

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
October 15, 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 15th day of October, 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
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 Directors Tramm and Zepeda, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Josh Rambo, 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.

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

As the first order of business, the Board considered questions and comments from members of the audience. Chief Welch questioned whether the Board wanted to participate in the safe shopper initiative program this year. He noted that last year the program started in November and ended in January. Chair Webb noted that the District has budgeted the same amount of funds as last year for this year’s program.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on September 12, 2019. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on September 12, 2019, as written. Director Rogers 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 Montgomery County Constable Pct. 4 detectives have moved into their lease space in the building.

The Board next considered the approval of an audit report for the fiscal year ended June 30, 2019. Mr. Rambo presented and reviewed the draft audit with the Board. After discussion, Director Wetz moved that the attached audit report for the fiscal year ended June 30, 2019, be approved, that the Chairman be authorized to execute the Annual Filing Affidavit on behalf of the Board and District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality. Director Persson seconded said 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, the utility usage and expense report 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. 16771 through 16825, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2693, 2994 and 2696 through 2701, 2703 and 2705, as set forth on the attached reports. Director Persson seconded the motion, which unanimously carried.

The Board next considered acceptance of a detention pond site and related easements relative to Kingwood Parc project, including the review of bids and award of a contract for the construction of a detention pond and storm sewer trunk to serve the Kingwood Parc project. Mr. Marks reported that he is waiting on New Quest to deliver the Deed and easements required to proceed with construction. Mr. Costanza reported that the construction is on hold pending receipt of the Deed and easements from New Quest. After discussion, Director Persson moved to accept the deed for the detention pond site, the related easements and to authorize award of a contract to the low bidder, Solid Bridge, for construction of the detention pond and storm sewer trunk lines, subject to the receipt of all required documents and funds from New Quest. Director Wetz seconded the motion, which unanimously carried.

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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 presented pay application no. 8, in the amount of \$225,345.60 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 five (5) additional days due to weather related delays. He further presented change order no. 4, an increase in the amount of \$78,370.40 for the addition of a fire suppression system, and the executed Form 1295 from Drymalla. After discussion, Director Wetz moved that the Board approve the payment of pay application no. 8, five (5) additional weather related days and change order no. 4, as set out above, based on a finding by the Board that said change order is necessary and beneficial to the District, as set out above. Director Persson 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 is awaiting payment of all taxes, penalties and interest from the landowners and noted that the plat recordation cannot be completed until all taxes, penalties and interest are paid. Mr. Costanza stated that the Section 4 plat has been submitted to Montgomery County for recordation.

The Board next deferred the approval of a contract with J.A. Costanza & Associates relative to the design and construction of the EDA grant building in the Industrial Park after Mr. Costanza discussed the procedures relating to the design and construction of the building and noted that construction associated with the grant will consist of a lot of paperwork and reporting to the federal government.

The Board next considered the adoption of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects relative to the EDA grant construction project and consideration of authorizing a survey of wages. Mr. Marks presented the Prevailing Wage Rates for Construction Projects for the US Department of Labor (the “Davis-Bacon Act” wages) and reviewed the attached Resolution with the Board. After discussion of the wage rates and resolution, Director Persson made a motion that the Board adopt the attached Resolution Adopting Prevailing Wage Rate Scale For Construction Projects based on the US Department of Labor Davis-Bacon Act wage rates for the EDA grant project. Director Wetz seconded the motion, which unanimously carried.

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The Board next considered the following announcements:

- Mr. McCrady distributed and discussed the attached Calendar of Events.

