

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

November 7, 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 7th day of November, 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, except Director Carlisle, 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 Wetz led in prayer followed by the pledges of allegiance led by Director Webb.

As the first order of business, Chair Webb made a presentation to representatives of Academy and Walmart in appreciation of their efforts in helping the community during Hurricane Harvey.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on October 10, 2017, October 24, 2017 (12:00 p.m.) and October 24, 2017 (6:00 p.m.). After review and discussion, Director Wetz moved to approve the minutes of the Board of Directors meetings held on October 10, 2017, October 24, 2017 (12:00 p.m.) and October 24, 2017 (6:00 p.m.), as presented. Director Hesson seconded the motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for November 7, 2017

The Board next considered the Community Development Grant funding requests and the taking of action to award or deny the grant requests. Mr. McCrady presented and reviewed the attached grant scoring, overall ranking and backup scores given by the Directors and grant applicants. He noted that a total of \$173,107.75 in grant funding was requested and that the District has budgeted \$350,000 for grant funding. After discussion, Director Wetz moved to deny the request of the Friends of Splendor Ag, as a representative was not present to discuss the request at the board of directors meeting. Director Hesson seconded the motion, which carried, with Director Martin being opposed. Director Persson next moved to deny the request of Porter High School Football Club. Director Zepeda seconded the motion, which unanimously carried.

The Board next discussed the math calculation of the Humble Area Assistance Ministries ("HAAM") grant request and noted that the matching grant amount is not correct. The Board noted that the total project cost is \$39,900 and 1/3 would equal \$13,300 match, thereby reducing the grant amount request to \$26,600. Director Wetz discussed the grant and stated that too much of the project funds are going outside of the East Montgomery County community. The Board then questioned the areas where the food will be distributed. After discussion, Director Persson moved to approve the grant funding request in the amount of \$26,600, subject to HAAM being able to increase its share to \$13,300. Director Hesson seconded the motion, which unanimously carried.

Director Martin next moved to approve the following grants as follows:

American Legion Holbrook Post 615 - \$5,000.00 as requested in application;

American Legion Auxiliary Unit 615 - \$3,800.00 as requested in application;

City of Roman Forest - \$30,000.00 as requested in application;

City of Splendor Police Department - \$9,999.25 as requested in application

Cub Scout Pack 803 - \$4,247.50, being \$1,900 more than requested in application;

Cub Scout Pack 39 - \$2,066.00 as requested in application;

East Montgomery County Emergency Services District No. 7 - \$5,000.00 as requested in application;

EMC Sports Association - \$30,000.00 as requested in application;

Friends of the R.B. Tullis Library - \$8,000.00 as requested in application;

Mission Northeast - \$30,000 as requested in application; and

New Caney ISD Education Foundation - \$5,000.00 for one of the two projects as requested in application (Board will designate which project is to be funded at the next Board

Minutes of East Montgomery County Improvement District for November 7, 2017

meeting).

Director Rogers seconded the motion, which carried with Director Wetz being opposed.

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

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Mr. McCrady stated that the Constables are out on patrol, but stated he has not received a written report.

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 Persson made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14569 through 14729, inclusive, with check no. 14325 being voided, four (4) wire transfers and debits for payroll, and on the Special Events Fund being check no. 2547, 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 September 30, 2017. After review, Director Persson 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 deferred the approval of a Resolution Regarding Community Development Grants for Faith Based Organizations policy until the January 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 has been executed and that Veer will be requesting a loan from the economic development corporation to upgrade some rooms to suites.

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 he has the executed Agreement and noted that VR Porter is contracting with a company to operate the facility.

Minutes of East Montgomery County Improvement District for November 7, 2017

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 status of an economic development grant to Tana's Cutting Cottage ("Tana's"). Mr. McCrady stated that the Agreement has been executed.

The Board next considered the status of an economic development grant to Nicole's Italian Restaurant. Mr. McCrady stated that the Agreement is in the process of being prepared.

The Board next considered the status of an economic development grant to Ace Hardware relative to relocation in the District. Mr. McCrady stated that the Agreement is in the process of being prepared.

The Board next considered the following announcements:

- Sawmill Festival – November 11, 2017
- NC Customs grand opening – November 18, 2017
- Lone Star College Kingwood Big Band performance for flood relief – November 18th and November 19th
- Mr. McCrady stated this is the last week of the Hometown Chef meal distributions.

The Board next recessed to Executive Session at 6:41 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 8:14 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. McCrady stated that Lone Star College-Kingwood ("LSCK") is actively using additional space in the District's building. After discussion, the Board concurred to amend the lease with LSCK to require reimbursement of expenses and market rent rate.

The Board next deferred the status of design of the new District building. Mr. McCrady stated that he will be meeting with the architects and is in the process of obtaining names of additional architectural firms.

Minutes of East Montgomery County Improvement District for November 7, 2017

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. Mr. Costanza advised that he has received the executed Form 1295 from Rebel and recommended that the Board award the contract to Rebel. After discussion, Director Wetz moved to award the contract to Rebel, as set out above. Director Rogers seconded the motion, which unanimously carried.

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 the work is complete and that JAC has contacted the County Precinct and that they have no objections to the work performed. He stated that he is waiting to receive comments from the County Engineer before issuing project completion documents.

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 moved back on site last month but noted that when the waterline and sanitary force main were being constructed under the drainage channel, the contractor encountered groundwater. He stated that the rain event caused by Hurricane Harvey may have recharged the water table in that area. Mr. Costanza stated that a series of well points and pumps were set up and that the ground was sufficiently drained to allow the pipe construction to be completed. He then presented change order no. 2, a decrease in the amount of \$55,160, the required Form 1295 and pay application no. 4, in the amount of \$25,041.86, and recommended the Board approve change order no. 2 and the payment of pay estimate no. 4. After discussion, Director Martin moved that the Board approve change order no. 2 based on a finding by the Board that said change order was necessary and beneficial to the District, and the payment of pay application no. 4, as set out above. Director Zepeda seconded the motion, which unanimously

Minutes of East Montgomery County Improvement District for November 7, 2017

carried.

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 stated that once the washed-out subgrade issue is resolved, Rebel has indicated that a crew will move on site to complete the project.

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 JAC is securing pricing for the water and sewer service from the operator of East Montgomery County MUD No. 3 and is still waiting on power from Entergy. He stated that once the building utilities are in place and tested, the service line will be installed, and the building contractor can complete the building.

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 he has not received the required Form 1295 or Israel Certificate 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 after Mr. McCrady stated that he put with an industrial building developer.

The Board next considered the approval of a Lease Agreement with Gulf Coast relative to lease of house for commercial office. Mr. McCrady stated that he has the Lease Agreement and that the Agreement should be executed by Gulf Coast and ready for Board approval at the next meeting.

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 waiting on the signed lease from 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").

Minutes of East Montgomery County Improvement District for November 7, 2017

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 might have a proposal for the December 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)





Katherine Persson
Asst. Secretary, Board of Directors