

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
August 8, 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 8th day of August, 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 Director Webb, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Mr. David Marks, Mr. Greg Phipps, Ms. Kaye Townley and several others from the community, as shown on the attached sign in sheet.

In absence of the Chair, Vice Chair Martin called the meeting to order, announced that a quorum was present and presided as Chair.

Director Wetz led in prayer followed by the pledges of allegiance led by Director Carlisle.

As the first order of business, the Board considered questions and comments from members of the audience. Mr. Darrel Ferguson with Friends of Splendora Ag (“FOSA”) addressed the Board and thanked the members for the donation to the FOSA first annual Steak Night. He stated that FOSA raised \$13,000 and that the money will be used at the Montgomery County and East Montgomery County Auctions. Mr. Ferguson then requested a \$5,000 donation to be used to raffle off a 4-wheeler at the skeet shoot, as the group is trying to raise \$15,000. Director Martin noted that there was not an item on the agenda to consider the request for an additional donation. Mr. Harris next addressed the Board relative to various projects in the District.

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The Board next presented a grant check to the East Montgomery County Emergency Services District No. 6.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on July 18, 2019 and July 24, 2019. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meeting held on July 18, 2019, as written, and to approve the minutes of the meeting held on July 24, 2019, as amended. Director Zepeda seconded the motion, which carried, with Directors Persson, Martin and Tramm abstaining.

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 the compressor for the chiller system needs to be replaced. He stated that he spoke with Manhard Consulting, Ltd. ("Manhard") who advised that they may no longer need to lease interim office space in the District's building. Mr. McCrady stated that he is still in negotiations with Montgomery County Constable Pct. 4 relative to its proposed lease of office space in the District's building.

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. 16624 through 16675, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2683 through 2688, and a debt service payment, as set forth on the attached reports. Director Carlisle seconded the motion, which unanimously carried.

The Board next deferred the status of receipt of funds and documents required to be provided by New Quest in connection with Kingwood Parc detention pond project.

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 building shell, site pavement and concrete is complete. He stated that the outside finish of the building is being applied and the electrical and plumbing is almost complete. He then presented pay application no. 6, in the amount of \$533,517.30 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 that the contractor has requested one (1) additional day due to weather related delays. After discussion, Director Persson moved that the Board approve the payment of pay application no. 6 and one (1)

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additional weather related day, as set out above. Director Carlisle 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 has been submitted to Montgomery County for recordation.

The Board next deferred the review of bids and award of a contract for the construction of a detention pond to serve the Kingwood Parc project.

The Board next considered the following announcements:

- Director Carlisle stated that a fundraiser for the officer with the Roman Forest Police Department that was seriously injured in a motorcycle accident will be at Bull Salas Park on Saturday from 10:00 am – 4:00 pm.
- Director Zepeda stated that this coming weekend is tax free weekend.

The Board next recessed to Executive Session at 6:38 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. The Board returned from Executive Session at 8:01 p.m.

Director Tramm left the meeting during executive session.

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 Keysteel Corp.

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

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

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

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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"), 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 an Incentive Letter, authorizing the preparation of a Purchase and Sale Agreement with BSD Transport ("BSD") 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 proposed that the District negotiate to sell a different 2-acre site to be agreed upon by the parties and noted that BSD has provided the District with the required executed Form 1295. After discussion, Director Wetz made a motion to authorize Mr. McCrady to negotiate the sale of a 2 acre site to BSD. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Letter, authorizing the preparation of a Purchase and Sale Agreement with Pearson Construction ("Pearson") 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 is interested in purchasing a 2-3 acre tract, which currently has the house located on it, with an option to purchase an additional 1 acre tract. He stated that the District would reimburse the company \$10,000 for repairs to the existing house on the site or construction costs associated with construction of a new building on site where the existing house is currently located. Mr. McCrady stated that Pearson will lease the existing building to Performance Drywall, LLC for up to thirty (30) months. He stated the company will be adding an additional 10 employees over the next two (2) years, with seven (7) of the employees being hired from within the boundaries of the District. He further noted that Pearson has provided the District with the required executed Form 1295. After discussion, Director Wetz made a motion to approve an Incentive Letter, authorize preparation of a Purchase and Sale Agreement with Pearson relative to the purchase of a site in the Industrial Park, authorize an option to purchase an additional one (1) acre adjacent to the acreage being purchased, and authorize the President and Chair to take all actions and execute

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all required documents in connection with the sale of the property. Director Persson seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Letter, authorizing the preparation of a Purchase and Sale Agreement with Performance Drywall LLC (“Performance”) 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 2-acre tract to construct a 5,000 square foot building. He recommended that the District offer \$10,000 incentive to reimburse Performance for a portion of its building costs. He noted that Performance 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 Performance 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 Wetz seconded the motion, which unanimously carried.

The Board next considered the approval of a modification to the Purchase and Sale Agreement with Hallmark Mitigation & Construction LLC (“Hallmark”) relative to the purchase of a site in the Industrial Park. Mr. McCrady reported that the Purchase and Sale Contract is currently being review by Hallmark’s attorney, and stated that Hallmark is requesting a reduction in the original size of the building to be constructed from 10,000 sq. ft. to 5,000 sq. ft. After discussion, Director Wetz made a motion to approve a reduction in the size of the building to be constructed to 5,000 sq. ft. and authorize Mr. McCrady to approve any non-substantive changes to the contract. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the status an Incentive Letter and preparation of a Purchase and Sale Agreement with Salt Technologies dba Agient Security relative to the purchase of a site in the Industrial Park.

The Board next deferred the status of an Incentive Letter and preparation of a Purchase and Sale Agreement with Levitated Metals Real Estate Holdings, LLC (“Levitated”) relative to the purchase of a site in the Industrial Park pending Levitated securing financing for the project.

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The Board next considered the adoption of an amended and restated policy on the making and awarding of community grants. Mr. McCrady discussed the draft Policy for Community Project Grants to Non-Profit Entities. The Board recommended removing the last sentence of paragraph No. 2 on page 2 and revising paragraph No. 4 on page 2. After discussion, Director Persson moved to approve the Policy, as revised. Director Wetz seconded the motion, which unanimously carried. A copy of the Policy, as revised and approved by the Board is attached hereto.

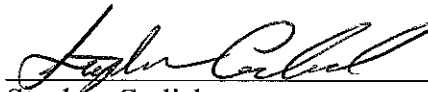
Mr. McCrady next discussed the draft Policy for Community Program Grants to Taxing Entities. The Board recommended revising Paragraph No. 2 on page 2. After discussion, Director Persson moved to approve the Policy, as revised. Director Rogers seconded the motion, which unanimously carried. A copy of the Policy, as revised and approved by the Board is attached hereto.

The Board next deferred the approval of a Resolution Regarding Information Stored on Privately-Owned Devices.

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

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)

