

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
June 9, 2022

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 9th day of June, 2022, at 5:30 p.m., at The Atrium Center, Room 105, 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	Vice Chair
Katherine Persson	Secretary
Leonard Rogers	Assistant Secretary
Fred Wetz	Treasurer/Investment Officer
Martin Zepeda	Assistant Treasurer
Richard Tramm	Director
Ronald Willingham	Director

and all of said persons were present, except Directors Persson, Wetz and Tramm, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Matlage, Ms. Kaye Townley, Mr. Brian Toldan, Mr. David Marks and several others as shown on the attached sign-in sheet.

Chair Webb called the meeting to order, announced that a quorum was present.

Director Rogers led in prayer followed by the pledges of allegiance led by Director Zepeda.

As the first order of business, the Board considered the execution of the Community Development Grant Agreements and the presentation of the Community Development Grants. Chairperson Webb executed the Community Development Grant Agreements and presented the grant checks to the applicants.

The Board next presented Director Zepeda with a plaque thanking him for his eight years of service on the Board of Directors.

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The Board next considered comments from members of the audience. Mr. Fuller addressed the Board and discussed the various issues remaining to reach an agreement with the District. He stated that he spent fourteen (14) months looking for property and during that time the material costs and construction costs have increased. Mr. Fuller then requested a director be designated to negotiate the deal further and noted that he does not like the District's land acquisition process.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on May 12, 2022 (12:00 p.m.), May 12, 2022 (5:30 p.m.) and May 18, 2022. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meetings held on May 12, 2022 (12:00 p.m.), May 12, 2022 (5:30 p.m.) and May 18, 2022, as written. Director Zepeda seconded the motion, which passed unanimously.

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2022. Mr. Toldan presented to the Board an engagement letter from McCall Gibson Swedlund Barfoot PLLC ("McCall") and stated that the projected fees to prepare the District's audit are estimated at \$18,000 to \$20,000. He then stated that the projected fees to prepare the audit reports for the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3, and 4 (the "Zones") are estimated at \$2,000 to \$3,000 for each Zone and presented the executed Form 1295 for the Board's review. After discussion on the matter, a motion was made by Director Rogers and seconded by Director Willingham, which passed unanimously, that the Board engage McCall to prepare the District's audit report and the audit reports for the Zones for the fiscal year ending June 30, 2022.

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 replacement of the AC chillers is scheduled for September and noted that the HVAC automation controls is 80% complete.

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 Willingham made a motion to approve said reports as presented and to authorize payment of invoices on the General Operating Fund, debits for payroll and wire transfers, as set forth on the attached reports. Director Rogers seconded the motion, which passed unanimously.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2023.

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The Board next considered a request from Municipal Accounts & Consulting, LP (“MA&C”) for a rate increase, including the approval of an Amended and Restated Agreement for Bookkeeping Services. Ms. Townley presented the attached Amended and Restated Agreement and reviewed same with the Board. She reviewed the Rate Schedule attached as Exhibit A and discussed increased costs and changing to hourly basis billing and noted that the increase is effective today. After discussion, Director Zepeda made a motion to approve the rate increase from MA&C, approve the Amended and Restated Agreement for Bookkeeping Services between the District and MA&C, and authorize the President to execute same on behalf of the Board and the District. Director Willingham seconded the motion, which passed unanimously.

Mr. Phipps next presented a report on engineering and construction projects within the Industrial Park, including the status of the sale of dirt excavated from the future detention pond site. He noted that Law Investment Holdings, LLC is purchasing approximately 10,000 cubic yards of dirt for development of its site in the Industrial Park, and that excavation is currently ongoing.

The Board next considered the status of the drainage improvements along Gene Campbell Boulevard. Mr. Phipps stated that JAC will continue to monitor the project to ensure that Montgomery County Pct. 4 will install the drainage pipes, as a change order, in connection with the Gene Campbell Boulevard widening project.

The Board next considered the status of the contract with Bey Commercial (“Bey”) for the construction of the building to be leased to Titan Environmental USA in the Industrial Park. Mr. Phipps presented pay application no. 3 in the amount of \$146,457.91 and noted that Bey is requesting five (5) weather-related days. He stated that JAC recommended that the Board approve the payment of pay estimate no. 3 to Bey and the five (5) weather related days. After discussion, Director Carlisle moved to approve pay application no. 3 and the five (5) weather related days, as set out above. Director Zepeda seconded the motion, which passed unanimously.

The Board next considered the status of the contract with ATZ Environmental Solutions, LLC for clearing and grubbing of the land acquired from DeLeon, et al. for expansion in the Industrial Park. Mr. Phipps stated that the contractor is approximately 99% complete, but noted that JAC did not receive a pay application during the month.

