

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
April 10, 2023

THE STATE OF TEXAS           §  
  §  
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 10<sup>th</sup> day of April, 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, Mr. Garrett Tabor, Mr. Greg Phipps, Mr. John Howell, Mr. David Marks and several others as shown on the attached sign-in sheet.

The Chair 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 Willingham.

As the first order of business, the Board considered questions and comments from members of the audience. Mr. Abuhadra, a commercial real estate broker, addressed the Board and discussed his efforts to acquire land and construct buildings in the Industrial Park North.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on March 9, 2023. After review and discussion, Director Rogers moved to approve the minutes of the Board of Directors meeting held on March 9, 2023, as written. Director Persson seconded the motion, which passed unanimously.

The Board next considered the status of construction of improvements and the leasing of space in The Atrium Center. Mr. McCrady introduced Mr. Briggs as the new maintenance employee at the facility.

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The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented as reflected in said reports. Mr. Tabor 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 no. 20309 being voided; EDA Grant Account; Special Events Account, debits for payroll and wire transfers, as set forth on the attached reports. Director Mullane seconded the motion, which passed unanimously.

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 Persson 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 Carlisle seconded the motion, which passed unanimously.

The Board next considered the approval of an Agreement with East Montgomery County MUD No. 3 ("No. 3") for reimbursement of costs relative to constable patrol program to serve the Industrial Park. Mr. McCrady stated that he, along with Directors Carlisle and Willingham, have reviewed the Agreement and will discuss three (3) requested revisions to the Agreement, as well as the cost sharing terms, with No. 3.

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 ("Titan") in the Industrial Park. Mr. Phipps stated that a final inspection was held on March 29, 2023, and noted that all deficiencies have been corrected. He then presented pay application no. 13 (final) in the amount of \$245,389.11 and recommended that the Board approve the payment of pay application no. 13 to Bey. He also presented change order no. 1-final quantities which resulted in a decrease of \$18,624.55 in the contract amount and the executed Form 1295. Mr. Phipps then presented the Certificate of Substantial Completion and recommended the Board accept the project as complete. After discussion, Director Persson made a motion to approve pay application no. 3 (final) and change order no. 1, based on a finding by the Board that said change order was necessary and

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beneficial to the District, and accept the project as complete, 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 for construction of the EDA building. Mr. Phipps stated that the exterior brick and metal finishes are being installed. He stated that no pay application was received this month.

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 contractor continues to work on the electrical, painting and the installation of the doors, windows and flooring. He then presented pay application no. 4 in the amount of \$147,074.75 and stated that G.A.M. is not requesting any weather-related days and recommended that the Board approve the payment of pay application no. 4 to G.A.M. After discussion, Director Persson made a motion to approve pay application no. 4, as set out above. Director Rogers 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.

The Board next considered announcements and Mr. McCrady reviewed the attached Calendar of Events.

The Board next recessed to Executive Session at 6:08 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. The Board returned from Executive Session at 8:05 p.m.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the status of the IA with Citizens Bank (the “Bank”). Mr. McCrady stated that he has received the executed IA from the Bank.

The Board next considered the status of the IA with Generations II Plus LLC (“Generations”). Mr. McCrady stated that he has received the executed IA from Generations.

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

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

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 he had nothing new to report.

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 status of a Purchase and Sale Agreement with incentives relative to the sale of approximately 32.27 acres of land to GCP Paper USA, Inc. ("GCP"). Mr. McCrady stated that the Agreement is with GCP for execution.

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 approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Tiro Machine Shop, Inc., or assignee, 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 land in the Industrial Park to the Innovation Group/American Western Steel, LLC, or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

The Board next considered the status of development of the 64-acre park, including the review and approval of proposals from Landscape Architects for design of the park. Mr. Phipps stated that the request for qualifications ("RFQ") of Landscape Architects was requested by eleven (11) firms, with only one (1) firm submitting a package for consideration. He stated that the evaluation and interview of the firm will be conducted within the next two (2) weeks, with recommendations being presented at the May meeting.

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The Board next considered the approval of an Interlocal Agreement with Montgomery County for road construction. After discussion, Director Carlisle made a motion to authorize Mr. McCrady and the District consultants to negotiate an Interlocal Agreement with the County for completion of the road construction on Sorters McClellan Road. Director Willingham seconded the motion, which passed unanimously.

The Board next considered 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; f) status of request for proposals of construction contractors relative to the conference center; and g) status of land acquisition for conference center, parking garage, hotel and extension of infrastructure, including review of land appraisal. Mr. Phipps stated that the design plans are with Montgomery County and the City of Houston for review and approval. He noted that step 1 of the request for quote process is complete and that three (3) qualified firms were selected to participate in the CMAR request for proposal (“RFP”), including Gilbane, Harvey I Harvey Cleary and Spaw-Glass. Mr. Phipps stated that the firms are currently reviewing the plans, advertising for subcontractor bids, and preparing their respective RFP documents for submittal on May 9, 2023. Mr. Marks reported that the District’s real estate specialist attorney provided a revised, blacklined version of the Purchase and Sale Agreement received from Valley Ranch along with a revised memo relating thereto. He advised that he delivered the revised contract to Mr. McCrady on April 4, 2023, for his meetings with Mr. Ireland. Mr. Marks further advised that the Purchase and Sale Agreement did not provide for the sale of the land for the hotel to the District and noted that the feasibility report concluded that the project needs the hotel piece to be successful.

The Board next deferred a report relating to the conference center project.

The Board next considered 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. Mr. Howell reviewed and distributed the attached revised

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schedule and noted that the total bond issue is now approximately \$162,000,000. He then discussed the District's financial situation after the sale, the potential for no available funds if the bond issue is based on "no-growth" and the need for sales tax growth to fully fund everything. Mr. Howell advised if the bond sale bids come in way over projection, the board will need to re-consider the projects. The Board then discussed the financing and concurred that the District's consultants should proceed with the sale of bonds for the project.

The Board next considered the review of a proposal from TML for property and comprehensive boiler and machinery coverage for the term expiring March 31, 2023. Mr. O'Connell reviewed the proposal with the Board. After discussion, Director Carlisle moved to renew the existing coverages provided by TML and authorize Mr. McCrady to execute the various coverage proposals. Director Persson 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)

  
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Katherine Persson  
Secretary, Board of Directors

