

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

August 10, 2017

THE STATE OF TEXAS §
 §
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 August, 2017, at 6:00 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, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Matlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Mr. Paul Ramsey, Mr. Anthony Lasky, Ms. Kaye Townley and 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 Carlisle.

As the first order of business, the Board considered comments from members of the audience. Ms. Atkinson and Ms. Gonzales addressed the Board and expressed appreciation for the community grant given to the American Legion Auxiliary Unit 615 to send the girls to state. Ms. Atkinson then presented a Certificate of Appreciation to the Board of Directors. Mr. Berry next addressed the Board and discussed his planned development of a 116-bed skilled nursing facility in the District. He stated that the facility will employ approximately 140 employees and is estimated to be a \$12,000,000 project, and is requesting some financial assistance from the District to offset the land infrastructure costs.

Minutes of East Montgomery County Improvement District for August 10, 2017

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on July 13, 2017, July 17, 2017 and July 31, 2017. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on July 13, 2017, and July 17, 2017, as written. Director Zepeda seconded the motion, which unanimously carried. The Board deferred approval of the July 31, 2107 minutes until the next meeting.

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. 14366 through 14432, inclusive, two (2) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2537 through 2539, inclusive, 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 June 30, 2017. 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 of the Budget for fiscal year ending 2018, including approval of amendments to same. Director Zepeda stated he would like to review the budget and cut back on line item expenses to make up for the festival loss. After discussion, the Board requested a workshop meeting to review the entire budget. Mr. McCrady advise he would schedule a workshop meeting.

The Board next considered the approval of an economic development grant to Veer Hanuman Hospitality Inc. ("Veer"), or its assignees, relative to the construction of a Crystal Inn hotel in the District. Mr. McCrady recommended that the hotel be required to employ at least three (3) residents from the District and that the District provide a grant equal to 25% of the hotel tax collected over a three (3) year period, provided the hotel tax grant proceeds are used for a statutorily authorize purpose. He stated that he has received the required Form 1295 from Veer. After discussion, Director Carlisle moved to approve an economic development grant to Veer, as set out above. Director Hesson seconded the motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for August 10, 2017

The Board next considered the approval of an economic development grant to VR Porter Health Realty, LLC ("VR Porter") for an Assisted Living Facility in the District. Mr. McCrady proposed that the District contribute \$50,000 a year for three (3) years for operation expenses plus reimburse up to \$50,000 for technology expenses. He stated the facility will create 120 jobs with half of the employees living within the District boundaries and that he has received the required Form 1295 from VR Porter. After discussion, Director Carlisle moved to approve an economic development grant to VR Porter, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next deferred the approval of an economic development grant to Tana's Cutting Cottage after Mr. McCrady stated that he has not yet received the required Form 1295.

The Board next considered the selection for the Outstanding Citizen Award. Mr. McCrady stated that he has received two (2) nominations so far and that the Board will select the recipient later in the meeting and that the award will be presented at the Fire and Ice Festival.

The Board next considered the following announcements:

- Dogwood Elementary School Opening on August 22, 2017.

The Board next recessed to Executive Session at 6:20 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 7:37 p.m.

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. Costanza stated that JAC advertised for bids for the maintenance of the building and for the maintenance of the grounds. He stated that two (2) ground maintenance bids were received, including one from TJMT Services in the amount of \$82,000 and one from TDG Contractors in the amount of \$249,228. Mr. Costanza reported that JAC received one (1) bid for maintenance of the building from TDG Contractors in the amount of \$416,587. Mr. McCrady stated that the District is currently budgeting approximately \$225,000 for maintenance, plus festivals and events. The Board requested that Mr. Costanza prepare a comparison table showing the District's current budgeted expenditures and the line item bid amounts, and to defer award of the contracts at this

Minutes of East Montgomery County Improvement District for August 10, 2017

time. Mr. Costanza noted that the bids are good for thirty (30) days.

The Board next deferred the status of design of the new District building after Mr. McCrady stated he had nothing new to report.

