

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
November 8, 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 8th day of November, 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, 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 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.

John Powell with Emmanuel Baptist Church led in prayer followed by the pledges of allegiance led by Mr. McCrady.

As the first order of business, the Board considered comments from members of the audience. Mr. Duke Walton, area Chief of Parks and Wildlife, addressed the Board and stated that Mr. McCrady allowed the organization to utilize a classroom to conduct a class. He then presented Mr. McCrady with a Certificate of Appreciation. Chair Webb next presented an incentive check to La Casita Mexican Restaurant.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on October 11, 2018 (12:00 p.m.) and October 11, 2018 (5:30 p.m.). After review and discussion, Director Martin moved to approve the minutes of the Board of Directors meeting held on October 11, 2018 (12:00 p.m.), as revised and to defer the October 11, 2018 (5:30 p.m.) minutes until the next meeting. Director Wetz seconded the motion, which unanimously carried.

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The Board next considered rescinding approval of a grant to Entergy for projects relative to the Hurricane Harvey rebuilding, and approval of a grant for the Hurricane Harvey rebuilding projects to Mission Northeast and a Grant Agreement in connection therewith. Mr. McCrady discussed the Entergy grant and stated that Mission Northeast is serving as the pass through non-profit organization with the District providing the matching funds. After discussion, Director Carlisle made a motion to re-approve the Grant Agreement and funding structure of the projects, as previously approved. Director Persson seconded the motion, which unanimously carried. Ms. Dickson of Mission Northeast Chair Webb then presented the grant checks to the various entities that will be performing the projects.

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 grant applicants and the attached grant application summary. He noted that a total of \$233,292.90 in grant funding was requested.

The Board next considered the request of the Boy Scout Troop 1011 relative to funding \$5,000.00 to rent passenger vans to transport scouts to and from campouts and additional equipment for camping. After discussion, Director Rogers moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the request of the Catholic Daughters of America relative to funding \$5,000.00 to purchase three (3) AED's and three (3) trauma first aid kits to install at the campus of St. John of the Cross Catholic Church. After discussion, Director Martin moved to approve the grant funding as requested. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the request of Cub Scout Pack 39 relative to funding \$3,840.00 to purchase a trailer to store and transport camping equipment. After discussion, Director Rogers moved to approve the grant funding as requested. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the request of the East Montgomery County Sports Association relative to funding \$30,000.00 of a total project cost of \$45,000.00 to add fencing to eight of the baseball/softball fields and raise the backstops. After discussion, Director Persson moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

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The Board next considered the request of the East Montgomery County Swim Team relative to funding \$5,000.00 to build diving blocks. After discussion, Director Rogers moved to approve the grant funding as requested. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered the request of the East Texas Dream Center, Inc. relative to funding \$30,000.00 of a total project cost of \$46,900.00 to upgrade the electrical panel and rewire the 1st floor of the building located at 301 South 1st Street, Conroe, TX 77301, to restore electrical service to the building, as building serves as a home for abused, battered and exploited women. After discussion, Director Persson moved to deny the grant funding as requested, as project is located outside the boundaries of the District. Director Rogers seconded the motion, which carried, with Director Martin abstaining.

The Board next considered the request from the Friends of the R.B. Tullis Library relative to funding \$10,000.00 of a total project cost of \$15,000.00 to purchase reading materials, audio and videos. After discussion, Director Wetz moved to approve the grant funding as requested. Director Martin seconded the motion, which unanimously carried.

The Board next considered the request of Mission Northeast relative to funding \$30,000 of a total project cost of \$46,140.00 to enlarge the food service distribution area, add awning to the front porch, replace the metal entrance doors, enlarge warehouse space and add a window to the children's area. After discussion, Director Persson moved to approve the grant funding as requested. Director Carlisle seconded the motion, which carried, with Director Wetz abstaining.

