

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
June 11, 2020

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 June, 2020, at 5:30 p.m., via online videoconference, 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, except Director Persson, thus constituting a quorum.

Also present by video conference were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Matlage, Mr. David Marks, Mr. Ben Morse, Ms. Brandi Eckersley, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Josh Rambo, and Ms. Jennifer Green.

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 May 14, 2020 and May 28, 2020. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meetings held on May 14, 2020 and May 28, 2020, as written. Director Zepeda seconded the motion. A roll call vote was conducted, and with all five directors present voting in the affirmative, the motion unanimously carried.

Director Carlisle entered the meeting at this time.

## **East Montgomery County Improvement District meeting of June 11, 2020**

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2020. Mr. Rambo 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 \$17,500, and with the HB 1378 filing fee of \$750. He 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 Wetz 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, 2020, as set out above. Director Zepeda seconded the motion. A roll call vote was conducted, and with all six 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 stated that building will re-open to the public sometime between July 1 – July 15. He stated that temporary monitoring stations will be set up to check temperatures and that personal protection equipment will be provided. Mr. McCrady further stated that the Event Use/Rental Form has been updated to reflect the current COVID-19 situation and noted that there will be no public events held at the building during the month of July.

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. 17434 through 17437, inclusive, three (3) wire transfers and debits for payroll, on the EDA Grant Account, being check no. 1001, on the Plains Kingwood Detention Account being check no. 1004, and on the Special Events Fund being check nos. 2892 through 2941, inclusive, with check no. 2940 being voided, as set forth on the attached reports. Director Rogers seconded the motion. A roll call vote was conducted, and with all six directors present voting in the affirmative, the motion unanimously carried.

## **East Montgomery County Improvement District meeting of June 11, 2020**

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2021, until later in the meeting.

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 the YMER building experienced failures with the outside sprinkler system, an air conditioning unit and lighting. He noted that all items were covered under warranty and have been repaired. He further noted 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 stated that no pay applications were received during the month.

The Board next considered the status of the drainage improvements along West Industrial Parkway. Mr. Costanza stated that the plans have been submitted to Montgomery County for review.

The Board next considered a report on the Economic Development Administration ("EDA") Business Center Building in the Industrial Park, including the approval of contract with J.A. Costanza & Associates Engineering, Inc. ("JAC") relative to program management and/or engineering services related to the project. Mr. Marks stated that MRPC has reviewed the contract and that the contract has been approved by Mr. McCrady. After discussion, Director Carlisle moved to approve the contract with JAC, as set out above. Director Rogers seconded the motion. A roll call vote was conducted, and with all six directors present voting in the affirmative, the

## **East Montgomery County Improvement District meeting of June 11, 2020**

motion unanimously carried.

The Board next considered authorizing Agreement for Architectural/Engineering Service. Mr. Marks stated that MRPC has reviewed the Agreement with Joiner Architects (“Joiner”) and that the Agreement has been approved by Mr. McCrady. After discussion, Director Carlisle moved to approve the Agreement with Joiner, as set out above. Director Rogers seconded the motion. A roll call vote was conducted, and with all six directors present voting in the affirmative, the motion unanimously carried.

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 TDG moved on-site on June 5, 2020 and that the project is 25% complete.

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 the following announcements:

- Mr. McCrady presented the attached Calendar of Events.

The Board next recessed to Executive Session at 6:04 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 8:18 p.m.

The Board next considered the adoption of an operating budget for the fiscal year ending June 30, 2021. Mr. McCrady presented and reviewed the attached proposed budget with the Board. Director Wetz moved and Director Rogers seconded to approve the Budget as presented. The Board then discussed shifting \$50,000 to the Community Development-Grants line item from savings. After discussion, Director Carlisle moved that the motion to approve the budget as

## **East Montgomery County Improvement District meeting of June 11, 2020**

presented be amended to shift \$50,000 from savings to the Community Development-Grants line item, as reflected above. Director Rogers seconded the motion. A roll call vote was conducted, on the amendment of the original motion, and with all six directors present voting in the affirmative, the motion unanimously carried. The Board then further discussed the motion to approve the budget as amended. A roll call vote was conducted on the motion as amended, and with all six directors present voting in the affirmative, the amended motion unanimously carried.

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 deferred the status of the IA relative to new development in the Industrial Park after 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.

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 considered the approval of a Conveyance of Utility Facilities (“Conveyance”) for water, sanitary sewer and lift station facilities to serve Industrial Park, Section 4 (Clearwater) to EMC 3. Mr. Marks reviewed the Conveyance with the Board. After discussion, Director Rogers moved to approve the Conveyance, as set out above. Director Zepeda seconded the motion. A roll call vote was conducted, and with all six directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the status of a Purchase and Sale Agreement with E9 Capital Inc. (Gamma) for purchase of a tract in the Industrial Park. Mr. McCrady stated that the Agreement is with the purchaser for signature.

The Board next considered the status of an Option Agreement and lease with Stanchi relative to the sale of a 3-acre tract in the Industrial Park. Mr. McCrady reported that Stanchi terminated its lease this month and that the Option Agreement has been executed.

The Board next considered the status of a land exchange with Catalyst Trading Services, Ltd. Mr. McCrady reported that Catalyst is no longer interested in the land exchange and will stay where it is currently located.

## **East Montgomery County Improvement District meeting of June 11, 2020**

The Board next deferred the status of contracts relative to the purchase of land for expansion in the Industrial Park.

The Board next deferred the status of a Contract for the sale of land in the Industrial Park.

The Board next considered the approval of a Resolution of Authority relative to the purchase and financing of an 85-acre tract of land for expansion of the Industrial Park. After discussion, Director Carlisle 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, the motion unanimously carried.

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

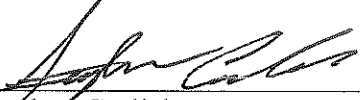
The Board next considered the approval of the destruction of notes of Board of Directors meetings from February 2019 through February 2020, in accordance with the District's Records Retention Schedule for General Records. Mr. Marks presented the attached list of records and advised that the time limitations 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 Wetz 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 Schedule. Director Zepeda seconded the motion. A roll call vote was conducted, and with six directors present voting in the affirmative, the motion unanimously carried.

The Board next considered the review and approval of the Seventh Amendment to Third Amended and Restated Contract of Employment between the District and Frank McCrady (the "Seventh Amendment"). After discussion on the matter, Director Carlisle made a motion to a) approve the Seventh Amendment to Third Amended and Restated Contract of Employment between the District and Mr. McCrady, as amended by the First, Second, Third, Fourth, Fifth and Sixth Amendment to such Contract (collectively, the "Contract") to extend Mr. McCrady's term of employment by one (1) year; b) authorize payment of Deferred Compensation in the amount of \$6,442.46 (3% of \$214,748.68); and c) authorize payment of a Discretionary Incentive in the amount of \$11,557.54. Director Wetz seconded the motion. A roll call vote was conducted, and with six directors present voting in the affirmative, the motion unanimously carried.

The Board next considered matters for possible placement on future agendas. The Board concurred to hold a regular open meeting in July.

**East Montgomery County Improvement District meeting of June 11, 2020**

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

  
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Stephen Carlisle  
Secretary, Board of Directors

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