

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
August 10, 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 10th day of August, 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 Carlisle, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Mr. Garrett Tabor, Mr. Greg Phipps, Ms. Kara Richardson, and several others as shown on the attached Sign-In Sheet.

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 an Astros jersey to Angel Jiminez.

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 meeting held on July 13, 2023. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on July 13, 2023, as written. Director Wetz seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of August 10, 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 construction work crew were present at the meeting and noted that the crew continues to do great things in the building. Chair Webb thanked Mr. Murray and his crew for their hard work at the building complex and at the Industrial Park. Mr. McCrady next stated that next Sunday will be the last day that First Baptist Church New Caney will be holding its church services in the building.

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. Director Mullane questioned the building construction budget line item. 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 no. 20439 being voided; the Special Events Account, 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 approval and execution of a Cost Sharing Agreement with East Montgomery County MUD No. 3 (“No. 3”) until later in the meeting.

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 to No. 3 for use at No. 3’s new wastewater treatment plant and that a final invoice will be presented when the job is complete.

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 presented pay application no. 16 in the amount of \$277,440.58 and pay application no. 17 in the amount of \$159,420.0 and recommended that the Board approve the payment of same. After discussion, Director Mullane made a motion to approve pay applications no. 16 and no. 17 to Comex, as set out above. Director Persson seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of August 10, 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 substantial completion was issued on August 2, 2203. He then presented pay application no. 8-Final in the amount of \$48,574.04 and the engineer’s certificate of completion and recommended that the Board approve the payment of same and accept the project as complete. After discussion, Director Persson made a motion to approve pay application no. 8-Final to G.A.M. and to accept the project as complete, as set out above. Director Mullane seconded the motion, which passed, with Director Moore abstaining.

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

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

The Board next recessed to Executive Session at 5:46 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 8:03 p.m.

The Board next considered the approval and execution of a Cost Sharing Agreement (“Agreement”) with No. 3 relative to the payment of a portion of the patrol contract costs relative to the constable patrol in the Industrial Park. Ms. Richardson reviewed the proposed Agreement and reminded the Board that the District agreed to pay 75% of the total contract amount with No. 3 paying the remaining 25% for two (2) years and that the District and No. 3 will share the contract cost 50/50 for years three (3) and four (4). After discussion, Director Mullane moved to approve the Agreement by and between the District and No. 3 for the constable patrol, as set out above. Director Wetz seconded the motion, which passed unanimously.

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 August 10, 2023

The Board next considered the approval of an IA with LB Consolidated, LLC d/b/a Popeye's ("Popeye's"). Mr. McCrady recommended offering Popeye's sales tax rebates totaling one-quarter of one percent (0.25%) of Popeye's total annual taxable sales each calendar year for a period of five (5) years and a one-time incentive payment not to exceed \$10,000 for the purpose of reimbursing Popeye's for a portion of the costs associated with construction of the restaurant and infrastructure necessary to serve the restaurant. He stated that Popeye's will be required to have the restaurant staffed by at least fifteen (15) employees, with at least 51% of such employees living and residing within the boundaries of the District during each employee's term of employment with the restaurant. After discussion, Director Persson moved to approve the IA with Popeye's, as set out above. Director Mullane seconded the motion, which passed unanimously.

The Board next considered the approval of an IA with Saints & Sinner Brewing, LLC d/b/a Back Pew Brewing Co. ("Back Pew"). Mr. McCrady stated that Back Pew plans to expand its business through the purchase and installation of a canning machine to be used to perform canning services for other businesses. He recommended offering Back Pew up to Fifty Thousand and No/100 Dollars (\$50,000.00) of the costs incurred and paid by Back Pew in connection with acquiring such machinery. Mr. McCrady stated that Back Pew will be required to hire six (6) additional employees, all of whom shall reside within the boundaries of the District. After discussion, Director Persson moved to approve the IA with Back Pew, as set out above. Director Willingham seconded the motion, which passed unanimously.

The Board next considered the approval of an IA with BurgerWorks Splendor, Ltd. d/b/a Whataburger ("Whataburger"). Mr. McCrady recommended offering Whataburger sales tax rebates totaling one-quarter of one percent (0.25%) of Whataburger's total annual taxable sales each calendar year for a period of five (5) years and a one-time incentive payment not to exceed \$10,000 for the purpose of reimbursing Whataburger for a portion of the costs associated with construction of the restaurant and infrastructure necessary to serve the restaurant. He stated that Whataburger will be required to have the restaurant staffed by at least forty (40) employees, with at least 51% of such employees living and residing within the boundaries of the District during each employee's term of employment with the restaurant. After discussion, Director Wetz moved to approve the IA with Whataburger, as set out above. Director Moore seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of August 10, 2023

