

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
January 14, 2016

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 14th day of January, 2016, at 6:30 p.m., at the East Montgomery County Improvement District Complex, 21575 U.S. Highway 59 North, EMCID Board Room 103, New Caney, Texas, within the boundaries of the District, and the roll was called of the duly elected officers and members of the Board of Directors, to-wit:

Brenda Webb	Chairperson
Dale Martin	Vice Chair
Scott Hesson	Treasurer
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Martin Zepeda	Asst. Treasurer
Leonard Rogers	Director
Isidor Ybarra, Jr.	Director

with all of said persons being present, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelly Matlage, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley and others from the community, as shown on the attached sign in sheet.

Chairperson Webb called the meeting to order and announced that a quorum was present.

Director Hesson led in prayer followed by the pledge of allegiance led by Director Persson.

As the first order of business, the Board deferred comments from members of the audience after Chairperson Webb stated no one had signed up to address the Board. Chair Webb next presented an annual grant to the Greater East Montgomery County Chamber of Commerce.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on December 10, 2015 (5:30 p.m.), December 10, 2015 (6:30 p.m.) and December 16, 2015. After review and discussion, Director Ybarra made a motion that the minutes of the Board of Directors meetings held on December 10, 2015 (5:30 p.m.) and December 10, 2015

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(6:30 p.m.), be approved as written. Director Rogers seconded said motion, which unanimously carried. The Board deferred the approval of the December 16, 2015, minutes until the next meeting.

The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented or as reflected in said reports. In connection therewith, Ms. Townley presented the financial and investments reports, copies of which are attached hereto, and discussed the invoices presented for payment. Following review, Director Hesson made a motion that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 12545 and 12628 through 12880, inclusive, with check no. 12545 being voided, two (2) wire transfers and debits for payroll, and on the Special Events Fund, being check nos. 2439 and 2440, as set forth on the attached reports. Director Persson seconded said motion, which unanimously carried.

Mr. Marks next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. In that regard, he reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A". Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Martin moved that the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board. Director Carlisle seconded said motion, which unanimously carried.

The Board next considered the status of constable patrol security program at shopping centers within the District during the holiday season. Sgt. Eric McHugh reviewed the preliminary program numbers. He noted that the constables worked 91 days; responded to 2007 calls; arrested 31 shoplifters; made 40 misdemeanor arrests, performed 861 business checks and patrolled a total of 7,822 miles.

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The Board next considered the status of request from Montgomery County Emergency Services District No. 7 ("ESD 7") to amend its existing funding agreements. Mr. McCrady reported that the District is in the process of collecting data from ESD 7 and recommended that the District's bookkeeper prepare a financial analysis on ESD 7's last 3 years and a projection for the next 3 years. The Board concurred with Mr. McCrady's recommendation.

Chief Taylor next addressed the Board relative to the financial information provided and noted that approximately 10% of the area in ESD 7 is located outside the boundaries of the District. He advised that ESD 7 requested a 25 year funding term Agreement because that is what he thought the District would want.

The Board next considered the approval of proposed modifications to the community grant program and application documents. Mr. McCrady presented and reviewed the attached new form of Application for Community Development Mini-Grant Funding and the new form of Application for Community Development Grant Funding ("CDGF"). He noted that the new form Application for CDGF allows grants up to \$30,000, required that taxing entities must have at least 50% matching funds and non-profit organizations and others that are not taxing entities much have at least 33% matching funds. After discussion on the matter, Director Persson moved to approve both forms of application documents as set out above. Director Martin seconded said motion, which unanimously carried.

The Board next considered authorizing a funding program by the District to pay costs associated with elected officials training within Leadership East Montgomery County Program. Mr. McCrady reported that the program will provide local cities or other governmental entities by funding participation in Leadership East Montgomery County ("LEMC"). He stated it will cost \$250 per person, and will be limited to 50% of the class, plus the program will provide \$5,000 to help LEMC to get up and running. After discussion on the matter, Director Persson moved that the Board approve the funding program as set out above. Director Carlisle seconded said motion, which unanimously carried.

The Board next deferred announcements after noting no one had anything additional to discuss.

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The Board next recessed to Executive Session at 7:27 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, and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 8:31 p.m.

