

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
June 9, 2016

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 9<sup>th</sup> day of June, 2016, at 6:30 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
Scott Hesson	Treasurer
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Isidor Ybarra, Jr.	Director

with all of said persons being present, except Director Zepeda, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Ms. Tara Martin, Ms. Kara Richardson, Mr. Joe Costanza, Ms. Kaye Townley, Ms. Virginia Blake and others from the community, as shown on the attached sign in sheet.

Chairperson Webb called the meeting to order and announced that a quorum was present.

Director Hesson led in prayer followed by the pledge of allegiance led by Director Carlisle.

As the first order of business, the Board deferred comments from members of the audience after Chairperson Webb stated no one had signed up to address the Board.

The Board next considered the execution of Grant Agreements and the presentation of Community Development Grants. Chairperson Webb executed the Grant Agreements and presented the grant checks to various organizations.

## **Minutes of East Montgomery County Improvement District for June 9, 2016**

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on May 12, 2016, and May 17, 2016. After review and discussion, Director Persson made a motion to approve the minutes of the Board of Directors meetings held on May 12, 2016, and May 17, 2016, as written. Director Ybarra 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, 2016. 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 \$14,000 to \$16,000. 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. After discussion on the matter, a motion was made by Director Persson and seconded by Director Rogers, 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, 2016.

The Board next considered the review and approval of the Report on Applying Agreed-Upon Procedures to Sales Tax Calculations to Comply with Agreements for 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 9, 2016, the sales tax revenue owed by EMCID to ESD 6 totals \$284,542.86 and the sales tax revenue owed by EMCID to ESD 7 totals \$137,102.27. After discussion on the matter, Director Ybarra made a motion to approve the Report and the payments of the amounts owed to ESD 6 and ESD 7, as presented. Director Martin seconded said 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 Hesson made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 13181 through 13252, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Fund, being check nos. 2458 and 2461, as set forth on the attached reports. Director Persson seconded

## **Minutes of East Montgomery County Improvement District for June 9, 2016**

the motion, which unanimously carried.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2017, until later in the meeting.

The Board next considered the approval of an emergency grant request from Montgomery County Constable Precinct 4 ("Pct. 4") for flood rescue equipment. Mr. McCrady stated that this type of funding would usually go through the normal grant process, but, due to the recent flooding experienced within the District, Pct. 4 submitted an emergency grant request to replace some equipment that was damaged during rescues performed during the floods. Mr. Welch introduced himself and gave a brief overview of the swift water rescue program. He noted that they have deployed the team four (4) times this year and have increased the team size to twelve (12) members. He stated that they need special equipment for these types of deployments and rescues. Mr. Welch then presented the attached quote from Shoreline Supply for life vests, wet shoes, water helmets and other equipment in the total amount of \$2,163.27. After discussion, Director Persson moved to approve the emergency grant request to Pct. 4, as set out above. Director Ybarra seconded said motion, which unanimously carried. Director Carlisle thanks Mr. Welch for a job well done.

The Board next considered the following announcements:

- July 4<sup>th</sup> – Celebration in Roman Forest

The Board next recessed to Executive Session at 6:59 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 9:00 p.m.

The Board next considered the status of development of the District's 12.85 acre site, including the construction of improvements, the leasing of space in the District's office building and the status of the possible condemnation of District property by TxDOT for the Grand Parkway development. Mr. McCrady reported that the condemnation suit with TxDOT was tried in front of a jury this month and that the jury awarded the District over \$4,000,000 as compensation for

## **Minutes of East Montgomery County Improvement District for June 9, 2016**

the land taken by TxDOT as part of the Grand Parkway extension.

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 stated that the District has not sold any more dirt, but he noted that he has spoken to potential buyers.

The Board next deferred the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3 after Mr. Costanza noted that the contractor is waiting on the drainage project to be completed.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Section 4.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 preliminary plat is complete and that JAC is working on Section 4.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza stated the work is continuing.

The Board next deferred the status of the contract with Quadvest for construction of the sanitary sewer and water facilities to serve Industrial Park, Section 3 after Mr. Costanza noted that the contractor is waiting on the drainage project to be completed.

The Board next considered the status of the contract with National Sign Co. for the installation of Industrial Park signage on FM 1314. Mr. Costanza stated that the installation of the sign, irrigation system and landscaping is complete.

The Board next considered the status of contract with National Sign Co. ("NSC") for installation of Industrial Park signage on FM 1485. Mr. Costanza reported that the clearing is almost complete and that NSC has staked the site. He stated that installation should begin in July. Director Ybarra then asked about the costs associated with the installation. Mr. Costanza stated that the cost of the project is approximately \$67,000, which is under the projected project budget.

The Board next deferred the status of an Incentive Agreement and a Purchase and Sale Agreement relative to the purchase of a 20 acre site by Command Energy.

