

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 10, 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 10th day of May, 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:

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 Director Hesson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Ms. Virginia Blake 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 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 meeting held on April 12, 2018 and the minutes of the committee meeting held on April 5, 2018. After review and discussion, Director Wetz moved to approve the minutes of the Board of Directors meeting held on April 12, 2018, as corrected, and the minutes of the committee meeting held on April 5, 2018, as presented. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the review of Emergency Preparedness Grants. Mr. McCrady noted that the District has allocated a total of \$200,000 for emergency preparedness grants, with \$100,362 of emergency grants being approved in the Fall of 2017, leaving \$99,638 available for the Spring 2018 grants and presented the following two (2) requests:

- Montgomery County Constable's Office, Pct. 4/MCESD No. 7 EMC Fire Department – Chief Welch reviewed the request in the total amount of \$92,260 for 1) zodiac rescue boat, outboard motor & trailer (\$38,267); 2) dry/wet suits, rescue PPE (\$15,994); 3) rescue jet ski towable sled (\$929); and 4) black Chevy 3500 passenger van (\$37,070).
- Splendora Police Department – Lt. Hadrych reviewed the two parts of the request with Part A in the total amount of \$34,934 for 1) 3 types of drones : Phantom 4 - \$2,263; Inspire 2 - \$5,286 or Matrice 200 - \$15,934; 2) training for two (2) pilots (\$5,000); and 3) flare capability (Zenmuse 30 HzFLIR) (\$14,000). He then reviewed Part B in the total amount of \$41,085.38 for 1) 2018 Tahoe Command Vehicle to carry on board charging station and other drone equipment with a base amount of \$32,928 and upfront amount of \$8,157.38.

The Board next considered the review of Community Development Grant Funding Requests. Mr. McCrady presented and reviewed the attached grant scoring, overall ranking and backup scores given by the Directors and grant applicants.

The Board next considered the request of the Boy Scout Troop 1011 relative to funding \$5,000.00 to purchase a new trailer to transport camping gear; van rental for summer camp and to purchase new camping gear. After discussion, Director Martin moved to approve the grant funding as requested. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the request of the City of Splendora relative to funding \$22,675.00 of a total project cost of \$45,350.00 to construct three (3) large picnic pavilions, sidewalks and trash cans around the splash pad. After discussion, Director Persson moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the request of Friends of Splendora AG relative to funding \$5,000.00 to pay operating costs for its annual clay shoot fundraiser. After discussion, Director Rogers moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the request of It's All About Love, Inc. relative to funding \$5,000.00 to construct a spay/neuter clinic in Montgomery County. Mr. McCrady reported that the requestor does not yet have a location on which to construct the clinic. After discussion, Director Wetz moved to deny the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the request of Mia's Hope Pregnancy Center relative to funding \$5,000.00 to purchase materials needed to teach parenting, childbirth, ESL and Overcomers Classes. After discussion, Director Wetz moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the request of Montgomery County Youth Services ("MCYS") relative to funding \$5,000.00 to fund the sponsorship of East Montgomery County children to attend the 2018 Camp Watsitumi. Mr. McCrady noted that no representative was present to review the grant request at the grant workshop, which is a requirement to be eligible to receive a grant. After discussion, Chair Webb declined the grant request submitted by MCYS.

The Board next considered the request of the City of Patton Village-Patton Village Police Department relative to funding \$6,001.50 of a total project cost of \$12,003.00 to pay for eight (8) members of the Patton Village Search & Rescue and the East Montgomery County Strategic Response Team to attend swift water training and related equipment. After discussion, Director Martin moved to approve the grant funding in full in the amount of \$12,003.00. Director Persson seconded the motion, which unanimously carried.

The Board next considered the request of St. John of the Cross Knights of Columbia Council #13166 relative to funding \$5,000.00 to construct wheel chair ramps, assist with food bank expenses, provide youth ministry, purchase wheel chairs and purchase and distribute pregnancy care packets. After discussion, Director Persson moved to approve the grant funding as requested. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the request of Society of St. Stephen-Kingwood relative to funding \$5,000.00 to purchase school supply kits. After discussion, Director Persson moved to approve the grant funding as requested. Director Martin seconded the motion, which unanimously carried.

