

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
March 20, 2024

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 20th day of March, 2024, 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, Ms. Kelley Mattlage, Ms. Jennifer Summer Green, Ms. Dawn Humphrey, Mr. Garrett Tabor, Mr. Greg Phipps, Mr. Marty Murray, Mr. David Lestage, Ms. Kara Richardson and Ms. Brandi Eckersley.

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 led by Director Carlisle.

As the first order of business, the Board presented an incentive check in the amount of \$30,000 to Saints and Sinners Brewing Co. (Back Pew Brewing) in connection with its Incentive Agreement with the District.

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 February 20, 2024. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on February 20, 2024, as written. Director Mullane seconded the motion, which passed unanimously.

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The Board next considered the status of the 2023 Constable patrol security program at shopping centers located within the District during the holiday season. Mr. McCrady stated that he has not yet received the final report for the holiday security patrol program.

The Board next considered the status of the construction of improvements and the leasing of space in the Atrium Center. Mr. McCrady complimented Mr. Murray and his crew for their work and cost savings associated with the building and throughout the District.

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 Rogers made a motion to approve said reports as presented and to authorize payment of invoices on the General Operating Fund, with check no. 21032 being voided, the Special Events Account, debits for payroll and wire transfers, as set forth on the attached reports. Director Wetz 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 he had nothing new to report this month.

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 close-out procedures for both the EDA and the District are being completed. He stated that the final inspection was held on February 15, 2024, with a follow-up inspection on March 18, 2024. Mr. Phipps presented the EDA Final Acceptance Report (“Report”) and noted that the Report has been signed by the architect and the contractor. He presented pay application no. 19 (Final), in the amount of \$170,285.90 and recommended that the Board approve the payment of same and accept the project as complete. He also presented change order no. 1-final quantities a decrease of \$1,282.00 in the contract amount, the executed Form 1295, and recommended the Board approve same. After discussion, Director Persson moved to approve the payment of pay application no. 19 (Final) and change order no. 1-final quantities, based on a finding by the Board that said change order was necessary and beneficial to the District, and accept the project as complete, as set out above. Director Carlisle seconded the motion, which passed unanimously.

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The Board next considered the status of the contract with CBuilders, LLC for construction of a laydown yard to serve Future Frame. Mr. Phipps reported that the review of the bonds and insurance is complete, and the construction contracts have been signed. He stated that a Notice to Proceed will be issued on March 21, 2024.

The Board next considered the status of the contract with Bey Commercial Construction (“Bey”) for the build-out of Suite B (1,529 SF) in the EDA Building. Mr. Phipps reported that the a/c system, electrical panels and transformer, electrical service, floor plumbing, fire sprinkler system and wall installation are progressing. He then presented pay application no. 1, in the amount of \$16,899.30, and noted that Bey is not requesting any weather-related days and recommended that the Board approve the payment of pay application no. 1 to Bey. After discussion, Director Mullane moved to approve pay application no. 1 to Bey, as set out above. Director Wetz seconded the motion, which passed unanimously.

The Board next deferred the approval of other matters relating to the EDA Building.

The Board next considered the status of development of the 64-acre park, including the status of the agreement for services with Burditt Consultants, LLC (“Burditt”) for design of the park. Mr. Phipps introduced Mr. Lestage, a senior landscape architect with Burditt. Mr. Lestage then presented a slide show presentation of the proposed Phase I of the park development and reviewed the overall vision of the park. Mr. McCrady recommended increasing the number of parking spaces in the first phase. The Board complimented Mr. Lestage on the use of the natural landscape of the area for the park design.

The Board next considered announcements. Ms. Persson stated that Mr. James Surls, the 2021 artist of the year, and his wife are donating 20 acres in Splendora to create an art museum and noted that Mr. Surls has committed to donate fourteen (14) of his personnel sculptures to the museum. Mr. McCrady then reviewed the attached Calendar of Events.

The Board next recessed to Executive Session at 6:15 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 7:44 p.m.

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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 he had nothing new to report.

The Board next considered the status of the IA with LB Consolidated, LLC d/b/a Popeye’s. Mr. McCrady stated that he is waiting on receipt of the executed IA from Popeye’s.

The Board next considered the status of the IA with BCS Capital Group. Mr. McCrady stated that the IA is with the developer for execution.

The Board next considered the status of the IA with High Top Academy or its assignees. Mr. McCrady stated that the District has received the executed IA and noted the item can be removed from the agenda.

The Board next considered the status of the IA with Adaptive Developmental Therapies, LLC or its assignees. Mr. McCrady stated that the District has received the executed IA and noted the item can be removed from the agenda.

The Board next deferred the approval of an Amendment to the IA with Speedsportz after Mr. McCrady stated that same was not required.

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

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

The Board next deferred the status of the sale of a 127-acre tract of land in the North Industrial Park after Mr. McCrady stated that he continues to negotiate the sale.

The Board next considered the status of a Purchase and Sale Agreement (“PSA”) with incentives relative to the sale of land in the Industrial Park to Eagle Industries (“Eagle”). Mr. McCrady stated that the documents are with Eagle for execution.

The Board next deferred the approval of a Lease Agreement relative to the lease of land in the Industrial Park to FAMTi, or assignee after Mr. McCrady stated he has a conference call scheduled to discuss the status.

The Board next deferred the status of the Letter of Intent with MTR, Inc., or its assignees, and requested that the item be removed from the agenda.

