

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
January 11, 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 11<sup>th</sup> day of January, 2018, 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 Webb and Hesson, thus constituting a quorum.

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

In absence of the Chair, Vice Chair Martin 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 Rogers.

As the first order of business, the Board deferred comments from members of the audience after Vice Chair Martin stated that no one had signed up to speak.

The Board next considered the execution of Grant Agreements out of the Hurricane Harvey Preparedness community grant allocation and the presentation of checks to the Hurricane Harvey Preparedness community grant recipients. Chair Webb also presented a check to Back Pew Brewing in accordance with its Incentive Agreement with the District.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on December 14, 2017. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on December 14, 2017, as presented. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Chief Welch addressed the Board and stated that there is one (1) week remaining in the patrol program. He stated that he will present a final report at the next meeting.

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 the approval of a revised rental invoice in connection with the use of District building space by Lone Star College-Kingwood ("LSC-K") and approval or modification to the lease. Mr. McCrady reported that he is working on the LSC-K lease amendment. Director Persson advised that LSC-K will be moved out of the District's building by February 1, 2018.

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. 14923 through 15009, inclusive, seven (7) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2556 through 2570, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer (the "Order") and the adoption of a Resolution relative thereto. Mr. Marks reviewed the proposed changes to the Order and explained that such changes are required as a result of the passage of various legislation in the most recent regular session of the Texas legislature. After discussion, Director Wetz made a motion to approve the attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, to adopt the attached revised Order, and to authorize the Vice Chairman to sign and the Secretary to attest the Resolution and Order on behalf of the Board and District. Director Carlisle seconded the motion, which carried unanimously.

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Mr. Marks next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. He reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A". Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Carlisle moved that the attached Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board. Director Persson seconded the motion, which unanimously carried.

The Board next deferred consideration of a Resolution Regarding Community Development Grants for Faith Based Organizations.

The Board next considered the status of an economic development grant to VR Porter Health Realty, LLC ("VR") for an Assisted Living Facility in the District. Mr. McCrady reported that the property has been purchased and that VR is proceeding with the design of the facility.

The Board next considered the status of an economic development grant to Ace Hardware ("Ace") relative to relocation in the District. Mr. McCrady stated that Ace has begun clearing the site and will be signing the grant agreement soon.

The Board next considered the status of an economic development grant with Gringo's Mexican Kitchen No. 14, LLC ("Gringo's"). Mr. McCrady stated that construction is scheduled to start in the next 60 days and that Gringo's will be signing the grant agreement soon.

The Board next considered the following announcements:

- January 16, 2018 - Lone Start College Classes begin
- January 20, 2018 – Splendora High School is hosting its first uniconf with approximately 50-75 teachers participating
- January 31, 2018 at 6:30 p.m. – Cinemark Theaters grand opening

The Board next recessed to Executive Session at 6:18 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

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Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 7:23 p.m.

The Board next considered the status of design of the new District building. Mr. McCrady reported that the building committee has determined to go out for an RFQ for an architect/manager to assist the District in the process.

The Board next considered a report on activities within the Industrial Park, including the status of repair by Rebel Contractors of damage to the drainage and detention ditches caused by Hurricane Harvey. Mr. Costanza stated that Rebel has completed the work and presented pay application no. 1 (final) in the amount of \$87,012.00 and recommended that the Board approve the payment of same. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 1 (final), as set out above. Director Wetz seconded the motion, which unanimously carried.

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 Quadvest Construction, LP (“Quadvest”) for construction of roads to serve Section 3. Mr. Costanza stated that Montgomery County has inspected the pavement and has no objections but could not access the associate drainage project and would not give final project approval. He noted that as soon as the area dries out, the County will perform a final inspection of the associated drainage project.

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 Clearwater has not been able to access the site and will complete the project once the ground has dried out. He then presented pay application no. 6, in the amount of \$5,462.50, and recommended the Board approve the payment of same. After discussion, Director Persson moved that the Board approve the payment of pay application no. 6, 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. Costanza stated that JAC met with Angel on site on January 8, 2018, and that they are now mobilizing with equipment onsite and will begin work as the ground conditions allow.

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The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that one landowner signature is still needed, and that Montgomery County requires 2017 tax certificates to be submitted with the plat for Section 3. He stated that once this is completed, the plat will be submitted for recording. Mr. Costanza then stated the section 4 plat is complete but noted that the Hometown Chef property is not showing on the tax rolls. He stated once the tax certificate for Hometown Chef is recorded, the plat will be submitted for recording.

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 building is essentially complete and is ready for occupation by Ymer. He stated he did not receive a pay application this month.

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 deferred the approval of a Conveyance of Utility Facilities for construction of the second phase of regional detention pond (Texan Dirt) to EMC 3.

The Board next deferred the approval of a Special Warranty Deed for construction of the second phase of regional detention pond.

The Board next deferred the approval of a Special Warranty Deed for drainage facilities constructed by Rebel Contractors to serve IP, Sections 3 and 4.

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 he has not received the required Form 1295 or Israel Certificate from Youtrients.

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.

The Board next deferred the approval of a Lease Agreement with Gulf Coast relative to lease of house for commercial office.

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The Board next considered the approval of an Incentive Agreement with Ymer Technology ("Ymer") relative to relocation into the Industrial Park. Mr. McCrady stated that the District is offering \$100,000 for equipment, \$30,000 for workforce and \$10,000 for temporary lodging for senior management. He stated that he has the executed TEC Form 1295 from Ymer. After discussion, Director Wetz moved to approve the Incentive Agreement with Ymer, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next deferred a proposal in connection with Creed Development's Gigabit City REIT business model.

Mr. Marks next presented and reviewed the attached MSRB G-10 Notification from the District's financial advisor

The Board next considered matters for possible placement on future agendas, including calling the Directors Election and changing the regular meeting time.

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



Stephen Carlisle  
Secretary, Board of Directors

(SEAL)

