

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
November 12, 2020

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 12th day of November, 2020, at 5:30 p.m., at the East Montgomery County Improvement District Complex, Board Room, Room, 103, 21575 US Hwy. 59 North, New Caney, Texas, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted member of said Board of Directors, as follows:

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

and all of said persons were present, except Director Tramm, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Ms. Talina Gilbert, Ms. Jennifer Sumner, Mr. David Marks, Mr. Greg Phipps, Ms. Kaye Townley, Ms. Julia McCain, Mr. Ron Willingham 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 Carlisle.

As the first order of business, the Board deferred canvassing the returns of the Directors Election held for the District on November 3, 2020, including the adoption of an Order related thereto, after Mr. Marks noted that Montgomery County Elections will not have the official canvass results until Friday, November 13, 2020.

The Board next considered items on the regular meeting agenda.

As the first order of business on the regular meeting agenda, the Board deferred receiving questions and comments from members of the audience after Chair Webb stated that no one had signed up to speak. Chair Webb then presented a grant check in the amount of \$542,811.49 to Montgomery County ESD No. 6.

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The Board next considered the review and approval of the minutes of the Board of Directors meetings held on October 8, 2020, and October 13, 2020. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on October 8, 2020, and October 13, 2020, as written. Director Carlisle seconded the motion, which unanimously carried.

The Board next deferred the acceptance of the Qualification Statements, Oaths of Office and Election Not to Disclose Personal Information for the elected directors until the next meeting.

The Board next deferred the election of officers of the Board of Directors.

The Board next considered the Community Development Grant funding requests and the taking of action to award or deny the grant requests. Mr. McCrady noted that three (3) grant applicants were not present at the previous meeting and were therefore disqualified. Chair Webb then called roll to ensure all eleven (11) applicants were present. After discussion, Director Persson moved to approve the \$5,000 grant funding as requested for the following eleven (11) applicants: Boy Scout Troop 1011, Community Assistance Center, East Montgomery County Swim Team, Friendship United Methodist Church Food Pantry, Mission Northeast, Inc., New Caney New Horizons Inc., Northeast Hospital Foundation, Society of St. Stephen, Splendora Countryside United Methodist Church, Splendora High School Project Graduation and The Woodlands Children's Museum. Director Zepeda seconded the motion, which carried, with Director Wetz abstaining.

The Board next considered authorizing the 2020 constable patrol security program at shopping centers located within the District during the holiday season. Mr. McCrady stated that the patrol program is ready to begin and that the District has budgeted \$70,000 for the patrol program, which is the same amount budgeted last year. After discussion, the Board concurred to proceed with the 2020 constable patrol security program within the established budget set out for the program.

The Board next considered the status of construction of improvements and the leasing of space in the District's office building. Mr. McCrady stated that the office building remains closed to the public, but he expects to start hosting events at the building during the first quarter of 2021.

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The Board next considered the approval of an audit report for the fiscal year ended June 30, 2020. Ms. McCain 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, 2020, 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 Rogers 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, prepared by Municipal Accounts & Consulting, LP, 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. 17631 and 17716 through 17795, inclusive, with check nos. 17631 and 17725 being voided, and debits for payroll; on the Plains Kingwood Detention Account being check nos. 1009 and 1010, on the Special Events Fund being check no. 2957, and on the Plains EDA Grant Account being check nos. 1010 and 1011, as set forth on the attached reports. Director Zepeda seconded the motion, which unanimously carried.

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. After discussion, Director Carlisle made a motion to adopt the attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and to authorize the Chair 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 the status of planning for the 2020-2021 Holiday to Remember Ice Rink and Winter Festival ("Festival"). Mr. McCrady discussed the status of the plans and noted the Festival will include an ice rink, rides, food, movies, a Christmas market and a car show. He reported that the floor plan for the Festival is being designed to maintain the 6ft spacing requirement due to COVID-19 and that the fire marshal and health department have inspected the venue. Mr. McCrady further noted that the market is scheduled to open on December 18th with the rest of the Festival opening on December 19th.

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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. Phipps stated that no pay applications were received during the month.

The Board next considered the status of the sale of dirt excavated from the future detention pond site. Mr. Phipps stated that no dirt sales occurred during the month.

The Board next considered the status of platting the Industrial Park, Section 3. Mr. Phipps stated that the plat for Section 3 was submitted to Montgomery County on August 26, 2020, but that the County did not review the plat until October and found an error in one of the deeds. He stated that the deed is in the process of being re-executed and will be recorded as a correction deed. Mr. Phipps further stated that since the plat was not reviewed until mid-October, the 2020 tax year payments must be made prior to recordation. He noted that the plat will be resubmitted with the 2020 tax certificates in January 2021.

