

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
June 20, 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 20th day of June, 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, except Directors Rogers and Tramm, 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, Mr. Josh Rambo 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 Martin led in prayer followed by the pledges of allegiance led by Director Persson.

As the first order of business, the Board next considered the execution of Community Development Grant Agreements and the presentation of Community Development Grants. Chairperson Webb executed the Community Development Grant Agreements and presented the grant checks to American Legion Holbrook Post 615, East Montgomery County Fair Association BBQ Pit Building Scholarship Committee, Humble Area Assistance Ministries, St. John of the Cross Knights of Columbus Council #13166, Northeast Hospital Foundation, City of Roman Forest on behalf of City of Roman Forest Police Department, Society of St. Stephen and Splendor Athletic Booster Club.

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The Board deferred receiving 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 May 9, 2019. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on May 9, 2019, as written. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2019. Mr. Rambo presented to the Board an engagement letter from McCall Gibson Swedlund Barfoot PLLC ("McCall") and stated that the projected fees to prepare the District's audit are estimated at \$16,000 to \$17,000. He then stated that the projected fees to prepare the audit reports for the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3, and 4 (the "Zones") are estimated at \$1,500 to \$2,000 for each Zone and presented the executed Form 1295 for the Board's review. After discussion on the matter, a motion was made by Director Martin and seconded by Director Zepeda, which unanimously carried, that the Board engage McCall to prepare the District's audit report and the audit reports for the Zones for the fiscal year ending June 30, 2019.

The Board next deferred 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 after Mr. McCrady stated he had nothing new to report. He noted that the building needs a new chiller system.

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. 16458 and 16463 through 16562, inclusive, with check no. 16458 being voided, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2671 through 2674, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2020, until the next meeting.

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The Board next discussed the Second Amended and Restated Economic Agreement (the "Agreement") by and among SIG-VALLEY RANCH, LTD., a Texas limited partnership ("Sig-Valley"), VALLEY RANCH TOWN CENTER, LTD., a Texas limited partnership ("Valley Ranch"), (Sig-Valley and Valley Ranch collectively referred to herein as the "Developer"), the East Montgomery County Improvement District Economic Development Zone No. 1 (the "Zone"), and the District. Mr. O'Connell presented and discussed the attached reconciliation summary with the Board and noted that \$1,923,021 is due to be paid by the Zone to the Developer and that \$1,023,170 is due to be paid by the District to the Zone. After discussion, Director Wetz moved to approve the payment to the Zone by the District in accordance with the Agreement, as set out above. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered a report on engineering and construction projects within the Industrial Park, including the status of contract with Drymalla Construction Co., Inc. ("Drymalla") for construction of building #2 for YMER Technology. Mr. Costanza stated that the slab is in place and the steel building structure in process, with the side panels and roof construction scheduled to be performed next. He then presented pay application no. 4, in the amount of \$697,476.60 and recommended the Board approve the payment of same. Mr. Costanza stated that the disputed change order no. 2 remains on hold by the contractor and further stated that Drymalla has also requested the addition of seven (7) days to the contract due to the wet weather. After discussion, Director Carlisle moved that the Board approve the payment of pay application no. 4, and approve the seven (7) additional weather related days, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next deferred the status of the sale of dirt excavated from the future detention pond site, including the termination of the contract with TDG for excavation and delivery of dirt and approval of a contract for the sale of dirt to Grand Parkway Infrastructure, LLC.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza stated that the Section 3 plat has one taxpayer that has not paid its 2018 taxes and noted that the Section 4 plat lacks one signature. He noted that the Bond with Surety form was sent to Arthur J. Gallagher & Company to acquire the road bond required for platting and that the form and audit has been sent to their surety market to acquire the bond.

The Board next considered the following announcements:

- Mr. McCrady presented and reviewed the attached Calendar of Events.

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- Director Carlisle stated that an officer with the Roman Forest Police Department was seriously injured in a motorcycle accident.
- Director Persson stated that the Lone Star College-Kingwood Library opened Monday and that all the buildings at the Kingwood campus are now open.

The Board next recessed to Executive Session at 6:01 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, personnel matters pursuant to §551.074, Texas Government Code and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 8:29 p.m.

The Board next considered the approval of an Agreement with New Quest & TxDOT relative to construction of a detention pond in connection with the development of Kingwood Parc and the widening of Loop 494. After discussion, Director Wetz moved to approve the proposed Agreement and authorize Mr. McCrady to execute the Agreement, subject to approval of the form of the Agreement by Mr. McCrady and Mr. Marks. Director Persson seconded the motion, which unanimously carried.

