

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

October 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 10<sup>th</sup> day of October, 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:

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|-------------------|-----------------|
| 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. Tara Martin, Ms. Kelley Matlage, 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 Hesson led in prayer followed by the pledges of allegiance led by Director Martin.

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.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on September 14, 2017. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on September 14, 2017, as presented. Director Zepeda seconded the motion, which unanimously carried.

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

## **Minutes of East Montgomery County Improvement District for October 10, 2017**

and to authorize payment of invoices on the Operating Fund being check nos. 14509 through 14568, inclusive, with check nos. 14456, 14518 and 14523 being voided, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 25444 through 2546, inclusive, as set forth on the attached reports. Director Hesson seconded the motion, which unanimously carried.

The Board next deferred the approval of a Resolution Regarding Community Development Grants for Faith Based Organizations until later in the meeting.

The Board next considered the status 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 reported that the Agreement is with Veer for execution.

The Board next considered the status of an economic development grant to VR Porter Health Realty, LLC ("VR Porter") for an Assisted Living Facility in the District. Mr. McCrady reported that the Agreement is with VR Porter for execution.

The Board next considered the status of an economic development grant to KM Express Care Services, LLC ("KM") relative to the construction of a clinic in the District. Mr. McCrady reported that the Agreement is with KM for execution.

The Board next considered the approval of an economic development grant to Tana's Cutting Cottage ("Tana's"). Mr. McCrady recommended that the District provide grant funding in the amount of \$15,000 for the business expansion and that Tana's be required to add two (2) additional full-time employment positions. He stated that he has received the required Form 1295 from Tana's. After discussion, Director Carlisle moved to approve an economic development grant to Tana's, as set out above, and to authorize the preparation and execution by the President or Chair of an Agreement reflecting such terms and conditions. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the approval of an economic development grant to Nicole's Italian Restaurant ("Nicole's"). Mr. McCrady stated that Nicole's has requested a loan in the amount of \$60,000 from the Economic Development Corporation ("EDC"). He recommended that the District provide grant funding in the amount of \$20,000 for the business expansion, subject to a successful application to the EDC, and that Nicole's be required to add three (3) additional employment positions. Mr. McCrady stated that he has received the required Form 1295 from Nicole's. After discussion, Director Wetz moved to approve an economic development grant to Nicole's, as set out above, and to authorize the preparation and execution by the President or Chair

## **Minutes of East Montgomery County Improvement District for October 10, 2017**

of an Agreement reflecting such terms and conditions. Director Persson seconded the motion, which unanimously carried.

The Board next considered the approval of an economic development grant to Ace Hardware ("Ace") relative to relocation in the District. Mr. McCrady recommended that Ace be required to employ six (6) out of a total of twelve (12) new full-time employees from within the boundaries of the District and that the District provide a grant of ½ of 1% sales tax rebate for five (5) years, provided that ½ of the employees must be from within the boundaries of the District at all times. He stated that he has received the required Form 1295 from Ace. After discussion, Director Carlisle moved to approve an economic development grant to Ace, as set out above. Director Hesson seconded the motion, which unanimously carried.

The Board next deferred the approval of an audit report for the fiscal year ended June 30, 2017.

The Board next considered the following announcements:

- Chair Webb presented the attached flyer for the Cars & Music on the Lake to be held on Saturday, October 14<sup>th</sup> from 10:00 a.m. to 3:00 p.m. at the Riverwalk Subdivision Lake Park. She then acknowledged the great effort by Hometown Chef Catering in providing meals for those displaced by Hurricane Harvey.
- Director Hesson acknowledged the efforts of the EMCID staff in assisting the community in the aftermath of Hurricane Harvey.
- Director Zepeda stated that the Splendora Ag Skeet Shoot will be held this weekend.
- Mr. McCrady stated that he met with Constable's Office and noted that the Safe Shopper Program will begin October 15<sup>th</sup>. He then stated that Buffalo Wild Wings is coming to the District this Summer.