The Board next deferred the status of modifications to the Development Agreement and the status of preparation of a Second Amended and Restated Economic Development Agreement by and among Sig-Valley Ranch, Ltd., Valley Ranch Town Center, Ltd., East Montgomery County Improvement District Economic Development Zone No. 1 and the District.

The Board next considered the status of development of the District's 12.85 acre site, including the construction of improvements, the leasing of space in the District's office building and the status of the possible condemnation of District property by TxDOT for the Grand Parkway development. Mr. McCrady stated that he had nothing new to report relative to the status of condemnation by TxDOT and noted that Montgomery County Youth Services has moved into the building.

The Board next considered a report on activities within the Industrial Park, including the status of sale of dirt out of future detention pond and the status of the contract with TDG for excavation and delivery of said dirt. Mr. Costanza reported that to date, no sales of dirt had occurred.

The Board next deferred the status of the contract with Quadvest Construction, LP ("Quadvest") for construction of roads to serve Section 3 after Mr. Costanza noted the contractor is waiting on the drainage project to be completed.

Mr. McCrady then discussed road powers and stated that East Montgomery County Municipal Utility District No. 3 will need to hold a road powers election to authorize road bonds.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Section 4.

The Board next considered the status of platting Sections 3 and 4. Mr. Costanza reported that the Section 3 plat is preliminary complete and that JAC is working on Section 4.

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The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza reported that the contractor is scheduled to begin on February 1, 2016.

The Board next deferred the status of the contract with Quadvest for construction of the sanitary sewer and water facilities to serve Industrial Park, Section 3 after Mr. Costanza noted the contractor is waiting on the drainage project to be completed.

The Board next considered the status of the contract with National Sign Co. for installation of signage on FM 1314. Mr. Costanza reported that installation of the signage is in progress and should be complete by February 22, 2016.

The Board next deferred the review of bids and authorization of award of contract for installation of IP signage on FM 1485. Mr. Costanza reported that the project is on hold pending completion of the installation of the signage on FM 1314.

The Board next deferred the status of an Incentive Agreement and a Purchase and Sale Agreement relative to the purchase of a 20 acre site by Command Energy.

The Board next deferred the status of the Keysteel expansion project.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Tiro, Inc., or assignees, relative to the purchase of an approximate 4 acre site.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Newberry's Foods/Coastal Foods or its assignees, relative to the purchase of a 14 acre site.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Stanchi Interests LLC (formerly E-Controls) relative to the purchase of a 5 acre site, including approval of changes thereto.

The Board next deferred the approval of a Purchase and Sale Agreement with Pioneer Molded Products, Inc., or assignee, relative to the purchase of 12.7 acre site.

The Board considered the status of preparation of agreements for control of sites, preparation of plans for construction of splash pads, consider status of Lease, Installation, Operation and Management Agreements between the District and the City of Splendora ("Splendora") and between the District and the City of Roman Forest ("RF") relative to the splash pads, and review bids and award of contract for construction of splash pads. Mr. Costanza reviewed the construction timeline and reported that one bid was received for the project in the

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amount of \$2,501,994.24. He recommended that the Board reject the bid and schedule a workshop to discuss alternatives, to meet with suppliers and to discuss the BuyBoard program. After discussion, Director Carlisle moved that the Board reject the bid and to conduct a special meeting on January 28, 2016, at 1:30 p.m. to review options relating to the splash pads. Director Rogers seconded said motion, which unanimously carried.

The Board next deferred the status of an Incentive Agreement with Royal Purple, Splendor 2090 Property, LLC, or its assignees, RREI LP and Wellspring Midwifery Care and Birth Center relative to a new facility in the District.

The Board next considered a report on the status of implementation of requirements relating to HB 1295 and the status of filing with the Comptroller relating to eminent domain authority. Mr. Marks reported on the rules and procedures associated with the filing requirements of Form 1295 with the Board.


The Board next considered the acceptance of nominations for outstanding citizen recognition award. Mr. McCrady stated that the District received one (1) nomination for the award and that no new nominations have been received. After discussion, the Board concurred to remove the item from the agenda.

The Board next considered matters for possible placement on future agendas, including hosting a shred day and future festival dates.

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

(SEAL)





Stephen Carlisle
Secretary, Board of Directors