The Board next considered the termination of a PSA with incentives relative to the sale of land in the Industrial Park to Hagler Mechanical (“Hagler”) or its assignees. Mr. McCrady stated that Hagler has decided to stay at its current location in Splendora, therefore the PSA is no longer needed. After discussion, Director Persson moved to terminate the PSA with Hagler. Director Wetz seconded the motion, which passed unanimously.

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The Board next considered the status of a PSA with incentives relative to the sale of land in the Industrial Park to B6 Industries (“B6”) or its assignees. Mr. McCrady stated that he is waiting on the acreage/site layout for the proposed development.

The Board next deferred the approval of a PSA with incentives relative to the sale of land in the Industrial Park to New Caney Beverage (“NCB”) or assignees, after Mr. McCrady stated that NCB is interested in pursuing a land swap.

The Board next deferred the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Grupo Huerpel or its assignees.

The Board next considered the approval of modifications to the agreement and related documents with Gates Lubricants (“Gates”). Mr. McCrady stated that Gates is requesting to split its current lot to allow for expansion of its current facility. After discussion, Director Wetz moved to authorize Wilson, Gribb & Goren to prepare and the Board to approve all documents related to the Gates lot split. Director Mullane seconded the motion, which passed unanimously.

The Board next considered the approval of an amendment to the Lease Agreement with Hydra Specma (“Hydra”) (formerly YMER Building). Mr. McCrady stated Hydra is requesting a lease modification on the bigger building from the current lease amount of \$31,160 per month to \$27,000 per month. He stated that the lease on the smaller building will stay the same and that Hydra will return the option tract to the District. After discussion, Director Persson moved to approve the amendment to the Lease Agreement. Director Willingham seconded the motion, which passed unanimously.

The Board next considered authorizing the issuance of a “Will Construct” letter to the Texas Commission on Environmental Quality (“TCEQ”) relative to the East Montgomery County MUD No. 3 (“EMC MUD No. 3”) bond application. Mr. Phipps reviewed the letter with the Board. After discussion, Director Mullane moved to authorize the issuance of the letter to the TCEQ. Director Carlisle seconded the motion, which passed unanimously.

The Board next considered authorizing a Petition to EMC MUD No. 3 to annex a 34.2964-acre tract (McClarren), 18.92-acre tract (Pak), 1.3383-acre tract (Quinn), and a 1-acre tract (Nichols). Mr. McCrady stated that the District has recently closed on the purchase of the four (4) tracts and would like to have the tracts annexed into EMC MUD No. 3 for service. After discussion, Director Willingham moved to proceed with authorizing a Petition for the annexation of the four (4) tracts into EMC MUD No. 3, including authorizing the President/CEO and Chair to execute all documents in connection therewith. Director Wetz seconded the motion, which passed unanimously.

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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. He stated that he met with Commissioner Gray and that the County plans to hold another road bond election to fund Phase II of the Sorters McClellan Road construction.

The Board next considered the status of the Interlocal Agreement with the County for the rehabilitation of the Bull Sallas Park Splash Pad (the “Project”). Mr. McCrady stated that he received an updated quote from the County for the Project and recommended that the District split the cost of the Project with the County, with such amount totaling \$215,000. After discussion, Director Mullane moved to approve the cost share with the County for the Project, as set out above. Director Carlisle 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. Mr. Phipps stated that bi-weekly meetings with HHCP Architects (“HHCP”), Spaw-Glass Construction Corporation (“Spaw-Glass”) and JAC are held to discuss numerous project items, including value engineering (“VE”) items, specifications and material/equipment requirements and constructability items.

The Board next considered a report on the status of agreement for construction, financing and use of the parking garage. Mr. Phipps stated that the garage is included in the overall project scope of the conference center.

The Board next considered the status of approval of reimbursement agreement with the Valley Ranch Town Center Management District for reimbursement of costs of water, sanitary sewer, drainage and road extensions to serve the conference center. Mr. Phipps stated that the reimbursement agreement is being negotiated as part of the land purchase.

The Board next deferred the review of bids and authorization of an award of contract for the extension of waterlines, sanitary sewer lines, drainage and roads to serve the conference center.

The Board next considered the status of the contract with Spaw-Glass for construction of the conference center. Mr. Phipps stated that the contract is in the final review stage by legal counsel and the contractor.

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The Board next considered the status of a contract for the purchase of land for the conference center, parking garage, and the extension of infrastructure for the purchase of a tract for the hotel to serve the conference center. Mr. Phipps stated that the land site to serve the conference center, garage and hotel has been finalized. He stated that the development agreement and the reimbursement agreement are in the process of being prepared as part of the land cost negotiation. Mr. Phipps further noted that the schematic design of the roads and the utilities that will serve the conference center have been finalized by the Valley Ranch Entertainment District design team. Mr. McCrady stated that he is waiting on a counter proposal from Mr. Signorelli.

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 the review of a proposal relative to the renewal of the District's insurance coverage for the term expiring March 31, 2024. Mr. McCrady presented the proposal from Gallagher (W.I.N.), stated that Director Wetz has reviewed the proposal, and recommended that the Board renew its coverage with Gallagher for commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officer's liability, cyber liability, cyber security, umbrella, public employee blanket crime, directors position bond, worker's compensation, and business travel accident coverage scheduled to expire on March 31, 2025. Director Wetz stated that the items found on the Fine Arts Schedule are valued at \$2,500 each but noted that there is a \$2,500 deductible on each item and recommended that the deductible be lowered. He also reviewed the proposal from TML for property and comprehensive boiler and machinery coverage. After discussion, Director Wetz moved to renew the existing coverages provided by TML and Gallagher, subject to a lower deductible amount on the fine arts schedule 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