

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
January 15, 2019

THE STATE OF TEXAS §
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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 15th day of January, 2019, at 5:30 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
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Fred Wetz	Treasurer/Investment Officer
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Richard Tramm	Director

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

Also present were Mr. Frank McCrady, Mr. Joe O'Connell, 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.

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 Zepeda.

As the first order of business, the Board recognized Jan Koenig for his many years of service in the community.

The Board next deferred comments from members of the audience after Chair Webb stated that no one had signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on December 14, 2018, and December 19, 2018. After review and discussion, Director Carlisle moved to approve the minutes of the Board of Directors meeting held on December 14, 2018, and December 19, 2018, as written. Director Zepeda seconded the motion, which unanimously carried.

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The Board next deferred a report on the 2018 constable patrol security program at shopping centers located within the District during the holiday season.

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 had nothing new to report.

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. 16019 through 16146, inclusive, with check no. 16019 being voided, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2647 through 2652, 2655 and 2656, inclusive, as set forth on the attached reports. Director Martin seconded the motion, which unanimously carried.

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 Wetz seconded the motion, which unanimously carried.

Director Persson entered the meeting at this time.

The Board next considered a report on engineering and construction projects within the Industrial Park, including the status of contract with CBuilders LLC ("CBuilders") for construction of building #2 for YMER Technology. Mr. Costanza stated that the low bidder, CBuilders to whom the Board awarded the contract, cannot get the required bonds. He stated the second low bid was submitted by Drymalla Construction Company, Inc. ("Drymalla") in the amount of \$2,938,000, but noted that the bid pricing is over ninety (90) days past the bid date. Mr. Costanza recommended that the Board award the contract to the second low bidder with a \$100,000

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contingency to cover material cost increases. Mr. Marks stated that he has not reviewed the bid specifications. Mr. Altieri, a representative of Drymalla, noted there may be price and timing unknowns. After discussion, Director Carlisle made a motion to award the contract to Drymalla, the second low bidder, in the amount of \$2,938,000, as set out above, and to authorize Mr. Costanza to prepare a change order not to exceed \$100,000 to cover the increase between the bid and the contract award dates, for the Board's approval. Director Persson 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 platting Sections 3 and 4. Mr. Costanza reported that the Section 3 & 4 plats were submitted to Montgomery County on Friday, November 9, 2018, and are currently under review.

The Board next considered the following announcements:

- Director Persson reported that Lonestar College-Kingwood opened yesterday and that enrollment is up 5% from a year ago
- Director McCrady reviewed the attached calendar of events

The Board next recessed to Executive Session at 5:57 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. The Board returned from Executive Session at 7:17 p.m.

Director Carlisle exited the meeting during executive session.

The Board next considered the status of an economic development grants, including the status of the Incentive Agreement with Feel Better Consulting, LLC, dba Cumberland Health Center ("Cumberland"). Mr. McCrady stated that there has been no new development and recommended removing the item from the agenda.

The Board next considered the status of an Incentive Agreement with JHarp Land Management LLC ("JHarp"). Mr. McCrady stated that the Agreement is with JHarp for execution.

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The Board next deferred the status of an Incentive Agreement with Royal Dough Bakers LLC.

The Board next deferred the approval of an Incentive Agreement with HEB after Mr. McCrady stated he has not received the required Form 1295.

The Board next considered the approval of an Incentive Agreement with Accurate Order Solutions, LLC dba Porter Family Pharmacy ("Accurate"). Mr. McCrady stated he is proposing that the District offer \$10,000 for leasehold buildout improvements, subject to the requirement that Accurate hire two (2) new employees from within the boundaries of the District within the next six (6) months. After discussion, Director Persson moved to approve the foregoing terms of the Incentive Agreement with Accurate and authorize MRPC to prepare the Agreement and Mr. McCrady to execute same. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the approval of an Incentive Agreement with Keysteel Corp.

The Board next considered a report on the activities within the Industrial Park, including the status of an Incentive Agreement and approval of a Purchase and Sale Agreement with Salt Technologies dba Agent Security relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that he had nothing new to report.

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.

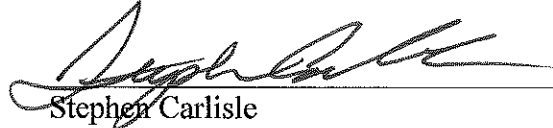
The Board next deferred the approval of a Conveyance of Utility Facilities for water and sanitary sewer facilities to serve Industrial Park, Section 4 (Clearwater) to EMC 3, as the plat has not yet been recorded.

The Board next considered the approval of a Resolution Supporting Special Legislation to Amend the Statutory Powers of the District. Mr. McCrady reviewed the Resolution and proposed legislation with the Board. After discussion, Director Wetz made a motion to approve the Resolution and authorize the Chair or President to execute same. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered matters for possible placement on future agendas, including the February Board meeting being held on February 12, 2019, and the March Board meeting being held on March 21, 2019.

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



Stephen Carlisle
Secretary, Board of Directors

(SEAL)

