

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
July 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 July, 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, except Director Mullane, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Mr. Garrett Tabor, Mr. Greg Phipps, Mr. David Harris and Ms. Kara Richardson.

The Chair called the meeting to order and announced that a quorum was present.

Director Wetz led in prayer followed by the pledges of allegiance.

As the first order of business, the Board presented a check to Mr. Harris on behalf of the Greater East Montgomery County Chamber (“GEMCC”) in connection with the District’s agreement with the GEMCC for funding certain GEMCC programs and activities.

The Board next deferred receiving questions and comments from members of the audience after Chair Webb stated that no one had signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on June 6, 2023, and June 8, 2023. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on June 6, 2023, and June 8, 2023, as written. Director Wetz seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of July 13, 2023

The Board next considered the status of the construction of improvements and the leasing of space in the Atrium Center. Mr. McCrady stated that the sand filter repair should be complete next week, and the fountain repairs should be complete in a week or two. He stated that he has noticed activity by a TxDOT survey crew and thinks that it might be related to the future construction of the additional ramp to the Grand Parkway.

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 of the reports, 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. 20053, 20302 and 20466 being voided; the Special Events Account, with check no. 3495 being voided, debits for payroll and wire transfers, as set forth on the attached reports. Director Moore seconded the motion, which passed unanimously.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2024, until later in the meeting.

The Board next considered approving an Agreement with East Montgomery County MUD No. 3 (“No. 3”) for constable patrol to serve the Industrial Park. Mr. McCrady stated that he recommended that the District fund 75% of the total contract amount for the first two (2) years and then reduce the District’s share to 50% for years 3 and 4. After discussion, Director Carlisle moved to approve the terms of the funding agreement and authorized MRPC to prepare an amendment to the existing cost sharing agreement to effect such changes. Director Persson 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 stated that the District is selling dirt for use at No. 3’s new wastewater treatment plant.

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 Comex is completing the exterior trim. He stated that the Fire Marshal completed its follow-up inspection on July 10, 2023, and issued the Certificate of Compliance. Mr. Phipps further noted that the District received no pay estimates during the month.

East Montgomery County Improvement District meeting of July 13, 2023

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 has completed the project with the exception of a few punch list items. He stated that the Fire Marshal completed its follow-up inspection on July 10, 2023, and issued the Certificate of Compliance. He then presented pay application no. 7 in the amount of \$33,667.06 and recommended that the Board approve the payment of same. He also presented a reallocation of allowances to reflect the actual costs associated with each Allowance Item (bid items Section C-Section H) noting that the reallocation does not change the contract amount and recommended the Board approve same. After discussion, Director Persson made a motion to approve pay application no. 7 and the reallocation of allowances, 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.

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

The Board next recessed to Executive Session at 5:49 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 7:45 p.m.

The Board next considered the adoption of an operating budget for the fiscal year ending June 30, 2024. Mr. McCrady presented and reviewed the attached proposed budget with the Board. After discussion, Director Wetz moved to approve the budget for the fiscal year ending June 30, 2024, as written. Director Willingham seconded the motion, which passed, with Director Rogers not being present during the discussion.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the approval of an IA for a proposed project located near the intersection of Hwy. 59 and State Highway 242. Mr. McCrady stated that negotiations continue.

East Montgomery County Improvement District meeting of July 13, 2023

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 that EMCID has signed the closing documents but noted the documents are not yet at the title company.

The Board next deferred the approval of a Purchase and Sale Agreement (“PSA”) relative to the purchase of approximately 40 acres of additional land for expansion of the Industrial Park.

The Board next considered the status of a PSA relative to the purchase of approximately 18.92 acres of additional land for expansion of the Industrial Park North. Mr. McCrady stated that the land transaction should be closing soon.

The Board next considered the status of a PSA with incentives relative to the sale of approximately 32.27 acres of land to GCP Paper USA, Inc. (“GCP”). Mr. McCrady stated that a signing event is scheduled for July 26, 2023, and that closing should occur within thirty days of the signing.