The Board next deferred the approval of an Incentive Agreement with Lighthouse Industrial Properties, LLC.

The Board next deferred the approval of an Incentive Agreement with Woodmark, LP.

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

The Board next deferred the approval of an Incentive Agreement with Italianos Restaurant, or its assignees.

The Board next deferred the status of an Incentive Agreement with MTP Enterprises LLC dba Buster's Brew.

The Board next considered the status of the Incentive Agreement with Speedsportz Racing Park at Grand Texas, LLC ("Speedsportz"). Mr. McCrady stated that he has received the executed Agreement from Speedsportz.

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The Board next considered the status of the Incentive Agreement with La Huerta Bar and Grill, LLC ("La Huerta"). Mr. McCrady stated that he has received the executed Agreement from La Huerta.

The Board next considered a report on the activities within the Industrial Park.

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 status of the Purchase and Sale Agreement with Gamma Holdings, LLC relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the sale transaction has closed.

The Board next considered the approval of an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Salt Technologies dba Agient Security ("Agient") relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Mr. McCrady stated that the company wants to purchase a 5-acre tract on Phillips Way, with the buildout to extend through 2025. He stated the company currently has 30 employees, but will create an additional 30 jobs over a period of two (2) years, with at least half of the employees being hired from within the boundaries of the District. Mr. McCrady noted that once the indoor range is constructed, it will be available for use by local law enforcement. He recommended that the District offer \$10,000 for relocation fees and noted that the company will contribute to the Scholarship Fund for five (5) years. Mr. McCrady further stated that Agient has provided the District with the required executed Form 1295. After discussion, Director Persson made a motion to approve an Incentive Letter, authorize preparation of a Purchase and Sale Agreement with Agient relative to the purchase of a site in the Industrial Park, and authorize the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Director Carlisle seconded the motion, which unanimously carried.

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The Board next deferred the approval of an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Pearson Construction relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property.

The Board next considered the approval of an Incentive Letter, authorizing preparation of a Purchase and Sale Agreement with Hallmark Mitigation & Construction LLC ("Hallmark") relative to the purchase of a site in the Industrial Park, and authorizing the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Mr. McCrady stated that the company wants to purchase a 3-acre tract on Phillips Way to construct a 10,000 square foot building. He stated the company will be relocating 5 employees, but will create an additional 15 jobs over a period of two (2) years, with at least half of the employees being hired from within the boundaries of the District. He recommended that the District offer \$10,000 for relocation fees, \$1,600 per new employee for workforce training, which must be used within three (3) years. Mr. McCrady further stated that Hallmark has provided the District with the required executed Form 1295. After discussion, Director Persson made a motion to approve an Incentive Letter, authorize preparation of a Purchase and Sale Agreement with Hallmark relative to the purchase of a site in the Industrial Park, and authorize the President and Chair to take all actions and execute all required documents in connection with the sale of the property. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the approval of the Novo exchange of property in the Industrial Park. Mr. McCrady stated that the land exchange is pending with the title company. After discussion, Director Wetz moved to approve the exchange of property with Novo. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the review and approval of proposals for use of electronic device for director information for Board of Directors meetings.

The Board next considered the approval of the destruction of notes of Board of Directors meetings from February 2018 through February 2019, in accordance with the District's Records Retention Schedule for General Records. Mr. Marks presented the attached list of records and advised that the time limitations for retention had passed for all records listed, that, to the best of his knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Carlisle made a motion to authorize the destruction of said notes as requested

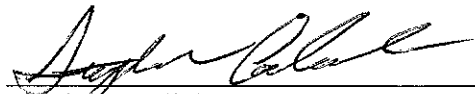
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and in accordance with the provisions of the District's Records Management Program and said Schedule. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the review and approval of the Sixth Amendment to Third Amended and Restated Contract of Employment between the District and Frank McCrady (the "Sixth Amendment"). After discussion on the matter, Director Carlisle made a motion to approve the Sixth Amendment to Third Amended and Restated Contract of Employment between the District and Mr. McCrady, as amended by the First, Second, Third, Fourth and Fifth Amendment to such Contract (collectively, the "Contract") to extend Mr. McCrady's term of employment by one (1) year and to authorize payment of Discretionary Incentive & Deferred Compensation in the amount of \$18,000. Director Zepeda seconded the 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

(SEAL)