The Board next considered the approval of an IA with BCS Splendor LLC (“BCS”). Mr. McCrady stated that BCS owns a tract of land consisting of 5 total pad sites located at 1 Old Highway 59 North, Splendor, Texas, and that BCS plans to lease two (2) of the pad sites (the “Pad Sites”) to Popeye’s and Whataburger (the “Restaurants”). He recommended offering BCS an amount not to exceed \$30,000.00 for the purpose of providing funds to BCS to reimburse a portion of the costs associated with the infrastructure improvements to serve the Restaurants, subject to BCS completing the land closing on the Pad Sites and providing a copy of the deed conveying the Pad Sites on or before October 31, 2023. After discussion, Director Mullane moved to approve the IA With BCS, as set out above. Director Wetz seconded the motion, which passed unanimously.

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 considered 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 and authorizing negotiations for financing, including authorizing the Chair and President/CEO to take all actions necessary to close the transaction. Mr. McCrady stated that a Letter of Intent (“LOI”) has been prepared and sent to the seller for review and execution. He stated he would like to proceed with closing the 40-acre tract upon receipt of the executed LOI. After discussion, Director Moore moved to approve a PSA and authorize the Chair and President/CEO to take all actions necessary to close the transaction. Director Wetz seconded the motion, which passed unanimously.

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 he met with GCP today and they are in the process of finalizing everything for closing in approximately 45 days.

East Montgomery County Improvement District meeting of August 10, 2023

The Board next considered the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Eagle Industries (“EI”), including authorizing the Chair and President/CEO to take all actions necessary to close the transaction. Mr. McCrady stated that the company is interested in purchasing a tract in the IP to construct a 5,000 square foot facility. He stated the company is currently working on its financing and recommended offering \$20,000 for infrastructure improvements and \$10,000 for workforce training as incentives. Mr. McCrady stated that the company will be required to hire four (4) employees, three (3) of whom must live and reside within the boundaries of the District. After discussion, Director Persson moved to approve the PSA with EI, as set out above and to authorize the Chair and President/CEO to take all actions necessary to close the transaction. Director Willingham seconded the motion, which passed unanimously.

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., (“Tiro”) or assignee. Mr. McCrady stated that the PSA is with Tiro’s attorney for review.

The Board next considered 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 have been 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 he is still in negotiations with KBC.

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.

The Board next considered the status of the District’s re-purchase of a tract of land (1.25 acres) from Novo Mexican Food Products, LLC. Mr. McCrady stated that there were issues with the notary signatures and noted that the documents are being re-executed by the parties.

The Board next considered the status of the District’s 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 the conveyance documents should go to the title company tomorrow and stated that the item can be removed from the agenda.

East Montgomery County Improvement District meeting of August 10, 2023

The Board next considered the status of development of the 64-acre park, including the review and approval of a proposal from Burditt Consultants, LLC for design of the park. Mr. Phipps stated that JAC has received a proposal totaling \$56,000 for the Scope of Work and fees related to the parking planning and the initial development phase of the park. After discussion, Director Mullane moved to approve the proposal with Burditt and authorize JAC to prepare a formal agreement. Director Moore seconded the motion, which passed unanimously.

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 and construction plans are being reviewed by the County and the City of Houston for approval. He stated that JAC received a contract change request from HHCP Architects ("HHCP") for the re-design of the parking garage to serve the conference center in the amount of \$824,725.00. He stated that the garage will be re-designed to meet certain parking and budget requirements. Mr. Phipps recommended that the Board approve the contract change request and include same as an additional service under the original agreement with HHCP.

He stated that the contract negotiations are on-going with Spaw-Glass for the construction of the facilities. After discussion, Director Mullane moved to authorize Mr. McCrady to approve the contract change request on behalf of the Board, as set out above, subject to receipt of the executed Form 1295 from HHCP. Director Wetz seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of August 10, 2023

The Board next considered the review and approval of a contract for the purchase of land for the conference center, parking garage, and extension of infrastructure, and an option agreement for the purchase of a tract for the hotel to serve the conference center. After discussion, Director Persson made a motion to approve the contract contingent upon review of certain financial terms by the District's financial advisor and authorize Mr. McCrady to execute the contract on behalf of the District. Director Moore seconded the motion, which passed unanimously.

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 matters for possible placement on future agendas.

There being no further business to come before the Board of Directors, the meeting was adjourned.

(SEAL)



A handwritten signature in blue ink, appearing to read "Katherine Persson", written over a horizontal line.

Katherine Persson
Secretary, Board of Directors