

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 12, 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 12th day of September, 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:

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| Brenda Webb | Chairperson |
| 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 Wetz, 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, Ms. Jennifer Green and several others from the community, as shown on the attached sign in sheet.

Chair Webb called the meeting to order, announced that a quorum was present.

Chair Webb led in prayer followed by the pledges of allegiance led by Director Rogers.

As the first order of business, the Board presented a grant check to the East Montgomery County Emergency Services District No. 7.

The Board next deferred receiving questions and 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 August 8, 2019. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meeting held on August 8, 2019, as written. Director Zepeda seconded the motion, which unanimously carried.

The Board next deferred the election of officers of the Board of Directors.

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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 final Lease Agreement with Montgomery County Constable Pct. 4 will go to Commissioner's Court for approval at the end of the month.

Director Carlisle entered the meeting at this time.

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. 16676 through 16770, inclusive, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2689, 2690 and 2692, as set forth on the attached reports. Director Zepeda 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 after Mr. Marks reported that he is still waiting on New Quest to deliver the documents.

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. Phipps presented pay application no. 7, in the amount of \$340,464.37 and recommended the Board approve the payment of same. Mr. Phipps 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. He further discussed a change order that has been requested in the amount of \$78,370.40 for the addition of a fire suppression system. After discussion, Director Persson moved that the Board approve the payment of pay application no. 7 and one (1) additional weather related day, as set out above. Director Tramm 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. Phipps stated that the remaining taxpayer in Section 3 paid his delinquent 2018 taxes, but neglected to pay the interest and penalties. He noted that the plat recordation cannot be completed until all taxes, penalties and interest are paid. Mr. Phipps stated that the Section 4 plat has been submitted to Montgomery

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County for recordation.

The Board next deferred acceptance of a detention pond site, related easements and a deposit of funds relative to Kingwood Parc project.

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 after Mr. Phipps stated that the bid opening is scheduled for September 19, 2019.

The Board next considered the following announcements:

- Mr. McCrady distributed and discussed the attached Calendar of Events and noted that the Shriner's Monster Truck Show will be held on Friday and Saturday at the Lone Star Convention Center.

The Board next recessed to Executive Session at 5:54 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 7:35 p.m.

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

The Board next considered the approval of an Incentive Agreement with Keysteel Corp. ("Keysteel"). Mr. McCrady stated that the company is expanding and is purchasing approximately \$2,000,000 to \$3,000,000 in equipment and recommended offering a \$50,000 grant for the building expansion or the additional equipment. He stated the company will create 4 new jobs with 2 of those employees being hired from within the boundaries of the District. Mr. McCrady noted that Keysteel is in negotiations with John Harris to purchase or lease the tract south of Keysteel. He also presented the executed Form 1295 from Keysteel. After discussion, Director Persson moved that the Board approve the Incentive Agreement with Keysteel, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement with EXP Controls ("EXP") or its assignees (Stanchi). Mr. McCrady stated that the company is in negotiations to purchase a 3.7 acre tract, with an option to purchaser for 2 years and immediately lease 2 acres of the drill site for storage. He also presented the executed Form 1295 from EXP. After discussion,

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Director Persson moved that the Board approve the Incentive Agreement with EXP and authorize Mr. McCrady to negotiate the terms of the lease, as set out above. Director Rogers seconded the motion, which unanimously carried.

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 an Incentive Letter and preparation of a Purchase and Sale Agreement with BSD Transport ("BSD") relative to the purchase of a site in the Industrial Park. The Board discussed BSD's request to reconsider its previous decision to not sell a 2-acre site to BSD in the Industrial Park. After discussion, Director Tramm made a motion to deny BSD's request, as the site has been committed to another entity. Director Persson seconded the motion, which unanimously carried.

The Board next deferred the status of an Incentive Letter and the preparation of a Purchase and Sale Agreement with Pearson Construction relative to the purchase of a site in the Industrial Park, after Mr. McCrady stated he is waiting on receipt of the survey.

The Board next deferred the status of an Incentive Letter and the preparation of a Purchase and Sale Agreement with Performance Drywall LLC relative to the purchase of a site in the Industrial Park, after Mr. McCrady stated he is waiting on receipt of the survey.

The Board next considered the status of the Purchase and Sale Agreement with Hallmark Mitigation & Construction LLC relative to the purchase of a site in the Industrial Park. Mr. McCrady reported that the closing documents are currently at the title company and that the transaction is scheduled to close in September.

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 and receipt of the survey.

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The Board next deferred authorizing the sale of a 3 acre tract and the lease of a 2 acre site to Stanchi after Mr. McCrady stated he is waiting on receipt of the survey.

The Board next considered the approval of the attached Resolution Regarding Information Stored on Privately-Owned Devices. Mr. Marks reported that Senate Bill 944 will require that a current or former officer or employee of a governmental body who maintains public information on a privately owned device to forward or transfer the public information to the governmental body or a governmental body server for preservation or preserve the information in its original form in a backup or archive and on the privately owned device for the time prescribed by the governmental body's records retention program. He stated that in order to comply with the requirements of Senate Bill 944, MRPC is recommending that each Board member transfer all public information created or received by such Board member to a Google email address for archiving with the District's records. He noted that MRPC has set up the email address of eastmcid@gmail.com for the District for such purposes. After discussion, Director Persson made a motion to approve the Resolution and authorize the Chairman to execute and the Secretary to attest same on behalf of the Board and the District. Director Carlisle seconded the motion, which unanimously carried. He noted that MRPC has provided a memo to each Board member giving information on the best practices with respect to the implementation of the new law.

The Board next deferred the review and approval of proposals for use of electronic devices for director information for Board of Directors meetings after Mr. McCrady stated he will provide costs associated with the use of iPad's by the Board at the next meeting.

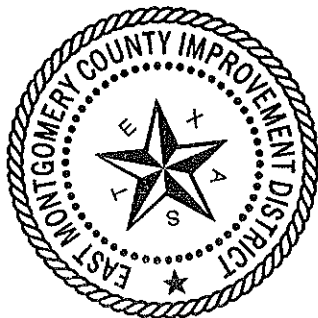
The Board next deferred the appointment of a Director to fill the vacancy created by the passing of Director Martin.


The Board next deferred the acceptance of a Qualification Statement, Oath of Office and Election Not to Disclose Personal Information for an appointed director.

The Board next considered matters for possible placement on future agendas, including holding a Grant Workshop on October 15th at noon and the regular Board meeting on October 15th at 5:30 p.m.

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

(SEAL)




Stephen Carlisle
Secretary, Board of Directors