The Board next presented a check in the amount of \$250,000 to the Montgomery County Emergency Services District No. 7, in accordance with its contract with the District.

The Board next recessed to Executive Session at 6:24 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 8:08 p.m.

## **Minutes of East Montgomery County Improvement District for October 10, 2017**

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 he had nothing new to report, but stated that Lone Star College-Kingwood ("LCK") is actively using additional space in the District's building. Director Persson noted that by January 15, 2018, LCK should be back in its space on the LCK campus.

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 review and approval of proposal for the repair of damage to the drainage and detention ditches caused by Hurricane Harvey. Mr. Costanza stated that several areas suffered damage as a result of the storm and flood waters. He noted that the main drainage ditch experienced washouts around the bridge structure, erosion in the channel side slopes and at some of the back-slope drains. Mr. Costanza stated that the newly constructed roadbeds for the Section 4 pavement were also damaged by washouts. He stated that JAC received three (3) bids for the repair work, with the low bid being submitted by Rebel Contractors ("Rebel"), in the amount of \$87,012.00. After discussion, the Board deferred award of the contract as JAC has not received the required Form 1295 from Rebel.

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.

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 Quadvest is continuing to complete the work required 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 Clearwater has indicated that a crew will move in on Monday to complete the remaining items.

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 roads were significantly washed out by Hurricane Harvey and that he has sent surveyors to perform a topo survey. He stated that once the wash-out subgrade issue is resolved, the contractor has indicated a crew will move in to complete the project.

## **Minutes of East Montgomery County Improvement District for October 10, 2017**

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the section 3 plat is complete with the exception of landowner signatures. He stated the section 4 plat is complete except for the cul-de-sac location on Celia Way and landowner signatures.

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 building is complete with the exception of carpet, ceiling tiles and baseboards, as the contractor is waiting on water, sewer and electricity to finish the items. He stated that the water and sewer contractor is moving onsite Monday to isolate the portion of the waterline in from of the building, test and chlorinate the line. Mr. Costanza stated that once the line passes the test, water can be serviced to the building. He stated that the sewer will be plugged at a downstream manhole and should provide enough storage for the building and worst case may require occasional pumping. He then presented pay estimate no. 11 in the amount of \$12,172.50, and recommended that the Board approve the payment of the pay estimate. After discussion, Director Carlisle moved to approve the payment of pay estimate no. 11 to E&S, as set out above. Director Martin seconded the motion, which unanimously carried. Mr. Costanza then presented the attached invoice from Entergy in the amount of \$10,245.56, for the costs associated with the installation of the electrical line to serve the building. After discussion, Director Martin moved to approve the payment of the invoice from Entergy. Director Persson seconded the motion, which unanimously carried.

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The Board next considered the status 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 the transaction has closed.

The Board next considered the status 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 AV has requested that the transaction be placed on hold for approximately one (1) year and recommended that the item be removed from the agenda. The Board concurred with Mr. McCrady's recommendation.

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 that Youtrients is working toward FDA approval.

**Minutes of East Montgomery County Improvement District for October 10, 2017**

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 after Mr. McCrady stated that he is in the process of finding an investor or third party to construct and own the building.

The Board next considered the status of the repurchase of 5 acres from Jenista Holdings, LLC. Mr. McCrady stated that the transaction has closed.

The Board next considered the approval of a Lease Agreement with Ymer Technology ("Ymer") relative to a warehouse building and approval of an Incentive Agreement relative to relocation into the Industrial Park. Mr. McCrady stated that he is in the process of preparing a commercial lease agreement and will bring the agreement to the board once it has been signed by Ymer.

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").

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.

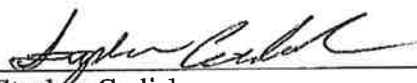
The Board next deferred the review of a proposal in connection with Creed Development's Gigabit City REIT business model after Mr. McCrady noted that he will have a proposal at the next meeting.

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