The Board next considered the request of Splendora ISD Education Foundation relative to funding \$5,000.00 to pay for costs association with the foundation start-up. After discussion, Director Zepeda moved to approve the grant funding as requested. Director Wetz seconded the motion, which unanimously carried.

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The Board next considered the request of the Splendora Youth Baseball Association relative to funding \$20,100.00 of a total project cost of \$30,000.00 to pay for the costs associated with bringing the ballpark into compliance with ARA Code requirements. After discussion, Director Persson moved to approve the grant funding as requested. Director Rogers 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 a long-term lease agreement in connection with use of District building space by MET. Mr. McCrady stated that long-term lease agreement is in the process of being prepared.

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. 15224 through 15292, inclusive, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2584 and 2586 through 2591, as set forth on the attached reports. Director Wetz seconded the motion, which unanimously carried.

Ms. Townley next presented and reviewed with the Board the attached Quarterly Investment Report ("QIR"), which had been prepared by M&A, for the reporting period ending March 31, 2018. After review, Director Carlisle moved to approve the District's QIR and to authorize the Investment Officer to execute same on behalf of the Board and District. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the review and approval of the East Montgomery County Emergency Services District No. 7 ("ESD No. 7") grant funding report and authorizing payment of the 2017 grant in accordance with the provisions thereof. Ms. Blake reviewed the attached draft report with the Board and noted that since the District paid the full \$300,000 to ESD No. 7 before the audit was complete, ESD No. 7 is obligated to refund \$61,841.11 to the District in accordance with the grant agreement. After discussion, Director Carlisle moved to approve the grant funding report as presented. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the request from East Montgomery County Emergency Services District No. 11 ("ESD No. 11) for a three (3) year grant extension. Chief Rinewalt requested a 3-year extension on the existing ESD No. 11 grant agreement to finance a ladder truck needed to serve the Industrial Park, Big Rivers Water Park and new hotels. He noted that the current agreement expires in October 2019 and requested that the agreement be extended through 2022, with a payment of \$250,000 per year. After discussion, Director Persson moved to approve a new 10-year grant agreement with ESD No. 11, as set out above. Director Zepeda seconded the motion. The motion was then rescinded with unanimous consent of the Board. Mr. McCrady suggested entering into a new grant agreement to pay ESD No. 11 approximately \$100,000 per year for 10 years so ESD No. 11 can finance a ladder truck. Director Persson then made a new motion to authorize Mr. McCrady to negotiate a new grant agreement to finance the purchase of a ladder truck for the Board's review at the next meeting. Director Carlisle seconded the motion, which unanimously carried.

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 VR will be requesting changes to its economic development 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 deferred the status of the Incentive Agreement with YMER Technology ("YMER") relative to its lease of a building in the Industrial Park until later in the meeting.

The Board next deferred the status of the Incentive Agreement with McDonald's of New Caney.

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

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.

The Board next deferred the approval of an Incentive Agreement with Olive Garden Holdings, LLC until later in the meeting.

The Board next deferred the approval of an Incentive Agreement with North Caney Hospitality, Inc.

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The Board next considered the following announcements:

- New Caney ISD Education Foundation's Annual Breeze Into Summer luncheon/fundraiser May 11th
- Shred Event-Saturday May 12th
- Lone Star College-Kingwood Graduation-Saturday May 12th - Director Persson noted that 673 high school students will be receiving college degrees before their high school diplomas.
- Founder's Day – Saturday, May 12th
- 13th Annual Mike Ogg All Montgomery County Scholar Athlete Award May 16th
- Ms. Mattlage earned her Professional Community and Economic Developer (PCED) certification in April.

The Board next recessed to Executive Session at 7:02 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 9:10 p.m.

Directors Martin and Persson exited the meeting at this time.