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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 status of the contract with Comex Corporation (“Comex”) for construction of the EDA building. Mr. Phipps stated that the parking lot pavement has been poured along with the east and south side of the building. He stated that the north side is planned to be poured during the week of June 13, 2022. Mr. Phipps then presented pay application no. 5 in the amount of \$173,215.47 and noted that Comex is requesting four (4) weather-related days and recommended that the Board approve the payment of pay estimate no. 5 to Comex and the four (4) weather related days. After discussion, Director Carlisle moved to approve pay application no. 5 and the four (4) weather related days, as set out above. Director Willingham seconded the motion, which passed unanimously.

The Board next deferred the approval of final project documents, acceptance of project and other matters relating to the EDA Business Center Building.

Mr. McCrady next presented and reviewed the attached announcements with the Board.

The Board next recessed to Executive Session at 6:11 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 8:39 p.m.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the status of an IA with Lowe’s relative to the construction of a distribution center in the Industrial Park-North. Mr. McCrady stated that he had nothing new to report.

The Board next deferred the status of the IA with Husteel USA, Inc.

The Board next considered a report on the activities within the Industrial Park.

The Board next deferred the status of sale of a portion of the 2.840-acre tract to The Centre on Gene Campbell, LLC located adjacent to the 2.29-acre tract owned by The Centre on Gene Campbell, LLC for use as a playground for a daycare center, after Mr. McCrady stated that the land transaction is scheduled to close soon.

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The Board next deferred the status of the Purchase and Sale Agreement (“Agreement”) with Acacia, LLC (“Acacia”) relative to the purchase of a 7.236-acre site in the Industrial Park. Mr. McCrady stated that he will schedule a meeting with Mr. Fuller to discuss the Agreement.

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

The Board next considered the status of the purchase of a 1.608-acre tract near the Industrial Park. Mr. McCrady stated that the land transaction has closed.

The Board next considered the status of the sale of a 127-acre tract of land in the North Industrial Park, including approval of an amendment to extend the term of the contract. Mr. McCrady discussed the amendment with the Board. After discussion, Director Carlisle moved to authorize Mr. McCrady to negotiate a non-refundable cost of approximately \$150,000, not applicable to the purchase price, for a nine (9) month contract extension. Director Willingham seconded the motion, which passed unanimously.

The Board next deferred the approval of a Purchase and Sale Agreement relative to the purchase of approximately 40 acres of additional land for expansion of the Industrial Park and authorize negotiations for financing in connection therewith, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

The Board next considered the status of a Purchase Agreement relative to the purchase of a 64-acre tract of land for park development. Mr. McCrady stated that the land transaction is scheduled to close next week.

The Board next considered the status of a modification of the lease with YMER Technology and status of sublease of a portion of the building to a fan manufacturing company. Mr. McCrady stated that the lease agreements are with YMER for execution.

The Board next considered the status of petition to annex 29.1 acres of land owned by the District into EMC MUD No. 3. Mr. Marks stated that the Consent Resolution (“Resolution”) has been approved by The City of Conroe and that he is waiting on receipt of the executed Resolution.

The Board next considered the approval and execution of a Supplemental Declaration to The Declaration of Covenants, Conditions and Restrictions and Easements (“Covenants”) and a Waiver Agreement (“Waiver”) relative to the 29.1-acre annexation tract. After discussion, Director Carlisle moved that EMC MUD No. 3 be authorized to proceed with the annexation of the subject tract, that the Board approve the Covenants and the Waiver and authorize Mr. McCrady to execute same on behalf of the Board and the District. Director Rogers seconded the motion, which unanimously carried.

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The Board next deferred the approval of an Amended Utility Development Agreement by and between the District and EMC MUD No. 3 relative to the 29.1-acre annexation.

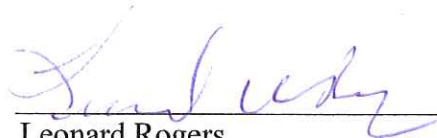
The Board next deferred the approval of the destruction of notes of Board of Directors meetings from February 2021 through February 2022, in accordance with the District's Records Retention Schedule for General Records.

The Board next considered the review and approval of the Fourth Amended and Restated Contract of Employment between the District and Frank McCrady (the "Fourth Amended Contract"). After discussion, Director Zepeda made a motion to approve the Fourth Amended Contract between the District and Mr. McCrady to extend Mr. McCrady's term of employment to five (5) years, with a first-year salary of \$234,661.68, to approve payment of 100% of the calculated accrued compensation and \$15,000 of Deferred Compensation. Director Rogers seconded the motion, which passed unanimously.

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)



Leonard Rogers
Asst. Secretary, Board of Directors

