caney after Mr. McCrady stated that the Agreement has been sent to McDonald's for execution.

The Board next considered the status of an Incentive Agreement with Olive Garden Holdings, LLC. Mr. McCrady stated that the Agreement is in process.

The Board next deferred the approval of an Incentive Agreement with HEB; Darst Funeral Directors, Inc.; and Presidential Billiards, L.P. after Mr. McCrady stated he has not received the required Form 1295 from the various entities.

The Board next deferred the approval of an Incentive Agreement with North Caney Hospitality, Inc. after Mr. McCrady stated they are still in the process of evaluating sites.

The Board next considered a report on activities within the Industrial Park, including the approval of plans and specifications and to authorize the engineer to advertise for bids for the construction of a second building for YMER Technology. After discussion, Director Zepeda moved to approve the plans and to authorize the engineer to advertise the project for bids. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the review of bids and award of a contract for the construction of a concrete pad to serve YMER Technology. After discussion, the Board deferred award of the contract to Rebel to later in the meeting.

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The Board next considered the status an Incentive Agreement and approval of a Purchase and Sale Agreement with EJVS Enterprises relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the developer is looking at other sites and may not purchase property in the Industrial Park.

The Board next considered the status of an Incentive Agreement and approval of a Purchase and Sale Agreement with Agient Security ("Agient") relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that Agient is in the process of registering its company name with the Texas Secretary of State office.

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").

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.

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 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 a final inspection was performed on June 6, 2018. He then presented pay application no. 9 (final), in the amount of \$69,069.49, and recommended the Board approve the payment of same. Mr. Costanza also presented change order no. 3 a decrease in the contract in the amount of \$74,918.16 and the executed Form 1295 from Clearwater. He then presented the Engineer's Certificate of Substantial Completion and recommended that the Board accept the project as complete. After discussion, Director Zepeda moved that the Board approve the payment of pay application no. 9 (final), approve change order no. 3, based on a finding by the board that said change order is necessary and beneficial to the district, and to accept the project as complete, as set out above. Director Carlisle 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. Constanza reported that the project is substantially complete and that JAC has requested a final inspection for approval from Montgomery County. He stated that the contract will be finalized once the County has performed its final inspection.

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The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 plat is ready for submittal but cannot be submitted until one remaining property owner pays the taxes owed. He noted that the taxpayer of record has been contacted but that the taxes still have not been paid. He then stated the section 4 plat only requires a road bond and that JAC has contacted the insurance company to acquire same.

Mr. Costanza next reported that Century Link damaged the road. He stated that the District will need to get the road repaired and back charge Century Link.

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 project is complete. He then presented pay application no. 16 (final), in the amount of \$60,556.51, and recommended the Board approve the payment of same. Mr. Costanza also presented change order no. 3, a decrease in the project in the amount of \$11,098.49 and the executed Form 1295 from E&S. He then presented the Engineer's Certificate of Substantial Completion and recommended that the Board accept the project as complete. After discussion, Director Zepeda moved that the Board approve the payment of pay application no. 16 (final), approve change order no. 3, based on a finding by the board that said change order is necessary and beneficial to the district, and to accept the project as complete, as set out above. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the approval of a Right of Way Instrument with Entergy Texas, Inc. Mr. Costanza stated that Entergy requested a 16-foot easement along Gene Campbell to facilitate the road widening project. He stated that the easement document submitted by Entergy requires modifications that Entergy has agreed to. After discussion, Director Martin moved that the Board approve the Right of Way Instrument with Entergy, subject to acceptance of the requested modifications by Entergy. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the approval of the destruction of notes of Board of Directors meetings from February 16, 2017 to February 15, 2018, in accordance with the District's Records Retention Schedule for General Records. Mr. Marks presented the attached list of records and advised that the time limitations for retention had passed for all records listed, that, to the best of his knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Martin made a motion to authorize the destruction of said notes as requested and in accordance with the provisions of the District's Records Management Program and said

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Schedule. Director Carlisle seconded said motion, which unanimously carried.

The Board next considered the following announcements:

- None

The Board next presented a check to NC Customs in accordance with its Incentive Agreement with the District.

