

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 12, 2016

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 May, 2016, at 6:30 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 roll was called of the duly elected officers and members of the Board of Directors, to-wit:

Brenda Webb	Chairperson
Dale Martin	Vice Chair
Scott Hesson	Treasurer
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Isidor Ybarra, Jr.	Director

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

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

Chairperson Webb called the meeting to order and announced that a quorum was present.

Director Hesson led in prayer followed by the pledge of allegiance led by Mr. McCrady.

As the first order of business, the Board considered comments from members of the audience. Ms. Duke addressed the Board relative to the micro grant submitted on behalf of New Caney High School requesting \$5,000 for bleachers to be installed at the tennis courts.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on April 14, 2016 and April 22, 2016. After review and discussion, Director Ybarra made a motion that the minutes of the Board of Directors meetings held on April 14 2016, and April 22, 2016, be approved as written. Director Hesson seconded the motion, which unanimously carried.

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The Board next considered the review and approval of Community Development Grant Funding Requests. Mr. McCrady discussed the two hundred eleven (211) mini grant applications totaling \$827,184.21 that were received from New Caney ISD, and recommended that all of those mini grant applications be referred to the New Caney ISD Education Foundation, which has been funded by the District. After discussion, Director Persson moved that the 211 mini grant application be referred to the New Caney ISD Education Foundation. Director Rogers seconded said motion, which unanimously carried.

Mr. McCrady next reviewed the fourteen (14) mini grant requests, including request of the American Legion Auxiliary relative to funding \$4,275.00 to send 9 junior girls to Blue Bonnet Girls State to teach good citizenship and government. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Martin, which unanimously carried, to fund the \$4,275.00.

Mr. McCrady next reviewed the request of Boy Scout Troop 1011 relative to funding \$4,286.24 to purchase rock climbing and camping equipment. He noted that the staff recommended deferring consideration of the funding request to the Fall, as the application was submitted one day after the submission deadline. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Martin, to approve the funding request. The motion failed with Directors Carlisle, Martin and Hesson being in favor and Directors Webb, Rogers, Persson and Ybarra being opposed.

Mr. McCrady next reviewed the request of the City of Roman Forest relative to funding \$5,000.00 to purchase ADA Pool Lift to provide access to the community pool for disabled people. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Persson and seconded by Director Martin, which unanimously carried, to fund the \$5,000.00.

Mr. McCrady next reviewed the request of Cub Scout Pack 911 relative to funding \$1,882.73 to purchase a canopy, turkey fryer kit, and other outdoor camping equipment. He noted that the staff recommended deferring consideration of the funding request to the Fall, as the application was submitted one day after the submission deadline. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Martin, to approve the funding request. The motion failed with Directors Carlisle, Martin and Hesson being in favor and Directors Webb, Rogers, Persson and Ybarra being opposed.

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Mr. McCrady next reviewed the request of Cub Scout Pack 911/Troop 1011 relative to funding \$4,381.00 to purchase a building and two (2) doors to store camping equipment. He noted that the staff recommended deferring consideration of the funding request to the Fall, as the application was submitted one day after the submission deadline. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Hesson, to approve the funding request. The motion failed with Directors Carlisle, Martin and Hesson being in favor and Directors Webb, Persson, Rogers and Ybarra being opposed.

Mr. McCrady next reviewed the request of East Montgomery County Family YMCA relative to funding \$5,000.00 for financial assistance to the families who qualify for the children to attend summer day camp. He noted that the staff recommended that the request be denied. After discussion on the matter, a motion was made by Director Rogers and seconded by Director Hesson, which carried, with Director Persson being opposed, to deny the \$5,000.00 funding request.

Mr. McCrady next reviewed the request of Heaven's Army of Resources & Recreation Center relative to funding \$5,000.00 to add new restrooms to the recreational center, build a gym and make upgrades to offices. He noted that the staff needs more specific information relative to the upgrades of the facility and recommended that the request be denied. After discussion on the matter, a motion was made by Director Rogers and seconded by Director Persson, which unanimously carried, to deny the \$5,000.00 funding request.