The Board next considered the approval of an agreement with East Montgomery County Municipal Utility District No. 3 (“EMC 3”) to advance funds for security services in the Industrial Park (“IP”). Mr. McCrady stated that the current security in the IP is not effective and discussed participating with EMC 3 in its hiring of the Montgomery County Pct. 4 Constable to patrol all of EMC 3, including the IP, at a total cost of \$219,000 per year for two (2) full time officers, including the patrol vehicles. He noted that the Constable’s office provides the supervision and recommended that the District advance \$110,000 to the EMC 3 Operating Fund to pay a portion of the total cost, with the remaining balance being paid by EMC 3 and DR Horton. Mr. McCrady stated the District would pay for the constable patrol in the form of an operating advance to EMC 3. He stated that the total cost will be \$151,000 for the 2nd year. Constable Hayden noted that the two (2) deputies will provide 80 hours of coverage and will include approximately 70 hours of night patrol per week. The Board deferred taking any action on the proposal.

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, 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 8:17 p.m.

Director Carlisle entered the meeting during executive session.

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 Weiz LLC (“Weiz”). Mr. McCrady stated that the company is opening a new Mencius Poke & Chinese restaurant on Northpark Dr. and recommended offering a \$50,000 grant for infrastructure improvements. He stated the company will create 5 new jobs with the employees being hired from within the boundaries of the District. He also presented the executed Form 1295 from Weiz. After discussion, Director Persson moved that the Board approve the Incentive Agreement with Weiz, as set out above. Director Wetz seconded the motion, which unanimously carried.

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The Board next considered the approval of a Second Amendment to Incentive Agreement (“Second Amendment”) with VR Porter Healthcare (“VR”). Mr. McCrady stated the Second Amendment will grant VR an extension of its deadline to open the facility and provide the District with a Certificate of Occupancy to December 15, 2019. He then presented the executed Form 1295 from VR. After discussion, Director Persson moved to approve the Second Amendment. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the status of Incentive Agreement with Keysteel Corp.

The Board next deferred the status of an Incentive Agreement with EXP Controls or its assignees (Stanchi).

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 approval of 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. Mr. McCrady stated that BSD is interesting in purchasing a 3 acres of the drill site. After discussion, Director Persson made a motion to approve an Incentive Letter and authorize preparation of a Purchase and Sale Agreement with BSD, as set out above. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the approval of Incentive Agreement with YMER Technology (“YMER”). Mr. McCrady stated that the company is requesting funds to purchase additional cranes and recommended offering a \$100,000 grant to purchase the cranes, subject to YMER increasing the number of employees to 50 within the next two (2) years. After discussion, Director Persson moved that the Board approve the Incentive Agreement with YMER, as set out above. Director Wetz seconded the motion, which unanimously carried.

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The Board next deferred the status of the preparation of a Purchase and Sale Agreement with Pearson Construction relative to the purchase of a site in the Industrial Park.

The Board next deferred the status of the preparation of a Purchase and Sale Agreement with Performance Drywall LLC relative to the purchase of a site in the Industrial Park.

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 purchase transaction has closed.

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.

The Board next deferred the status of an Option Agreement with Stanchi relative to the sale of a 3 acre tract and the lease of a 2 acre site.

The Board next considered the approval of an advance to EMC 3 to pay a portion of the cost of security services in EMC 3, including the Industrial Park. After discussion, Director Persson moved that the District authorize an advance to EMC 3, in the amount of \$110,000, to pay for the costs associated with security patrol by Montgomery County Pct. 4 Constable. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the re-purchase of the 1.5 acre tract owned by JRA Services, LLC d/b/a Hometown Chef (“JRA”) by the District. After discussion, Director Carlisle moved that the Board approve the Special Warranty Deed, Release of Deed of Trust, and Release of Easement (3.899 acre) from JRA to the District and payment of \$37,500.00 to JRA. Director Persson seconded the motion, which unanimously carried.

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

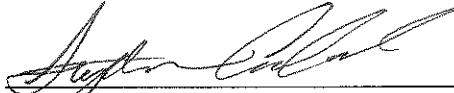
The Board next deferred the appointment of a Director to fill the vacancy created by the passing of Director Martin.

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.

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



Stephen Carlisle
Secretary, Board of Directors

(SEAL)

