

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
December 14, 2017

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 14th day of December, 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 Hesson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Eric Gonzalez, Mr. Danny Signorelli, Mr. Monty Galland 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 Carlisle.

As the first order of business, the Board considered comments from members of the audience. Ms. Sandra Yoders addressed the Board and stated that the Porter High School Marching Band has had great success this year and noted that New Caney ISD has supported the band in the past with new uniforms, equipment, etc. She stated that the band is in need of transportation for its band instruments and stated that the Band Booster Club plans to purchase a tractor/trailer in the Spring and noted that it will cost approximately \$20,000 to outfit the interior of the cab. She noted that the Booster Club is looking for sponsors to defray those costs and requested that the District provide funds for that purpose.

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The Board next considered updates for developers in the District. Mr. Danny Signorelli addressed the Board relative to the status of the Valley Ranch development. He stated that almost all of the residential development and a substantial portion of the commercial areas have been developed, creating 1,900 jobs in East Montgomery County. He stated that the development would not have happened without the help and support of the District. Mr. Signorelli then reviewed the plans for the remainder of the commercial development, including the construction of a medical district, entertainment district, amphitheater, office/commerce district, and outlet mall area. He noted that the project would not be developed without the assistance from the District, which has enabled Valley ranch to attract the best tenants.

Director Webb next reported that the ground breaking for the Grand Texas Water Park, Big Rivers, was held this morning.

Mr. Austin Alvis and Mr. Matt Luekenhoff of New Quest Properties next addressed the Board and gave an update on the development of Kingwood Parc. They stated that the development will include a major grocery retailer, a fitness club, restaurants and retail space and will create 670 jobs. Mr. Alvis then discussed the joint Loop 494 expansion and noted that the expansion was made possible with the help of the District and that construction is expected to begin in 2018 with stores scheduled to open in 2019.

The Board next considered the approval of the NCISD Education Foundation (the "Foundation") grant option. Mr. McCrady stated that the Foundation submitted two (2) Science, Technology, Engineering and Math grant projects, including 1) a grant of \$4,999.36 to fund #117 Citizen Scientists In the Making / Dual-credit environmental science lab components to sample air, water, soil and organisms and 2) a grant of \$4,946.04 to fund #75 / Science Success Drives Innovations/Advanced laboratory equipment and tools for college level hands-on engagement. After discussion, Director Martin moved that the Board fund grant #117, as set out above. Director Persson seconded the motion, which unanimously carried.

The Board next considered the execution of Grant Agreements and the presentation of checks to the Community Development Grant recipients.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on November 7, 2017. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on November 7, 2017, as presented. Director Martin seconded the motion, which carried, with Director Carlisle abstaining.

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The Board next considered the approval of an audit report for the fiscal year ended June 30, 2017. Mr. Gonzalez presented and reviewed the draft audit with the Board and stated he was available for any questions the Board might have with regard to the audit. After discussion on the matter, Director Wetz moved that the attached audit report for the fiscal year ended June 30, 2017, 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 ("TCEQ"). Director Martin seconded said motion, which unanimously carried.

Ms. Jessica Marquez with Grand Texas next addressed the Board and stated that the ground breaking for the Big Rivers Water Park and Gator Bayou parks were held earlier today. She stated that the parks are projected to open during the Memorial Day 2018 weekend and will initially create approximately 500 jobs.

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Chief Welch addressed the Board and distributed the attached first quarter stats for the program. He noted that the patrol miles have increased since last year, but that the number of arrests are down. Chief Welch estimated that the patrol budget is approximately \$13,000 short at this time and that the patrol coverage will have to be reduced unless the District can fund the additional amount. Mr. McCrady noted that the District budgeted \$55,000 for the Constable patrol program this year. After discussion, Director Carlisle moved that the District authorize an additional \$15,000 to enable the Constable to complete the patrol program through January 15, 2018, as scheduled. Director Persson seconded the motion, which unanimously carried.

Mr. Monty Galland entered the meeting and addressed the Board relative to the status and plans for development of the Grand Texas theme park.

The Board next considered the approval of requests for grants out of the Hurricane Preparedness community grant allocation. Mr. McCrady noted that the District has \$100,000 available for the Hurricane Preparedness grants and presented the following requests:

- Montgomery County Constable Pct. 4 – Chief Welch reviewed the request in the total amount of \$107,009 for 1) air boat & trailer; 2) zodiac rescue boat, outboard motor, trailer; 3) dry/wet suits, rescue PPE; 4) rescue jet ski towable sled; and 5) black Chevy 3500 passenger van. He advised that the air boat is the most important item needed at this time.

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- Montgomery County Emergency Services District No. 6 – Mr. McCrady reviewed the request in the total amount of \$22,613 for 1) 30 horsepower outboard motor; 2) 10 dry suits; 3) Indiana River Rescue School; and 4) boat wheels.