Mr. McCrady next reviewed the request of the Holbrook American Legion Post 615 relative to funding \$5,000.00 to recruit boys to the Texas Boys State Program. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Ybarra and seconded by Director Martin, which unanimously carried, to fund the \$5,000.00.

Mr. McCrady next reviewed the request of the Impact Church New Life Inc. relative to funding \$3,950.00 to purchase outdoor playground for the new church building that will be open to public, and a Mother's Day Out program. He noted that the staff recommended denying the request, as the District has never made a grant to a church. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Rogers, which carried, to defer action and to research the legal issues associated with using government funds to make a grant to a church. The motion passed with Directors Persson, Ybarra and Martin being opposed.

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Mr. McCrady next reviewed the request of Mission Northeast, Inc. relative to funding \$4,523.00 to purchase fans, towels, tables, carts and clothing racks. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Persson, which unanimously carried, to fund the \$4,523.00 funding request.

Mr. McCrady next reviewed the request of the Roman Forest Police Department relative to funding \$2,657.08 to purchase Mobile Data Terminal to assist in officer safety, enforcing traffic laws, and fire and code enforcement. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Persson and seconded by Director Hesson, which carried, with Director Carlisle abstaining, to fund the \$2,657.08 funding request.

Mr. McCrady next reviewed the request of the Splendor Alumni Association relative to funding \$5,000.00 for the food pantry program at Thanksgiving and Christmas and awarding 2 scholarships to students from Splendor High School. He noted that the staff recommended funding the request for the food pantry program (\$1,000), but not for the scholarship program (\$2,000) since the District already administers a scholarship program. After discussion on the matter, a motion was made by Director Persson and seconded by Director Ybarra, which unanimously carried, to fund \$1,000.00 for the food pantry program.

Mr. McCrady next reviewed the request of the Splendor Youth Football League ("SYFL") relative to funding \$5,000.00 to upgrade the fields and replace old field markers, chairs, etc. He noted that the SYFL lost its 501 C 3 status and that the staff recommended denying the request. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Hesson, which unanimously carried, to deny the \$5,000.00 funding request.

Mr. McCrady next reviewed the request of the Wags to Whiskers of Texas, Inc. relative to funding \$5,000.00 to provide spay/neuter and rabies vaccines for low income residents for cats and dogs. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Ybarra and seconded by Director Carlisle, which unanimously carried, to fund the \$5,000.00 funding request.

Mr. McCrady next reviewed the request of Montgomery County Youth Services ("MCYS") relative to funding \$6,000.00 of a total project cost of \$32,525.00 to fund the sponsorship of at least 27 East Montgomery County children to attend the 2016 Camp Watsitumi. He noted that the staff recommended funding the request. After discussion on the matter, a motion

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was made by Director Rogers and seconded by Director Persson, which unanimously carried, to fund the \$6,000.00.

Mr. McCrady next reviewed the request of Humble Area Assistance Ministries relative to funding \$30,000 of a total project cost of \$39,900.00 to fund education service, food fairs and food assistance and rental assistance to low and moderate income individuals and families who reside in Montgomery County. He noted that the staff recommended deferring consideration of the grant request until the Fall. After discussion on the matter, a motion was made by Director Rogers and seconded by Director Persson, which unanimously carried, to defer request and to place into consideration with the Fall round of grant requests.

Mr. McCrady next reviewed the request from Splendor ISD relative to funding \$26,610.66 of a total project cost of \$39,916.00 to purchase a trailer to transport student projects to the East Montgomery County Fair. He noted that the staff recommended re-submitting the request for consideration at the Fall round of grant requests as applicants are required to provide 50% of the total project cost under the District's grant rules. After discussion on the matter, a motion was made by Director Rogers and seconded by Director Ybarra, which carried, with Directors Carlisle and Martin being opposed, to defer consideration of the request until the Fall round of grant requests.