The Board next considered the status of the Keysteel expansion project. Mr. Costanza reported that construction of the expansion has not yet begun.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Tiro, Inc., or assignees, relative to the purchase of an approximate 4 acre site.

## **Minutes of East Montgomery County Improvement District for June 9, 2016**

The Board next considered the status of an Incentive Agreement and Lease Agreement with General Ballistics, Inc., or assignees. Mr. Costanza reported that the architect is working on the design for the building. He noted that the engineer for General Ballistics needs to determine the location of the firing range prior to designing the building, and that once the design details are decided upon, a Lease Agreement will be negotiated.

The Board next considered the status of building design, review of bids and award of a contract for construction of same relative to General Ballistics project. Mr. Costanza noted that the bidding process will commence once the Lease Agreement has been executed.

The Board next considered the status of preparation of plans, review of bids and award of contract for construction of range for use by police within the District. Mr. Costanza stated that the range design will commence after the Lease Agreement with General Ballistics has been executed.

The Board next considered the adoption of an operating budget for the fiscal year 2016-2017. Mr. McCrady reviewed highlights of the draft budget with the Board. Director Carlisle asked about the Special Events line item and Mr. McCrady discussed the various events associated therewith. After discussion on the matter, Director Rogers made a motion to approve the operating budget as presented. Director Persson seconded said motion, which unanimously carried.

The Board next considered the status of construction of the splash pad in the City of Splendor ("Splendor"). Mr. Costanza reported that Splendor has received the drawings and has staked the site. He noted that construction should begin soon.

The Board next deferred approval of an Agreement for the splash pad site between the District and the City of Roman Forest and the status of purchasing through BuyBoard for the construction of the splash pad. Mr. Costanza reported that he visited the site and noted that the initial design footprint will not fit the designated site. He stated that Roman Forest does not want to cut down any trees and is having a difficult time locating a place to install the underground water recycling equipment without disturbing the existing tree roots. Mr. Costanza reported that once the final splash pad shape is determined, they will survey the site and have the contract for the equipment executed by Kraftsman.

The Board next deferred the status of an Incentive Agreement with RREI LP relative to a new service center in the District.

## **Minutes of East Montgomery County Improvement District for June 9, 2016**

The Board next deferred the request from the Records Management Officer to destroy the notes of Board of Directors meetings from January 8, 2015, to January 8, 2016, in accordance with the Records Retention Schedule for General Records.

The Board next considered authorizing completion, execution and filing with the Secretary of State of Voting System Annual Filing Form relative to District elections. Following discussion, a motion was made by Director Carlisle and seconded by Director Martin, which carried unanimously, to authorize the completion, execution and filing with the Secretary of State of Voting System Filing Form.

The Board next considered the review and approval of the Third Amendment to Third Amended and Restated Contract of Employment between the District and Frank McCrady (the "Third Amendment"). After discussion on the matter, Director Persson made a motion to amend the Third Amended and Restated Contract of Employment between the District and Mr. McCrady, as amended by the First and Second Amendment to such Contract (collectively, the "Contract") and approve the Third Amendment to extend Mr. McCrady's term of employment by one (1) additional year, to provide for reimbursement of costs associated with Mr. McCrady's membership at Kingwood Country Club, to reduce Mr. McCrady's annual base salary to \$196,525.46 to offset the costs associated with the District's agreement to pay for costs associated with the Country Club membership, and to revise Section II. B. of the Contract to provide for annual Discretionary Incentive & Deferred Compensation in an amount not to exceed ten percent (10%) of the Mr. McCrady's annual salary, with the amount of such Discretionary Incentive & Deferred Compensation to be awarded at the Board's discretion and based upon Mr. McCrady's job performance. Director Rogers seconded said motion, which unanimously carried.

The Board next considered awarding Mr. McCrady Discretionary Incentive & Deferred Compensation based on Mr. McCrady's job performance over the past year, in accordance with the Contract between the District and Mr. McCrady, as amended by the First and Second amendments to said Contract. After discussion, Director Martin made a motion to award Mr. McCrady the three percent (3%) Accrued Compensation provided in Section II.B.1. of the Contract and a three percent (3%) Incentive Payment as provided in Section II.B.2 of the Contract. Director Carlisle seconded the motion, which carried unanimously.

**Minutes of East Montgomery County Improvement District for June 9, 2016**


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 Katherine Persson, Dale Martin, Brenda Webb and Fred Wetz. Ms. Persson, Mr. Martin, Ms. Webb and Mr. Wetz took their Oaths and executed their Statements and Elections. Ms. Richardson advised that the Oaths of Ms. Persson, Mr. Martin, Ms. Webb and Mr. Wetz would be filed with the Secretary of State in a timely manner. After discussion on the matter, it was moved by Director Ybarra, seconded by Director Carlisle and unanimously carried that the Board accept said Oath, Statement and Election for Directors Persson, Martin, Webb and Wetz and declare them elected for a four year term, effective July 1, 2016.

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