

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
February 13, 2023

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 13th day of February, 2023, 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
Ronald Willingham	Assistant Treasurer
Crystal Moore	Director
Elizabeth Mullane	Director

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

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Ms. Jennifer Summer Green, Ms. Talina Gilbert, Mr. Ryan Bonifas, Ms. Kaye Townley, Mr., Garrett Tabor, Mr. Greg Phipps, Mr. John Howell, Mr. David Marks, and others from the community, as shown on the attached sign in sheet.

The Chair 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 Moore.

As the first order of business, the Board considered questions and comments from members of the audience. Mr. Tim Baker with Third Coast Bank (“Bank”) introduced himself to the Board and discussed the Bank’s relationship with the District.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on January 9, 2023 and January 12, 2023. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meetings held on January 9, 2023 and January 12, 2023, as written. Director Wetz seconded the motion, which passed, with Director Persson abstaining.

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The Board next considered a report on the expenditure of funds relative to the economic development grant to the East Montgomery County Sports Association (“EMCSA”) in efforts to bring the Texas Dixie Youth Baseball Tournaments to East Montgomery County. Mr. Murray with EMCSA reviewed the bid tab for the 2023 tournaments with the Board. He stated that EMCSA bid a total of \$66,468.16 to host six (6) tournaments. Mr. Murray then reviewed the attached funding summaries and stated that there were no District funds remaining from the bidding process.

The Board next considered a report on the 2022 Constable patrol security program at shopping centers located within the District during the holiday season. Chief Deputy Welch presented the attached Safe Shopper recap and a report video to the Board and noted the Montgomery County Constables Pct. 4 (“Constables”) received 447 total calls and performed 6,205 building checks during the program period. He further stated that the Constables arrested 70 shoplifters, made 69 felony arrests and 29 misdemeanor arrests.

The Board next considered the status of construction of improvements and the leasing of space in The Atrium Center. Mr. McCrady stated that SBC has moved into the building and that the air handler is expected to be delivered tomorrow.

The Board next considered the approval of an Amendment to the Lease Agreement with the Constables for the lease of space in the building. Mr. Marks presented and reviewed the Amendment with the Board. After discussion, Director Carlisle moved to approve the Amendment and authorize the President/CEO to execute same on behalf of the Board and the District. Director Willingham seconded the motion, which passed unanimously.

The Board next deferred a report on the 2022 Holiday to Remember Ice Rink and Winter Festival after Mr. McCrady stated that a complete report will be presented at the March meeting.

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 General Operating Fund, with check nos. 19871, 20024, 20025, 20026 being voided; EDA Grant Account, with check no. 1053 being voided, Special Events Account, debits for payroll and wire transfers, as set forth on the attached reports. Director Persson seconded the motion, which passed unanimously. Ms. Townley next announced that she would be retiring from Municipal Accounts & Consulting, LP in May.

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The Board next deferred approval of an Agreement with East Montgomery County MUD No. 3 for reimbursement of costs relative to constable patrol program to serve the Industrial Park.

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 stated that no dirt sales occurred during the month.

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 stated that the office and warehouse are complete and that the Fire Marshall has issued the Certificate of Occupancy. He stated that an initial inspection will be held at 1:00 p.m. on February 15, 2023. Mr. Phipps then presented pay application no. 11 in the amount of \$99,293.88 and recommended that the Board approve the payment of pay application no. 11 to Bey. After discussion, Director Wetz made a motion to approve pay application no. 11 to Bey, as set out above. Director Willingham seconded the motion, which passed unanimously.

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 exterior walls and electrical work continue. He then presented pay application no. 13 in the amount of \$153,541.48 and stated that Comex is requesting two (2) weather related days and recommended that the Board approve the payment of pay application no. 13 to Comex and the two (2) weather days. After discussion, Director Persson moved to approve pay application no. 13 and the two (2) weather days, as set out above. Director Mullane seconded the motion, which passed unanimously.

The Board next considered the status of the contract with G.A.M. Construction, Inc. (“G.A.M.”) for construction of the buildout of Suite A in the EDA Business Center Building. Mr. Phipps stated that the notice to proceed was issued on December 21, 2022, with contract days beginning on January 3, 2023. He then presented pay application no. 2 in the amount of \$254,800.80 and stated that G.A.M. is requesting a fourteen (14) day extension due to the delay in delivery of equipment and material availability and recommended that the Board approve the payment of pay application no. 2 to G.A.M and the fourteen (14) day contract extension. After discussion, Director Mullane made a motion to approve pay application no. 2 and the fourteen (14) day contract extension, as set out above. Director Persson seconded the motion, which passed, with Director Moore abstaining from the discussion and vote.

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

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The Board next deferred the announcements after Mr. McCrady stated he had nothing further to report.

The Board next recessed to Executive Session at 6:19 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 7:42 p.m.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the status of the IA with Citizens Bank. Mr. McCrady stated that the IA is with Citizens Bank for execution.