Mr. McCrady next reviewed the request from Northcrest Ranch POA relative to funding \$50,250.00 of a total project cost of \$75,00.00 to purchase park and playground equipment for residents of Northcrest Ranch and all members of the community. He noted that the staff recommended deferring consideration of the grant request until the Fall round of grant applications. After discussion on the matter, a motion was made by Director Ybarra and seconded by Director Persson, which unanimously carried, to defer consideration of the request until the Fall round of grant requests.

Mr. McCrady next reviewed the request of the Montgomery County Constable Precinct 4 ("Pct. 4") relative to funding \$11,513.27 of a total project cost of \$17,183.98 to purchase a Speed Awareness Monitor on a trailer. He noted that the District's grant rules require the applicant to provide 50% of the project cost, so the funds requested should be \$8,591.99 and that the staff recommended funding the request in the revised amount, if Pct. 4 can contribute the other 50% of the total costs. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Hesson, which unanimously carried, to waive the 50% requirement and to

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fund \$11,513.27 of the project cost.

Mr. McCrady next reviewed the request of the City of Splendora ("City") relative to funding \$10,119.50 of a total project cost of \$20,239.00 to purchase a new aluminum roof for the Burrow house purchased by the City. He noted that the staff recommended funding the request. After discussion on the matter, a motion was made by Director Persson and seconded by Director Ybarra, which unanimously carried, to fund the \$10,119.50.

Mr. McCrady next reviewed the request of the Montgomery County Precinct 4/Commissioner Jim Clark relative to funding \$10,576.00 of a total project cost of \$21,152.88 to convert the existing tennis courts at Sallas Park to basketball courts. He noted that the staff recommended deferring consideration of the grant request until the Fall round of requests, as the application was submitted after the submission deadline. After discussion on the matter, a motion was made by Director Carlisle and seconded by Director Martin, which carried, with Director Webb being opposed, to fund the request, as submitted.

The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented as reflected in said reports. In connection therewith, Ms. Townley presented the financial and investments reports, copies of which are attached hereto, and discussed the invoices presented for payment. Following review, Director Hesson made a motion that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 13109 through 13117 and 13121 through 13180, inclusive, with check nos. 13109 through 13117 being voided, one (1) wire transfer and debits for payroll, and on the Special Events Fund, being check nos. 2451 through 2457, as set forth on the attached reports. Director Martin seconded the motion, which unanimously carried. Ms. Townley next presented and reviewed with the Board the attached Quarterly Investment Report, which had been prepared by M&A, for the reporting period ending March 31, 2016. After review of the Quarterly Investment Report and upon motion duly made by Director Hesson, seconded by Director Martin and unanimously carried, said Quarterly Investment Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

The Board next deferred the approval of an Amended and Restated Agreement with Montgomery County Emergency Services District No. 7 until later in the meeting.

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The Board next considered the following announcements:

- May 14th – Lone Star College Graduation (50 students from Splendora receiving Associates degrees prior to high school graduation)
- May 14th & 15th – Splendora Founders Day
- May 30th – Roman Forest honoring military

The Board next recessed to Executive Session at 7:28 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 9:05 p.m.

The Board next considered the status of development of the District's 12.85 acre site, including the construction of improvements, the leasing of space in the District's office building and the status of the possible condemnation of District property by TxDOT for the Grand Parkway development. Mr. McCrady reported that the trial is set to begin on Monday relative to the condemnation action with TxDOT.

The Board next considered revoking the prior approval of an Amended and Restated Agreement with Montgomery County Emergency Services District No. 7 ("No. 7") and the adoption of a revised Amended and Restated Agreement (the "Agreement") with No. 7. Chairperson Webb reviewed the proposed changes to the Agreement, which included extending the number of years of the grant to 2021 and making years 2017-2021 grant amount be the difference between \$300,000 and the amount of ad valorem taxes collected, with the Board. Chief Taylor and Ms. Peterson addressed the Board relative to the proposed changes to the Agreement. After discussion, Director Persson moved to approve the proposed revisions and to authorize the Chair to review and approve the Agreement revised as discussed above. Director Martin seconded the motion, which carried, with Directors Carlisle and Hesson being opposed.

