

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

September 14, 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 14<sup>th</sup> day of September, 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 Directors Hesson and Carlisle, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley 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 Wetz led in prayer followed by the pledges of allegiance led by Director Zepeda.

As the first order of business, the Board considered comments from members of the audience. Ms. Herpel, owner of Express Family Clinic, addressed the Board and expressed appreciation for the community grant to help construct the clinic within the District. Ms. Mullane, with the City of Roman Forest ("City"), next addressed the Board and advised that the pool and splash pad located in Roman Forest flooded during Hurricane Harvey. She stated that the pump started up, but that it will need a new motor and noted that the City has not been able to drain the pool yet. Ms. Mullane advised that the City will be filing a claim with FEMA and the insurance company, if the repair expenses are too high. She stated the City would like to request a loan from the District until the FEMA payment is received.

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The Board next considered the review and approval of the minutes of the Board of Directors meetings held on July 13, 2017, August 10, 2017 and September 4, 2017. After review and discussion, Director Wetz moved to approve the minutes of the Board of Directors meetings held on July 13, 2017, and August 10, 2017, as written, and to approve the minutes of September 4, 2017, as revised. Director Zepeda seconded the 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 Carlisle made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14433 through 14508, inclusive, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2540, 2541 and 2543, inclusive, as set forth on the attached reports. Director Persson seconded the motion, which unanimously carried.

The Board next considered the status of an economic development grant to Veer Hanuman Hospitality Inc. ("Veer"), or its assignees, relative to the construction of a Crystal Inn hotel in the District. Mr. McCrady reported that the documents are in the process of being prepared.

The Board next considered the status of an economic development grant to VR Porter Health Realty, LLC ("VR Porter") for an Assisted Living Facility in the District. Mr. McCrady reported that the documents are in the process of being prepared.

The Board next deferred the approval of an economic development grant to Tana's Cutting Cottage after Mr. McCrady stated that he has not yet received the required Form 1295.

The Board next considered the approval of an economic development grant to KM Express Care Services, LLC ("KM") relative to the construction of a clinic in the District. Mr. McCrady recommended that the District provide grant funding in the amount of \$40,000 a year for three (3) years; provide ½ price seminar to first year educators that the clinic be required to hire four (4) employees from the District. He stated that he has received the required Form 1295 from KM. After discussion, Director Persson moved to approve an economic development grant to KM, as set out above. Director Carlisle seconded the motion, which unanimously carried.

The Board next deferred the approval of an economic development grant to Nicole's Italian Restaurant until the next meeting.

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The Board next considered the approval of an economic development grant to Ace Hardware ("Ace") relative to relocation in the District. Mr. McCrady recommended that Ace be required to employ six (6) out of a total of twelve (12) employees from within the boundaries of the District and that the District provide a grant of \$0.05 rebate for five (5) years, provided that ½ of the employees must be from within the boundaries of the District at all times. After discussion, the Board deferred approval of the grant after Mr. McCrady stated that he has not received the required Form 1295 from Ace.

The Board next deferred the selection for the Outstanding Citizen Award.

The Board next considered the following announcements:

- Chair Webb noted that the Back to School was great and thanked the staff for an outstanding event.
- Director Persson thanked Mr. McCrady and the Board for the use of space in the District building by Lone Star College – Kingwood.
- Director Wetz distributed a schedule of the District's meal distribution and discussed the efforts by Mr. McCrady and the Board in the community during the hurricane crisis.

The Board next recessed to Executive Session at 6:41 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 7:52 p.m.

The Board next considered authorizing an additional payment of 10% for all youth sales at the EMC Fair and MC Fair, an increase from 5% in previous years. After discussion, Director Rogers moved to approve the 5% increase for a total of an additional 10% for all youth sales, as set out above. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the approval of an Addendum to the Lease Agreement ("Addendum") between the District and Lone Star College-Kingwood ("LSCK") to allow LSCK temporary use of additional space in the District building. Mr. McCrady stated that the additional 9,900 square feet includes the Board Room, Special Events Room and the Atrium. After discussion, Director Carlisle moved to approve the Addendum with LSCK, as set out above. Director Wetz seconded the motion, which unanimously carried.

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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. Costanza reviewed the attached Bid Evaluation for Building and Ground Maintenance Report and a maintenance cost spreadsheet over the past two (2) years with the Board. After discussion, Director Wetz moved that the Board reject all bids received last month for the maintenance of the building and for the maintenance of the grounds, and to continue the monthly maintenance program as is. Director Persson seconded the motion, which carried, with Director Zepeda being opposed and Director Carlisle abstaining.

The Board next deferred the status of design of the new District building after Mr. McCrady stated he had nothing new to report.

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 there were no new dirt sales this month.

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 the project construction is complete. He then presented change order no. 1, a credit in the amount of \$67,305, with the executed Form 1295 from TD and pay application no. 4 (final), in the amount of \$66,908.62, and recommended the Board approve change order no.1, the payment of pay application no. 4 to TD, and to accept the project as complete. After discussion, Director Carlisle moved that the Board approve change order no. 1, the payment of pay application no. 4 to TD, and to accept the project as complete, as set out above. Director Persson seconded the motion, which unanimously carried.

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 Quadvest is completing the work required for the project to be complete and accepted by the Board.

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 he has a meeting scheduled with the interior lift station coating supplier today to resolve the issue.

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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 the roads were significantly washed out by Hurricane Harvey and that he has sent surveyors to perform a topo survey. He stated that once JAC can determine how much subgrade requires replacement he will obtain proposals for the repairs.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the section 3 plat will be ready for landowner signatures next week. He stated the section 4 plat is complete except for the cul-de-sac location on Celia Way.

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 on schedule for completion, but due to the storm is a few days behind schedule. He then presented pay estimate no. 10 in the amount of \$123,620.40, and recommended that the Board approve the payment of the pay estimate. After discussion, Director Carlisle moved to approve the payment of pay estimate no. 10 to E&S, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the approval of a Purchase and Sale Agreement with WFP New Caney Properties LLC ("WFP") relative to purchase of a site in the Industrial Park. Mr. McCrady stated that the transaction is scheduled to close next week.

The Board next considered the approval of a Purchase and Sale Agreement with AV & RD Properties, LLC ("AV"), formerly Metal Specialties or assignees, relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that he has the documents and noted that the closing has been delayed due to principal illness.

The Board next deferred the approval of an incentive agreement with Youtrients, Inc., 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 after Mr. McCrady stated that Youtrients is working toward FDA approval.

The Board next deferred the status of a Purchase and Sale Agreement with Gulf Coast Apparatus Services ("Gulf Coast") relative to purchase of a site in the Industrial Park after Mr. McCrady stated that he is in the process of finding an investor to build the building.

The Board next considered the status of the repurchase of 5 acres from Jenista Holdings, LLC. Mr. McCrady stated that the transaction is scheduled to close next week.

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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.

The Board next deferred the approval of a Conveyance of Utility Facilities for wastewater lift station (Quadvest).

The Board next deferred the review of a proposal in connection with Creed Development's Gigabit City REIT business model after Mr. McCrady noted that he will have a proposal at the next meeting.

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)



A handwritten signature in cursive script, appearing to read "Katherine Persson", written over a horizontal line.

Katherine Persson  
Asst. Secretary, Board of Directors