

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
April 12, 2018

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 12th day of April, 2018, 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:

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| 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 Martin, thus constituting a quorum.

Also present were Mr. Frank McCrady, 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 Rogers.

As the first order of business, the Board considered comments from members of the audience. The Board distributed a grant check to the East Montgomery County Chamber of Commerce. Mr. Matt Calvert next addressed the Board relative to the upcoming New Caney ISD \$200 million bond election to be held on May 5, 2018. Chief Rinewalt with MC ESD No. 7 next addressed the Board and discussed the new equipment purchased using grant funds received from the District and requested that the Board amend the existing grant agreement to add three (3) years to the grant.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on March 7, 2018. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on March 7, 2018, as presented. Director Wetz seconded the motion, which 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 and status of the lease agreement in connection with use of District building space by MET. Mr. McCrady stated that MET has moved into the building and that they are considering a long-term lease with Lone Star College-Kingwood ("LSC-K") for additional classrooms. He stated that LSC-K needs a Homeland Security certified site for the classes and noted that the District building qualifies. After discussion, Director Wetz moved that Mr. McCrady be authorized to negotiate a long-term lease agreement with MET. Director Rogers seconded the motion, which unanimously carried. Mr. McCrady next stated that TxDOT construction around the building is proceeding.

Director Carlisle entered the meeting at this time.

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 Zepeda made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 15137 through 15223, inclusive, six (6) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2555 and 2580 through 2583, as set forth on the attached reports. Director Carlisle seconded the motion, which unanimously carried.

The Board next deferred the review and approval of the East Montgomery County Emergency Services District No. 7 grant funding report and authorizing payment of the 2017 grant in accordance with the provisions thereof.

The Board next deferred the status of economic development grants until later in the meeting.

The Board next considered the following announcements:

- Director Rogers stated that the Montgomery County Fair begins this weekend.
- Director Persson stated that the contract for the reconstruction of the Lone Star College-Kingwood buildings damaged by Hurricane Harvey was signed today.

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The Board next recessed to Executive Session at 5:53 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 7:31 p.m.

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 but has not yet signed and returned the grant agreement.

The Board next considered the status of the Incentive Agreement with Mustang Machinery Co. Ltd., dba Mustang CAT ("Mustang"). Mr. McCrady stated that Mustang has not yet signed and returned the grant agreement.

The Board next considered the status of the Incentive Agreement with YMER Technology ("YMER") relative to its lease of a building in the Industrial Park. Mr. McCrady stated that YMER has not yet signed and returned the grant agreement.

The Board next considered the status of the modified Incentive Agreement with Microprocol Inc. (Nicole's). Mr. McCrady stated Microprocol has not yet signed and returned the modified grant agreement.

The Board next considered the status of the modified Incentive Agreement with Tana's Cutting Cottage ("Tana's"). Mr. McCrady stated that Tana's has not yet signed and returned the modified grant agreement.

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

The Board next deferred the approval of an Incentive Agreement with Kentucky Fried Chicken.

The Board next deferred the approval of an Incentive Agreement with Darst Funeral Directors, Inc.

The Board next deferred the approval of an Incentive Agreement with Presidential Billiards, L.P.

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The Board next considered the approval of an Incentive Agreement with McDonald's of New Caney. Mr. McCrady stated that the District is offering a rebate of an amount equal to ½% of taxable sales by McDonalds for 5 years and noted that ½ of the employees hired will be from within the District. He also advised that McDonald's would agree to contribute \$2,000 per year for five (5) years to the Scholarship Foundation. After discussion, Director Carlisle moved to approve the foregoing terms of the Incentive Agreement with McDonalds and authorize MRPC to prepare and Mr. McCrady to execute same. Director Persson seconded the motion, which unanimously carried.

The Board next deferred authorizing the preparation and distribution of an RFQ relative to design of the new District building.

The Board next considered a report on activities within the Industrial Park. The Board deferred authorizing the preparation of plans and specifications for construction of a second building for YMER Technology.

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 the District sold approximately 800 yards of dirt to Presidential Billiards during the month.

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 the lift station has been excavated and re-set to an acceptable plumbness. He stated that Clearwater is now blasting and reconnecting the pipes and other items moved during the excavation.

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 reported that the roads have been paved. He stated that Angel is waiting on delivery of the guardrails and once received, will complete the other items such as the clean-up and hydromulching. He then presented pay application no. 3, in the amount of \$293,874.30, and recommended the Board approve the payment of same. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 3, as set out above. Director Persson seconded the motion, which unanimously carried.

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The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 plat is ready for submittal but cannot be submitted until one remaining property owner pays the taxes owed. He noted that the taxpayer of record has been contacted but has not responded. He then stated the section 4 plat is being distributed for signatures by the landowners.

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 punch list items are being completed. He stated that fencing is not yet complete due to site changes and gate requirements. He noted that the irrigation and landscaping are on hold until the fence and gate issues are resolved.

The Board next considered the status of the Incentive Agreement and approval of a Purchase and Sale Agreement with Jenista Holdings relative to the 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 an Incentive Agreement and authorizing the preparation of a Purchase and Sale Agreement with EJVS Enterprises relative to the purchase of a site in the Industrial Park, and to authorize the President and Chair to take all actions and execute all required documents in connection with the purchase and sale of the property. Mr. McCrady stated that the District will provide a \$30,000 grant for infrastructure improvements and building costs and \$1,500 for work force training, and that the company will contract to construct a 25,000 square foot building on a 3-acre site and to hire 3 employees from within the boundaries of the District. He noted that he has received the required executed Form 1295 from EJVS Enterprises. After discussion, Director Wetz moved to approve an Incentive Agreement and 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. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the approval of an Incentive Agreement and authorizing the preparation of a Purchase and Sale Agreement with Agient Security relative to the purchase of a site in the Industrial Park.

The Board next considered the approval of a Correction Drainage & Detention Easement for Industrial Park, Sections 3 and 4 Detention Pond. After discussion, Director Persson made a motion to approve the correction drainage and detention easement relative to the Section 3 & 4 detention pond. Director Carlisle seconded the motion, which unanimously carried.

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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 ("EMC 3").

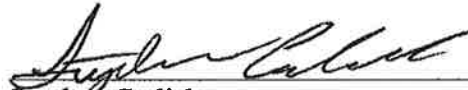
The Board next deferred the approval of a Conveyance of Utility Facilities for wastewater lift station and force main improvements to serve Industrial Park, Section 3 (Quadvest) to EMC 3.

The Board next 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