The Board next considered the request of the Montgomery County Constable Pct. 4 relative to funding \$4,800.00 to purchase five (5) body cameras to replace the currently utilized models. After discussion, Director Carlisle moved to approve the grant funding as requested. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the request of Montgomery County Youth Services relative to funding \$5,000.00 to send children to Camp Watsitumi. After discussion, Director Wetz moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered the request of the New Caney High School Spirit Band Club relative to funding \$1,671.32, instead of \$5,000 initially requested, to install lighting inside the semi-trailer. After discussion, Director Carlisle moved to approve the grant funding as requested. Director Rogers seconded the motion, which carried, with Director Webb being opposed and

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noting that the District has not funded booster clubs in the past.

The Board next considered the request of the New Caney ISD Education Foundation relative to funding \$20,000.00 to fund four (4) separate \$5,000.00 STEM grants to teachers. After discussion, Director Martin moved to deny the grant funding as requested, as the application did not reflect 33% match funding and does not qualify as a mini-grant because the total requested exceeds \$5,000. Director Rogers seconded the motion, which carried, with Directors Carlisle and Tramm being opposed.

The Board next considered the request of New Caney New Horizons relative to funding \$17,045.36 of a total project cost of \$25,440.84 to upgrade phone and internet capabilities, purchase of two new office computers, installation of security cameras and construction of an external donation drop-off and storage area. After discussion, Director Zepeda moved to approve the grant funding as requested. Director Martin seconded the motion, which unanimously carried.

The Board next considered the request of Splendora High School Project Graduation relative to funding \$5,000.00 for graduation party. After discussion, Director Rogers moved to approve the grant funding as requested. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the request of The Heartworm Foundation relative to funding \$5,000.00 to sponsor a healthy pet day to heartworm test pest and provide heartworm medications. Ms. Tennant answered questions and stated that the applicant works out of the boundaries of Montgomery County, but will come to East Montgomery County for the event and will treat approximately 43 animals in New Caney. After discussion, Director Carlisle moved to approve the grant funding as requested, subject to showing proof of providing local service. Director Persson seconded the motion, which unanimously carried.

The Board next considered the request of The New Kings Colony Property Owners Association ("POA") relative to funding \$25,936.25 of a total project cost of \$38,710.77 to construct a community park, gathering spot and installation of an entrance monument. Director Webb noted that the applicant did not provide a determination letter from the IRS and further noted that the District has declined HOA requests in the past. After discussion, Director Persson moved to deny the grant funding as requested. Director Carlisle seconded the motion, which carried, with Directors Carlisle and Rogers abstaining. The Board invited the POA to re-apply once they receive the IRS letter.

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The Board next considered the request of Veteran of Foreign Wars, Post 4816 relative to funding \$30,000.00 of a total project cost of \$61,435.00 to construct a 900 sq. ft. covered and screened pavilion. After discussion, Director Wetz moved to approve the grant funding as requested. Director Zepeda seconded the motion, which unanimously carried.

The Board next considered authorizing the 2018 constable patrol security program at shopping centers located within the District during the holiday season. Mr. McCrady stated that the patrol will begin on November 10, 2018, and continue through January 15, 2019. He stated the District has budgeted \$70,000 for the patrol program. After discussion, the Board concurred to proceed with the 2018 constable patrol security program within the established budget set out for the program.

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 Agreement.

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 had nothing new to 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 Wetz made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 15676 and 15729 through 15818, inclusive, with check no. 15676 being voided, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2625 through 2631, inclusive, as set forth on the attached reports. Director Martin seconded the motion, which unanimously carried.

Mr. O'Connell next reported that based upon his review of the District's currently available funds, the District, using its reserves as well as projected net revenues received during the construction process, will have sufficient available funds required to pay the costs of the IP building construction contract for the second YMER building. Ms. Townley confirmed Mr. O'Connell's analysis that the District will have the funds required to pay the construction costs of the second building in the Industrial Park. She noted that construction costs will use up the District's reserve and therefore funds will be tight, but that the District has the ability to set aside

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or commit the funds to the project.

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order") and the adoption of a related Resolution. Mr. Marks advised that he has no changes to the Order to recommend at this time and recommended that the current Order remain in effect. After discussion, Director Martin made a motion to adopt the Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and to authorize the Chairman to sign and the Secretary to attest the Resolution on behalf of the Board and District. Director Persson seconded the motion, which carried unanimously.

