

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 13, 2018

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 13th day of September, 2018, 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 Rogers, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley 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 Wetz led in prayer followed by the pledges of allegiance led by Director Persson.

As the first order of business, the Board deferred comments from members of the audience after Chair Webb stated that no one had signed up to speak. Chair Webb then presented an Incentive Agreement check to Mustang Rental.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on August 9, 2018, and August 15, 2018. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on August 9, 2018, and August 15, 2018, as presented. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the status of the Grant Agreement (“Agreement”) with Montgomery County ESD No. 7 (“MC ESD 7”), relative to the purchase of a ladder truck. Mr. McCrady stated that the MC ESD No. 7 Board has approved the Agreement and that he is waiting on receipt of the executed document. He noted that the Agreement has been executed by the District.

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 Lone Star College-Kingwood has begun holding ESL classes in Room 202 and noted that parking continues to be an issue.

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. 15474 and 15512 through 15608, inclusive, with check nos. 15475 and 15570 being voided, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2602 and 2611 through 2617, inclusive, with check no. 2613 being voided, as set forth on the attached reports. Director Martin seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement with IB/New Caney Investors, Ltd. Mr. Ralph Tullier addressed the Board and stated that he is acquiring the Brookshire Brothers shopping center located on FM 1488. He stated he plans to do major renovations to the shopping center, including rehabilitation of the façade and repairs to the parking lot, etc. After discussion, the Board deferred consideration of the approval of an Incentive Agreement until later in the meeting.

The Board next considered the following announcements:

- EMCID held an Electronic Recycling Event and noted that 27,200 lbs. of various old electronic items were collected.
- Lone Star College-Kingwood has a current enrollment of 12,700 students and the college will re-open 6 of the buildings that were flooded during Hurricane Harvey on February 15th.
- Splendora Sports Association event held last Saturday.
- East Montgomery County Fair is currently underway.
- Scholarship Gala scheduled for September 20, 2018.

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The Board next recessed to Executive Session at 5:53 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 7:16 p.m.

The Board next considered the status of an economic developments, including the status of the Incentive Agreement with YMER Technology (“YMER”) relative to its lease of a building in the Industrial Park. Mr. McCrady stated that the design of the second building is complete and he is working on the Lease Agreement and obtaining financing for the project.

The Board next considered the status of an Incentive Agreement with Olive Garden Holdings, LLC. Mr. McCrady stated that the Agreement is pending.

The Board next considered the status of an Incentive Agreement with Darst Funeral Directors, Inc. Mr. McCrady stated that the Agreement has been executed.

The Board next considered the status of an Incentive Agreement with Feel Better Consulting, LLC, dba Cumberland Health Center (“Cumberland”). Mr. McCrady stated that the Agreement is with Cumberland for review and execution.

The Board next deferred the approval of an Incentive Agreement with HEB after Mr. McCrady stated he has not received the required Form 1295.

The Board next considered the approval of an Incentive Agreement with IB/New Caney Investors, Ltd. (“IB”) (Brookshire Bros. Center). Mr. McCrady stated that IB is requesting ½% sales tax rebate for up to 20 years or \$3,100,000. After discussion, Director Persson moved to approve the foregoing terms of the Incentive Agreement with IB and authorize MRPC to prepare and Mr. McCrady to execute same. Director Martin seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement with La Casita Mexican Restaurant (“La Casita”). Mr. McCrady stated that La Casita is in the process of expanding and he is proposing that the District offer \$20,000 for reimbursement of costs of infrastructure improvements. He noted that La Casita has committed to hire three (3) additional employees from within the District. After discussion, Director Martin moved to approve the foregoing terms of the Incentive Agreement with La Casita and authorize MRPC to prepare and Mr. McCrady to execute same. Director Zepeda seconded the motion, which unanimously carried.

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The Board next deferred the approval of an Incentive Agreement with JHarp Land Management LLC.

The Board next considered approval of a proposal for participation with New Caney ISD in the Population and Survey Analysts Study (“PASA”) for area demographics. Mr. McCrady presented and reviewed the attached proposal from PASA and stated it will cost \$29,540.00 for the District to participate in the study. He noted that the District will receive a copy of the PASA which he will use in the District’s economic development activities. After discussion, Director Persson made a motion that the Board approve the proposal, as presented. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the approval of proposal for Entergy-Harvey Rebuilding Funds Grant Projects relative to matching funds for various projects throughout the District that suffered damage caused by Hurricane Harvey. Mr. McCrady presented and reviewed the attached email that listed the four (4) city projects that would benefit from the Harvey relief funds. After discussion, Director Martin made a motion that the Board approve the matching fund request in the amount of \$21,300. Director Carlisle seconded the motion. Director Persson then made a motion to amend the previous motion to fund all projects, except the reconstruction road project. Director Wetz seconded the amendment, which carried with Director Tramm being opposed. After discussion, the Chair called for a vote on the motion as amended and with Director Tramm voting against and all other directors voting in favor, the motion passed.

The Board next considered a report on activities within the Industrial Park. The Board considered the review and approval of plans and authorizing the engineer to advertise for bids for construction of a second building for YMER Technology. Mr. Costanza reviewed the preliminary plans and stated that the bid opening will occur on October 11, 2018. Mr. Marks noted that the District does not have funding available or allocated to the project. After discussion, Director Martin made a motion that the Board approve the plans and authorize the engineer to advertise the project for bids. Director Persson seconded the motion, which unanimously carried. Mr. McCrady stated that he will meet with the Bank relative to the financing of the project.

The Board next considered 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.

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The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 plat is ready for submittal but cannot be submitted until one remaining property owner pays the taxes owed. He noted that the taxpayer of record has been contacted but that the taxes still have not been paid. He then stated the section 4 plat is being prepared for submission and consideration by Montgomery County.

The Board next considered the status of an Incentive Agreement and approval of a Purchase and Sale Agreement with Salt Technologies dba Agient Security relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that he had nothing new to report.

The Board next considered the approval of a Purchase and Sale Agreement with Novo Mexican Food Products ("Novo") relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that the entity is interested in purchasing a 1.25 acre tract in the District and presented the executed Form 1295 from Novo. After discussion, Director Tramm moved that the Board 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. Director Persson 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 ("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.

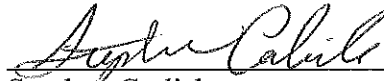
The Board next discussed the 2018 Fire & Ice Festival, including the approval of a budget for the Festival. Mr. McCrady presented and reviewed the attached budget in the total amount of \$313,216.00. After discussion, Director Zepeda made a motion to approve the budget, as presented. Director Wetz seconded the motion, which carried, with Director Martin being opposed. The Board noted they want to discuss whether to continue holding the Festival in the future.

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The Board next discussed the Ice Skating event to be held in December 2018. Mr. McCrady presented and reviewed the attached updated budget in the total amount of \$211,871.00. He stated that he is in the process of solving the energy issues and noted that Mr. Signorelli has suggested a longer term next year to attract more shoppers to the District. Mr. McCrady stated that the event will cost \$5.00 per person to skate for 1.5 hours.

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)