The Board next considered the status of the contract between New Quest and Solid Bridge Construction (“Solid Bridge”) for the construction of a detention pond and storm sewer trunk lines to serve the Kingwood Parc project. Mr. Phipps stated that a final inspection was held on Friday, September 11, 2020, and that minor deficiencies were found, all of which have been corrected by the contractor. He then presented pay application no. 7 (final), in the amount of \$57,440.57 and recommended the Board concur in the developer’s payment of same and accept the project as complete. Mr. Phipps also presented change order no. 1 (Final Quantities), a decrease in the contract in the amount of \$52,593.30 and the executed Form 1295 from Solid Bridge. After discussion, Director Carlisle moved that the Board concur in the payment of pay application no. 7 (final) and change order no. 1 (Final Quantities) by the developer, based on a finding by the board that said change order was necessary and beneficial to the district, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next considered the status of the drainage improvements along West Industrial Parkway. Mr. Phipps stated that JAC spoke with Brian Smith of the Montgomery County Engineering Department regarding the project and noted that the County does not have any problems with the design. He stated that the precinct’s office agreed to allow the District’s work to be performed as a change order to the County road project.

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The Board next considered a report on the Economic Development Administration (“EDA”) Business Center Building in the Industrial Park, including the approval of plans, specifications and construction documents and authorizing the Project Bidding Phase. Mr. Phipps stated that Joiner Architects is 70% complete with the design plans and that the elevations are available for review.

The Board next deferred the review of bids, consideration of architect’s/engineer’s recommendations, and consideration of award of project for construction.

The Board next deferred actions relating to the EDA Business Center Building.

The Board next considered the following announcements:

- Mr. McCrady presented and reviewed the attached Calendar of Events.

The Board next recessed to Executive Session at 6:14 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 Code. The Board returned from Executive Session at 8:57 p.m.

The Board next deferred a report on the status of the arbitration between Drymalla Construction Co. and the subcontractor on the YMER construction project.

The Board next deferred the status of economic development incentive agreements.

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 Purchase and Sale Agreement with PolyWeld USA Inc. relative to the purchase of a tract of land in the Industrial Park. Mr. McCrady stated that the company is not proceeding at this time and recommended removing the item from the agenda. The Board concurred with Mr. McCrady’s recommendation.

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The Board next considered the status of a Purchase and Sale Agreement with E9 Capital Inc. (Gamma) for purchase of a 10-acre tract of land in the Industrial Park. Mr. McCrady stated that the land transaction has closed.

The Board next considered the approval of a Resolution of Authority relative to the purchase of a 10.4668-acre tract and a 4.386-acre tract of land in the Industrial Park (World Fab tracts). After discussion, Director Persson moved to approve the Resolution of Authority. Director Wetz seconded the motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement and the Purchase and Sale Agreement with LAW Investment Holdings, LLP (“LAW”), or its assignee relative to the purchase of a tract of land in the Industrial Park, including authorizing the Chair and President to take all actions necessary to close on the purchase and sale of the land. Mr. McCrady discussed the purchase with the Board. After discussion, Director Persson moved to approve the Incentive Agreement and Purchase and Sale Agreement with LAW, and to authorize the Chair and President to take all actions necessary to close on the purchase and sale of the land. Director Wetz seconded the motion, which unanimously carried.

The Board next deferred the status of contracts relative to the purchase of land for expansion in the Industrial Park.

The Board next considered the status of Contracts for the sale of land in the North Industrial Park. Mr. McCrady stated that negotiations are on-going.

The Board next considered the approval of two (2) Resolutions of Authority relative to the purchase and financing of a 58.1-acre tract (Cano tract) and a 54.033-acre tract (Johnson tract) of land for expansion of the North Industrial Park. After discussion, Director Persson moved to approve the Resolutions of Authority, as set out above. Director Rogers seconded the motion, which unanimously carried.

The Board next deferred the approval of an Incentive Agreement and the Purchase and Sale Agreement with JHarp Land Management LLC, or its assignee relative to the purchase of a tract of land in the Industrial Park, including authorizing the Chair and President to take all actions necessary to close on the purchase and sale of the land.

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The Board next considered authorizing a petition to annex 71.788 acres of land owned by the District into the East Montgomery County Municipal Utility District No. 3 (“EMC MUD No. 3”), including authorizing the Secretary, Chair and President/CEO, or any of them, to take all actions necessary and to execute the following documents in connection with the annexation request, including: i) an Annexation Agreement; ii) Petition for Consent to Include Land in EMC MUD No. 3; iii) Petition for Addition of Certain Land to EMC MUD No. 3; iv) Certificate of Corporate Resolution; and v) Affidavit of Ownership and Lienholders. After discussion, Director Carlisle moved to approve the documents and authorize the Secretary, Chair and President/CEO to execute and take all actions necessary to proceed with the annexation. Director Zepeda seconded the motion, which unanimously carried.

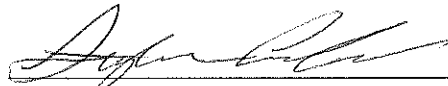
The Board next deferred the approval of a Utility Development Agreement by and between the District and the EMC MUD No. 3 relative to land owned by the District in the Industrial Park-North.

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 considered matters for possible placement on future agendas, including discussion relative to New Quest.

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





Stephen Carlisle
Secretary, Board of Directors