The Board next considered the status of the IA with Reds Diesel Repair (“Reds”). Mr. McCrady stated that he has received the executed IA from Reds.

The Board next deferred the status of the IA with Luna’s Case de Café Bakers, after Mr. McCrady stated he has not heard anything new on the request and recommended the item be removed from the agenda. The Board concurred with Mr. McCrady’s recommendation.

The Board next considered the status of the Second Amendment to IA between the District and Amazing One Holdings (“Amazing One”) for a one-year contract extension. Mr. McCrady stated that he has received the executed IA from Amazing One.

The Board next considered the approval of an IA with Generations II Plus LLC (“Generations”). Mr. McCrady recommended offering \$17,000 for new signage at the company’s existing facility. He stated that the company will be responsible for the removal of its existing sign. He further noted that he has received the required Form 1295 from Generations. After discussion, Director Persson moved to approve an IA with Generations. Director Carlisle seconded the motion, which passed unanimously.

The Board next deferred the approval of an IA with Keysteel relative to its expansion project.

The Board next deferred the approval of an IA with for a proposed project located near the intersection of Hwy. 59 and Hwy. 242.

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

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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 sale of a 127-acre tract of land in the North Industrial Park. Mr. McCrady stated that a proposal is pending.

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.

The Board next deferred the status of a Purchase and Sale Agreement relative to the purchase of approximately 18.92 acres of additional land for expansion of the Industrial Park North.

The Board next deferred the approval of a Purchase and Sale Agreement with New Caney Beverage, Inc., including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

The Board next deferred the approval of a Purchase and Sale Agreement with incentives relative to the sale of approximately 32.27 acres of land to GCP Paper USA, Inc.

The Board next considered the status of a Purchase and Sale Agreement with incentives relative to the sale of approximately 1.7 acres of land to Arcadian Contracting Holdings, LLC. Mr. McCrady stated that the title company is waiting on receipt of the executed contract. After discussion, Director Carlisle made a motion to withdraw Arcadian's IA if the contract is not executed by the end of February. Director Wetz seconded the motion, which passed unanimously.

The Board next deferred the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Doloeco USA, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

The Board next deferred the status of development of the 64-acre park, including the review and approval of proposals from Landscape Architects for design of the park, after Mr. McCrady stated he is investigating several grant opportunities for the project.

The Board next deferred a report on the status of design and construction of proposed conference center, including: a) report on the status of design of the building; b) report on the status of agreement for construction, financing and use of the parking garage; c) status of approval of reimbursement agreement with the utility district for reimbursement of costs of water, sanitary sewer, drainage and road extensions to serve the conference center; d) review of bids and authorize award of contract for the extension of waterlines, sanitary sewer lines, drainage and roads; e) status of request for qualifications of construction contractors relative to the conference center; and f) status of request for proposals of construction contractors relative to the conference center.

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The Board next considered a report relating to the conference center, including: a) discussion regarding the updated conference center feasibility report; b) the status of the land acquisition for the conference center, parking garage, hotel and extension of infrastructure, including review of land appraisal; and c) the status of the agreement for construction of the parking garage. Mr. O'Connell discussed the revised feasibility study and the telephone conferences by and among himself, Mr. Howell, Mr. Marks and Director Moore with representatives from Hunden Strategic Partners ("Hunden") and the attached summary of the conversations. He stated that the revised study concludes that a 150-room hotel is necessary for the conference center to be successful, and that the conference center's success will be dependent on the District engaging a great management team and a great promotion team. The Board discussed the issue with the hotel and Mr. Marks advised that it is Hunden's opinion that the hotel is required for the conference center to be successful and that the District needs the conference center to be under construction to make its case for the state tax rebate plan, assuming the proposed legislation is passed into law. Mr. Howell then reviewed the attached Hunden Reports 30 Year Fiscal Impact Number Summary reflecting the no hotel and the inclusion of a hotel alternatives. He also reviewed the land costs associated with the project.

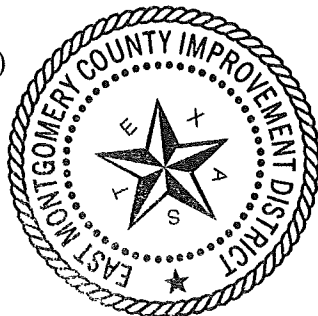
The Board next deferred a report from the District's financial advisor relating to the general plan of financing the bonds required to pay the costs of design, construction and furnishing of the conference center and the costs associated therewith, including: a) the sources and uses of funds; b) the pledged revenues for bonds; c) the additional bonds test; d) the plan of financing for garage; e) the plan of financing for hotel; and f) status of discussions with Standard and Poor's ("S&P") regarding rating of the bonds.

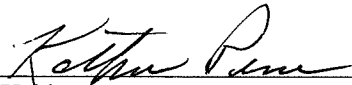
The Board next deferred the review of a proposal relative to the renewal of the District's insurance coverage for the term expiring March 31, 2023.

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
Secretary, Board of Directors