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 Texas Dirt LLC ("TD") for construction of the second phase of the regional detention basin. Mr. Costanza reported that TD has indicated that the project will be complete early next week (weather permitting). He then presented pay application no. 3, in the amount of \$177,902.00, and recommended that the Board approve the payment of same. After discussion, Director Martin moved that the Board approve the payment of pay application no. 3 to TD, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next considered the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3. Mr. Costanza reported that JAC met with Quadvest and explained what needed to be accomplished for the project to be complete and accepted by the Board.

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 area around the lift station is not yet accessible and noted that the project completion is on hold until the detention pond dirt removal is complete.

The Board next considered the status of the contract with Angel Brothers for the construction of roads to serve Industrial Park, Section 4. Mr. Costanza reported that the project completion is on hold until the detention pond dirt removal is complete.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the section 3 plat is being finalized for signatures and will be ready to sign within the next two (2) weeks. He stated the section 4 plat will be finalized after next week, pending a possible land sale that could affect the layout configuration.

Minutes of East Montgomery County Improvement District for August 10, 2017

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza reported that the project is complete. He then presented change order no. 4, a credit in the amount of \$18,600, the required Form 1295 and pay application no. 8 (final), in the amount of \$26,722.91, and recommended the Board approve change order no. 4 and the payment of pay estimate no. 8 (final), and to accept the project as complete. After discussion, Director Martin moved that the Board approve of change order no. 4, the payment of pay application no. 8 (final), as set out above, and to accept the project as complete. Director Carlisle seconded the motion, which unanimously carried.

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 on schedule for completion at the end of August. He then presented pay estimate no. 9 in the amount of \$61,133.40, and recommended that the Board approve the payment of the pay estimate. After discussion, Director Persson moved to approve the payment of pay estimate no. 9 to E&S, as set out above. Director Martin seconded the motion, which unanimously carried.

Mr. McCrady next presented and reviewed the attached proposed Fire & Ice Festival Budget with the Board and requested that the Board advise if they want to remove any of the line items. The Board concurred to leave the budget as presented,

The Board next considered the approval of a Purchase and Sale Agreement with WFP New Caney Properties LLC ("WFP") relative to purchase of a site in the Industrial Park. Mr. McCrady stated that he has received the required Form 1295 and that the transaction is scheduled to close on August 17, 2017. After discussion, Director Carlisle moved to approve the Purchase and Sale Agreement with WFP 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 considered the approval of a Purchase and Sale Agreement with AV & RD Properties, LLC ("AV"), formerly Metal Specialties or assignees, relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that he has received the required Form 1295. After discussion, Director Martin moved to approve the Purchase and Sale Agreement with AV 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 Persson seconded the motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for August 10, 2017

The Board next deferred the approval of an incentive agreement with Youtrients, Inc., to 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 after Mr. McCrady stated he has not received the required Form 1295 from Youtrients.

The Board next deferred the status of a Purchase and Sale Agreement with Gulf Coast Apparatus Services ("Gulf Coast") relative to purchase of a site in the Industrial Park.

The Board next considered authorizing the repurchase of 5 acres from Jenista Holdings, LLC ("Jenista"), and to authorize the President and Chair to take all action and to execute all required documents in connection with the repurchase of the property. Mr. McCrady stated that he has received the required Form 1295 from Jenista, and that the District will pay Jenista \$125,000, less expenses, for the property. After discussion, Director Persson moved to authorize the repurchase of 5 acres from Jenista, and to authorize the President and Chair to take all action and to execute all required documents in connection with the repurchase of the property. Director Hesson 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.

The Board next discussed authorizing the President to obtain detailed specifications and proposal in connection with Creed Development's Gigabit City REIT business model. Director Hesson noted that the company is conducting a study of the area. The Board requested that Mr. McCrady obtain a proposal for review and consideration at the next meeting.


The Board next considered a discussion regarding the Supreme Court's ruling and amendment of policy relative to issuing grants to faith based organizations. Mr. Marks discussed the Supreme Court's decision relative to issuing grants to faith based organizations. After discussion, Director Martin moved that the District delete the two (2) faith based questions from the grant application. Director Carlisle 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.

(SEAL)




Stephen Carlisle
Secretary, Board of Directors