The Board next deferred the approval of a PSA 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 considered the status of the PSA with incentives relative to the sale of 1.98 acres of land in the Industrial Park to Tiro Machine Shop, Inc., or assignee. Mr. McCrady stated that the PSA is complete, and he is preparing the term sheet.

The Board next deferred the status of the PSA with incentives relative to the sale of land in the Industrial Park to the Innovation Group/American Western Steel, LLC, or assignee. He stated that the sale documents are ready to be sent to the purchaser for execution.

The Board next deferred the status of the PSA with incentives relative to the sale of land in the Industrial Park to FAMTi, or assignee.

The Board next considered the status of the PSA with incentives relative to the sale of land in the Industrial Park to KBC Advisors (“KBC”). Mr. McCrady stated that the sale offer with KBC is pending.

The Board next deferred the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Specialty Petroleum Products, or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

East Montgomery County Improvement District meeting of July 13, 2023

The Board next considered authorizing the District to re-purchase a tract of land (1.25 acres) from Novo Mexican Food Products, LLC. After discussion, Director Carlisle made a motion to authorize the District to proceed with the re-purchase of the 1.25-acre tract, as set out above. Director Moore seconded the motion, which passed unanimously.

The Board next considered authorizing the District to re-purchase or foreclose on a tract of land (5.1571 acres) from WFP New Caney Properties, LLC (Woodland Fluid Power) (“WFP”). Mr. McCrady stated that WFP is in default of its performance deed of trust and its loan on the project from the Economic Development Corporation. He stated that he is recommending that the Board proceed with foreclosing on the property pursuant to the District’s agreement with WFP. After discussion, Director Carlisle made a motion to authorize MRPC to initiate the foreclosure proceedings, including engagement of a law firm to handle the foreclosure. Director Moore seconded the motion, which passed unanimously.

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 he met with Burditt Consultants, LLC on June 21, 2023, and is in the process of preparing a plan and proposal for Phase I of the dog park.

The Board next considered the status of the Interlocal Agreement with Montgomery County (the “County”) for the Advanced Funding and Construction of Sorters McClellan Road. Mr. McCrady stated that the Agreement is pending execution with the County.

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) review and approval of a contract with Spaw-Glass Construction Corporation (“Spaw-Glass”) for construction of the conference center; f) status of land acquisition for conference center, parking garage, hotel and extension of infrastructure, including review of land appraisal; and g) status of Option Agreement for the purchase of a 3.2-acre tract for the hotel to serve the conference center. Mr. Phipps stated that the design plans are with the County for review and are waiting on easements for County approval. He stated that the contract negotiations are on-going with Spaw-Glass for the construction of the facilities. Mr. McCrady further reported that negotiations for the purchase of the conference center and parking garage property is ongoing with the Seller.

East Montgomery County Improvement District meeting of July 13, 2023

The Board next deferred a report from the District's financial advisor relating to the general plan of financing of the bonds required to pay the costs of land acquisition, 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 regarding rating of the bonds.

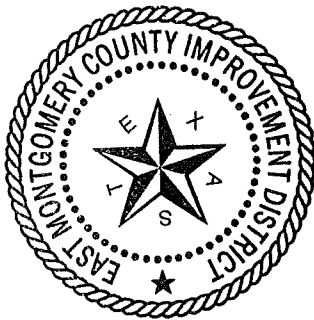
The Board next considered Mr. McCrady's performance review. After discussion, Director Persson made a motion to approve the 3% increase in annual salary, extend Mr. McCrady's term of employment by five (5) years, approve the \$40,000 incentive payment and authorize the First Amendment to the Fourth Amended and Restated Contract of Employment resulting in a fiscal year 2023-2024 salary of \$241,701.53. Director Willingham seconded the motion, which passed unanimously.

Director Wetz next told the story of AJ Gonzalez from New Caney also known as the "garbage can kid" as told on KPRC Channel 2 news. Director Carlisle next complimented Mr. McCrady on doing an excellent job for the District over the years. Mr. McCrady thanked the Board and his staff for helping with the District's success over the years.

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