The Board next recessed to Executive Session at 4:58 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 5:31 p.m.

The Board next considered the execution of Community Development Grant Agreements and the presentation of Community Development Grants. Chairperson Webb executed the Community Development Grant Agreements and presented the grant checks to Boy Scout Troop 1011, City of Splendora, Friends of Splendora AG, Mia's Hope Pregnancy Center, City of Patton Village-Patton Village Police Department, St. John of the Cross Knights of Columbus Council #13166, Society of St. Stephen-Kingwood, Splendora ISD Education Foundation and Splendora Youth Baseball Association.

The Board next considered the review of bids and award of a contract for the construction of a concrete pad to serve YMER Technology building #1. Mr. Costanza stated that two bids were received, with the low bid being submitted by Rebel Construction in the amount of \$72,525.00, presented the executed TEC Form 1295 from Rebel, and recommended that the Board award the contract to Rebel. After discussion, Director Martin moved that the Board award the contract to the low bidder, Rebel, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the review of Emergency Preparedness Grants. Mr. McCrady re-iterated that the District has allocated a total of \$200,000 for emergency preparedness grants, with \$100,362 of emergency grants being approved in the Fall of 2017, leaving \$99,638 available for the Spring 2018 grants and discussed the following two (2) requests:

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- Montgomery County Constable's Office, Pct. 4/MCESD No. 7 EMC Fire Department (MCCOP4/MCESD7) in the total amount of \$92,260 for 1) zodiac rescue boat, outboard motor & trailer (\$38,267); 2) dry/wet suits, rescue PPE (\$15,994); 3) rescue jet ski towable sled (\$929); and 4) black Chevy 3500 passenger van (\$37,070).
- Splendora Police Department ("SPD") with Part A in the total amount of \$34,934 for 1) 3 types of drones : Phantom 4 - \$2,263; Inspire 2 - \$5,286 or Matrice 200 - \$15,934; 2) training for two (2) pilots (\$5,000); and 3) flare capability (Zenmuse 30 HzFLIR) (\$14,000). He then reviewed Part B in the total amount of \$41,085.38 for 1) 2018 Tahoe Command Vehicle to carry on board charging station and other drone equipment with a base amount of \$32,928 and upfront amount of \$8,157.38.

After discussion on the matter, Director Carlisle moved to approve both emergency preparedness grants, excluding the two (2) vehicles, for a total of \$55,190 to MCCOP4/MCESD7 and \$34,934 to SPD. Director Martin seconded the motion, which unanimously carried.

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, 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 7:45 p.m.

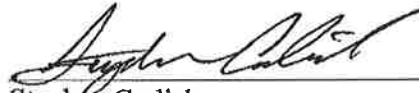
The Board next considered the review and approval of the Fifth Amendment to Third Amended and Restated Contract of Employment between the District and Frank McCrady (the "Fifth Amendment"). After discussion on the matter, Director Martin made a motion to approve the Fifth Amendment to Third Amended and Restated Contract of Employment between the District and Mr. McCrady, as amended by the First, Second, Third and Fourth Amendment to such Contract (collectively, the "Contract") to extend Mr. McCrady's term of employment by one (1) additional year and to authorize payment of Discretionary Incentive & Deferred Compensation in the amount of \$15,000. Director Rogers seconded said motion, which unanimously carried.

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The Board next considered the acceptance of the Oath of Office (“Oath”), Statement of Elected Officer (“Statement”) and Election Not to Disclose Personal Information (“Election”) for Stephen Carlisle, Leonard Rogers, Richard Tramm and Martin Zepeda. Mr. Carlisle, Mr. Rogers, Mr. Tramm and Mr. Zepeda took their Oaths and executed their Statements and Elections. After discussion on the matter, it was moved by Director Wetz, seconded by Director Martin and unanimously carried that the Board accept said Oath, Statement and Election for Directors Carlisle, Rogers, Tramm and Zepeda and declare them elected for a four-year term, commencing July 1, 2018.

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.



Stephen Carlisle  
Secretary, Board of Directors

(SEAL)