After discussion, Director Persson moved that the District fund \$77,749 for the air boat and trailer as requested by the Montgomery County Constable Pct. 4 and to fund \$22,613 for the items requested by MC ESD No. 6. Director Wetz 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 Martin made a motion to approve said reports as presented and to authorize payment of invoices on the Operating Fund being check nos. 14579, 14584, 14680 and 14730 through 14922, inclusive, with check nos 14579, 14584, 14680 and 14730 being voided, three (4) wire transfers and debits for payroll, and on the Special Events Fund being check nos. 2549 through 2554, as set forth on the attached reports. Director Carlisle seconded the motion, which unanimously carried.

Mr. McCrady next distributed and reviewed the attached budget/actual cost comparison of the East Texas Fire & Ice Festival. He stated that he has started planning for the 2018 festival, unless the Board directs him not to have the festival in 2018. Director Martin indicated that he would not support any music event because the community has not been supportive of recent music events. After discussion, the Board concurred to hold a workshop meeting to discuss further.

The Board next deferred the annual review of the Order Establishing Policy for Investment of District Funds and Appointing Investment Officer, and the adoption of a Resolution in connection therewith.

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

Ms. Lynne Hubbard, director of development for Creed LLC (“Creed”), and Mr. William Hadala next addressed the Board and discussed the projects they are working on in Texas. Ms. Hubbard stated that Creed is ready to make a significant investment in East Montgomery County to build a public safety communications and internet group. She then introduced Ms. Lauren Bender with Foresight Group, an engineering firm that designs networks and invests in internet infrastructure. She noted that the next step is to perform a market study of the area and that she

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will send pricing information and details regarding strategy session.

The Board next considered the following announcements:

- Splendora Administration – Kicking off Education Foundation – December 15, 2017 at 9:00 a.m.

The Board next recessed to Executive Session at 8:10 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 10:49 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 and the approval of a revised rental invoice in connection with the use of District building space by Lone Star College-Kingwood ("LSC-K") and approval or modification to the lease. Mr. McCrady reported that he is working on the LSC-K lease amendment and noted that the building experienced a major roof leak over the college area.

The Board next deferred the status of an economic development grant to VR Porter Health Realty, LLC for an Assisted Living Facility in the District.

The Board next considered the status of an economic development grant to KM Express Care Services, LLC relative to the construction of a clinic in the District. Mr. McCrady reported that the agreement is complete.

The Board next considered the status of an economic development grant to Nicole's Italian Restaurant ("Nicole's"). Mr. McCrady reported that the agreement is complete and ready for execution by Nicole's.

The Board next considered the status of an economic development grant to Ace Hardware ("Ace") relative to relocation in the District. Mr. McCrady stated that Ace is closing on the new site next week and that the new facility will be under construction in the next couple of months. He stated that Ace is in the process of working out water service with Porter MUD.

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The Board next considered the approval of an economic development grant with Gringo's Mexican Kitchen No. 14, LLC ("Gringo's"). Mr. McCrady stated that the District is offering an incentive of \$10,000 per year for 4 years with 50% of the employees being from within the District. After discussion, Director Wetz moved to approve an Incentive Agreement with Gringo's as set out above. Director Martin seconded the motion, which unanimously carried.

The Board next deferred the status of design of the new District building.

The Board next considered a report on activities within the Industrial Park, including the status of repair by Rebel Contractors of damage to the drainage and detention ditches caused by Hurricane Harvey. Mr. Costanza stated that due to the wet weather, Rebel has been delayed completing the road beds. He stated that Rebel has been working this week and anticipate completing sometime next week.

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 all documents were submitted to Montgomery County, but that the County has not yet performed a final inspection. He noted 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 has been delayed due to weather but noted that work will recommence on December 15, 2017, once the ground has dried sufficiently. He stated that the contractor indicated that the lift station coating will be addressed and corrected. He then presented pay application no. 5, in the amount of \$67,616.25, and recommended the Board approve the payment of same. After discussion, Director Persson moved that the Board approve the payment of pay application no. 5, as set out above. Director Martin seconded the motion, which unanimously carried.

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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 Rebel Contractors ("Rebel") has been delayed in completing the road beds due to the wet weather, but expects completion next week. He stated that JAC has contacted Angel and will meet onsite once the Rebel project is complete.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that two landowner signatures are needed for submittal of the section 3 plat. He stated the section 4 plat is in the process of being completed.

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 electricity has been brought to the poles but has not yet been tied into the building. He noted that once the meter is installed the electrical, fire control, etc. can be completed in the building. He then presented pay application no. 12, in the amount of \$44,750.33, and recommended the Board approve the payment of same. After discussion, Director Martin moved that the Board approve the payment of pay application no. 12, to E&S, as set out above. Director Persson seconded the motion, which unanimously carried.

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 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.

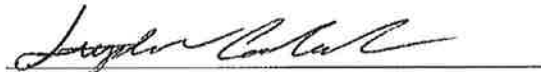
The Board next deferred the approval of a Lease Agreement with Gulf Coast relative to lease of house for commercial office.

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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. After discussion, Director Martin moved to approve the Lease Agreement and Incentive Agreement with Ymer. Director Persson seconded the motion, which unanimously carried.

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.



Stephen Carlisle
Secretary, Board of Directors

(SEAL)