The Board next considered a report on activities within the Industrial Park, including the status of sale of dirt out of future detention pond and the status of the contract with TDG for excavation and delivery of said dirt.

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The Board next deferred the status of the contract with Quadvest Construction, LP (“Quadvest”) for construction of roads to serve Section 3 after Mr. Costanza noted the contractor is waiting on the drainage project to be completed.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Section 4.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 preliminary plat is complete and that JAC is working on Section 4.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza presented pay estimate no. 2 in the amount of \$88,526.25 and recommended that the Board approve the payment of same. After discussion, Director Ybarra moved to approve pay estimate no. 2, as set out above. Director Martin seconded the motion, which unanimously carried.

The Board next deferred the status of the contract with Quadvest for construction of the sanitary sewer and water facilities to serve Industrial Park, Section 3 after Mr. Costanza noted the contractor is waiting on the drainage project to be completed.

The Board next considered the status of the contract with National Sign Co. for installation of IP signage on FM 1314. Mr. Costanza stated that the sign and irrigation system has been installed and that the landscaping is in progress.

The Board next considered the status of contract with National Sign Co. (“NSC”) for installation of IP signage on FM 1485. Mr. Costanza reported that he has received the executed contract with NSC and that the sign is scheduled to be installed on July 1, 2016. He noted he is working with the clearing contractor to begin the site work.

The Board next deferred the status of an Incentive Agreement and a Purchase and Sale Agreement relative to the purchase of a 20 acre site by Command Energy.

The Board next considered the status of the Keysteel expansion project. Mr. Costanza reported that construction of the expansion has begun.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Tiro, Inc., or assignees, relative to the purchase of an approximate 4 acre site.

The Board next considered the status of an Incentive Agreement and Lease Agreement with General Ballistics, Inc., or assignees. Mr. Costanza reported that he has reviewed the floor plan and expects the Lease Agreement to be complete this week.

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The Board next considered the status of building design, review of bids and award of a contract for construction of same relative to General Ballistics project. Mr. Costanza noted that the building design will commence once the Lease Agreement has been executed.

The Board next considered the status of preparation of plans, review of bids and award of contract for construction of range for use by police within the District. Mr. Costanza stated that the range design will commence after the Lease Agreement with General Ballistics has been executed.

The Board next considered the approval of an Agreement for the splash pad site between the District and the City of Splendora ("Splendora") and the status of contracting off of BuyBoard for the construction of the splash pad. Mr. McCrady reported that the Splash Pad Agreement is complete except for the surveys of the site to be used. After discussion, Director Carlisle moved to approve the Splash Pad Agreement and Access Easement with the Splendora and to authorize the Chair to execute same on behalf of the Board and the District. Director Hesson seconded said motion, which unanimously carried.

The Board next deferred the approval of an Agreement for the splash pad site between the District and the City of Roman Forest and the status of contracting off of BuyBoard for the construction of the splash pad.

The Board next deferred the status of an Incentive Agreement with RREI LP relative to a new service center in the District.

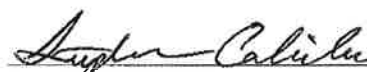
The Board next considered the adoption of a Resolution in Support of Local Option for Liquor Sales. Mr. McCrady reported that a group within the District is collecting signatures on a petition to change the law to allow the sale of liquor for off premises consumption (liquor stores). After discussion on the matter, Director Persson moved to approve the attached Resolution. Director Martin seconded said motion, which unanimously carried.

The Board next considered matters for possible placement on future agenda, including conducting a special meeting on May 17, 2016, at 5:30 p.m. to canvass the returns of the directors election.

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

(SEAL)





Stephen Carlisle
Secretary, Board of Directors