The Board next considered a report on engineering and construction projects within the Industrial Park, including the review of bids and authorizing award of a contract for construction building #2 for YMER Technology. The Board deferred award of the contract at this time.

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 platting Sections 3 and 4. Mr. Costanza reported that the Section 3 & 4 plats are being submitted to Montgomery County on Friday, November 9, 2018. He stated that the review and recordation process at Montgomery County will take approximately 8-12 weeks and that the road bonds, 2018 tax certificates and title reports will be updated in conjunction with the plat recordation.

The Board next considered the following announcements, including:

- Sawmill Festival this weekend
- District Open House on December 3, 2018
- 5,220 people attended the Gator Bayou event
- Kelsey Seybold has closed on property in the District
- Concerned Citizens Christmas on December 3, 2018
- Complete Works of Shakespeare will be held tonight through Saturday at 7:30 p.m.
- Replacement furniture to be delivered to Lone Star College-Kingwood on December 10, 2018
- 1 year anniversary party to be held at New Caney Customs shop on December 17, 2018

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The Board next recessed to Executive Session at 6:44 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 7:55 p.m.

The Board next considered the review of bids and authorizing award of a contract for construction building #2 for YMER Technology. Mr. Costanza stated that JAC received seven (7) bids and one (1) late bid on October 11, 2018, with the low bid being submitted by CBuilders, LLC (“CBuilders”) in the amount of \$2,572,000.00 and recommended award of the contract to CBuilders. Mr. McCrady reminded the Board that Mr. O’Connell and Ms. Townley have confirmed that the District has or will have sufficient funds available to pay for the contract amount. After discussion, Director Carlisle made a motion to award the contract to CBuilders and set aside the necessary funds, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next considered the status of an economic development grants, including the status of the Incentive Agreement with YMER Technology (“YMER”) relative to its lease of buildings in the Industrial Park. Mr. McCrady stated that the Lease Agreement is pending.

The Board next considered the status of an Incentive Agreement with Olive Garden Holdings, LLC. Mr. McCrady stated that he has received the executed Incentive Agreement and Addendum to Incentive Agreement from Olive Garden.

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 considered the status of an Incentive Agreement with La Casita Mexican Restaurant (“La Casita”). Mr. McCrady stated that he received the executed Agreement from La Casita.

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

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The Board next considered the approval of an Incentive Agreement with JHarp Land Management LLC (“JHarp”). Mr. McCrady stated he is proposing that the District offer \$20,000 for reimbursement of costs of infrastructure improvements, ½% sales tax rebate for 5 years and \$1,000 contribution per year to the Scholarship Foundation for 5 years. After discussion, Director Persson moved to approve the foregoing terms of the Incentive Agreement with JHarp and authorize MRPC to prepare the Agreement and Mr. McCrady to execute same. Director Carlisle seconded the motion, which unanimously carried.

The Board next considered a report on the activities within the Industrial Park, including 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 status of a Purchase and Sale Agreement (“Agreement”) with Novo Mexican Food Products (“Novo”) relative to the purchase of a site in the Industrial Park. Mr. McCrady stated that closing documents are at the title company and that the transaction is scheduled to close by the end of the year.

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.

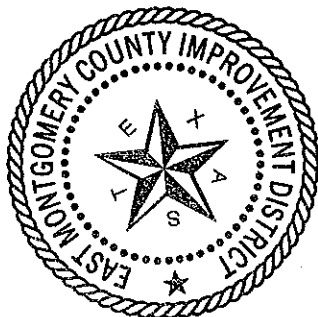
The Board next deferred the approval of a Conveyance of Utility Facilities for wastewater lift station and force main improvements to serve Industrial Park, Section 3 (Quadvest) to EMC 3, as the plat has not yet been recorded.


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 matters for possible placement on future agendas, including conducting a workshop meeting to review the Fire and Ice Festival on November 26, 2018, at 5:30 p.m. Mr. McCrady next stated that the December Board meeting will be held on December 19, 2018, 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