The Board next considered the status of the Incentive Agreement with YMER relative to its lease of a building in the Industrial Park. Mr. McCrady discussed Building no. 2 and amendments to the lease of Building no. 2. After discussion, Director Carlisle moved that Mr. McCrady be authorized to amend the lease agreement for building no. 1 and to prepare the lease agreement for building no. 2. Director Zepeda seconded the motion, which unanimously carried.

Director Carlisle next made a motion to authorize the engineer to prepare plans and solicit bids for Building no. 2 pad, to authorize the preparation of plans for construction of Building no. 2, and to authorize Mr. McCrady to negotiate the terms of the financing with the Economic Development Corporation and the Bank. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the approval of an Incentive Agreement with Olive Garden Holdings, LLC ("Olive Garden"). Mr. McCrady stated he has received the executed Form 1295 from Olive Garden. After discussion, Director Carlisle moved to approve an Incentive Agreement with Olive Garden and authorize MRPC to prepare and Mr. McCrady to execute same. Director Wetz seconded the motion, which unanimously carried.

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 Clearwater Utilities, Inc. ("Clearwater") for the construction of water and sanitary sewer facilities to serve Industrial Park, Section 4). Mr. Costanza reported that the contractor has sandblasted and cleaned the lift station and that painting will begin today. He noted that the contractor was told he has until the end of the month to complete the project or his bonding company will be contacted. He then presented pay application no. 8, in the amount of \$27,093.62, and recommended the Board approve the payment of same. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 8, as set out above. Director Zepeda 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 reported that the guardrails, signage and hydro mulch have been installed. He noted that once the final inspection is complete, the project will be finalized. He then presented pay application no. 4, in the amount of \$71,481.12, and recommended the Board approve the payment of same. After discussion, Director Wetz moved that the Board approve the payment of pay application no. 4, as set out above. Director Rogers seconded the motion, which unanimously carried.

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 that the taxes still have not been paid. He then stated the section 4 plat only requires a road bond and that JAC has contact the insurance company to acquire same.

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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 99% complete with only a little clean up and landscaping on the site remaining. He noted that there is a door handle that does not work properly that the contractor is addressing. He then presented pay application no. 15, in the amount of \$70,606.85, and recommended the Board approve the payment of same. Mr. Costanza also presented change order no. 2 in the amount of \$16,425.00 and the executed Form 1295 from E&S. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 15 and approve change order no. 2, based on a finding by the board that said change order is necessary and beneficial to the district, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the status an Incentive Agreement and approval of a Purchase and Sale Agreement with EJVS Enterprises relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that he is waiting to receive the final survey.

The Board next considered the approval of an Incentive Agreement and authorizing the preparation of a Purchase and Sale Agreement with Agient Security ("Agient") 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 noted that he has received the required executed Form 1295 from Agient. After discussion, Director Carlisle 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 Rogers seconded the motion, which unanimously carried.

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 the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects and consideration of authorizing a survey of wages. Mr. Marks presented a spreadsheet reflecting Prevailing Wage Rates for Construction Projects for the US Department of Labor and reviewed the attached Resolution with the Board. After discussion of the spreadsheet and resolution, Director Carlisle moved that the Board adopt the

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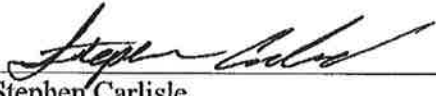
Resolution Adopting Prevailing Wage Rate Scale For Construction Projects based on the US Department of Labor rates. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the engagement of Arbitrage Compliance Specialists (“ACS”) relative to the District’s Series 2010 Unlimited Tax Revenue Refunding Bonds (“Series 2010 Bonds”). Mr. Marks presented the attached engagement letter from ACS, in the amount of \$1,450.00. After discussion, Director Zepeda moved to engage ACS for arbitrage compliance services relative to the District’s Series 2010 Bonds. Director Wetz seconded said motion, which unanimously carried.

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.





Stephen Carlisle
Secretary, Board of Directors