

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
February 25, 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 25th day of February, 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, except Director Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelly Matlaga, Ms. Tara Martin, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Ms. Kim Courte 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 Rogers led in prayer followed by the pledge of allegiance led by Director Zepeda.

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.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on December 16, 2015, January 14, 2016, January 28, 2016 and February 12, 2016. After review and discussion, Director Rogers made a motion that the minutes of the Board of Directors meeting held on December 16, 2015, be approved as corrected on the attached draft, and the minutes from the Board of Directors meetings held on January 14, 2016, January 28, 2016 and February 12, 2016, be approved as written. Director Ybarra seconded said motion, which

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unanimously carried.

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. 12881 through 13007, inclusive, with previously approved check nos. 12540, 12722, 12760, 12791, 12818, 12838, 12866 and 12873, and check no. 2932 being voided, one (1) wire transfer and debits for payroll, and on the Special Events Fund, being check nos. 2441 through 2445, as set forth on the attached reports. Director Zepeda seconded said motion, which unanimously carried.

Ms. Townley next presented and reviewed with the Board the attached Quarterly Investment Report, which had been prepared by M&A, for the reporting period ending December 31, 2015. After review of the Quarterly Investment Report and upon motion duly made by Director Hesson, seconded by Director Zepeda and unanimously carried, said Quarterly Investment Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

The Board next deferred the status of request from Montgomery County Emergency Services District No. 7 to amend its existing funding agreements.

The Board next considered the renewal of the District's insurance coverage for term expiring March 31, 2016. Ms. Courte distributed and reviewed the attached renewal proposals from Arthur J. Gallagher & Co. ("AJG") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, worker's compensation, business travel, and agent fee coverage scheduled to expire on March 31, 2017. She discussed the changes to the policies and presented Form 1295 for each proposal. After discussion on the matter, Director Ybarra moved that the renewal proposal from AJG for all coverages set out above be approved, and that the President/CEO be authorized to execute the proposals for the District and the renewal proposals for the East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3 and 4. Director Rogers seconded said motion, which unanimously carried.

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The Board next considered the following announcements:

Director Webb stated that the Wellspring Birthing Center is now open.

Mr. McCrady noted that scholarship awards will be presented next month to the students who filmed the Fire & Ice Festival.

The Board next recessed to Executive Session at 6:45 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 7:58 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 is scheduled to attend a deposition tomorrow relative to the condemnation by TxDOT relative to the Grand Parkway construction.

Mr. McCrady next reported that Mr. Signorelli has requested to use the District's events room for interviews being conducted by Academy. After discussion, Director Carlisle moved to approve a short term lease to Mr. Signorelli for the use of the District's events room by Academy. Director Martin seconded said motion, which unanimously carried.

The Board next considered the approval of Termination and Release of Declaration of Covenants, Conditions and Restrictions for the East Montgomery County Improvement District Complex. After discussion, Director Ybarra made a motion to approve the Termination and Release and to authorize the Chairman to execute same on behalf of the Board and the District. Director Carlisle seconded said motion, which unanimously carried.

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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 have 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.

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 preliminary plat is complete and that JAC is working on Section 4.

The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Costanza reported that the contractor hit water while digging the hole for the lift station. He presented change order no. 1 in the amount of \$24,48.63 to dewater the hole. After discussion, Director Rogers moved to approve change order no. 1, subject to receipt of an executed Form 1295 from Quadvest, as set out above. Director Hesson seconded said motion, which unanimously carried.

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 reviewed a picture of the sign with the Board and noted that it should be installed next week with the lighting and landscaping to follow.

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.

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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 next considered the approval of modifications to the Purchase and Sale Agreement with Janista Holdings, LLC. After discussion on the matter, Director Zepeda moved to approve the revised contract as presented. Director Hesson seconded said motion, which unanimously carried.

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 award of contract for construction of splash pads. Mr. Costanza discussed the BuyBoard options and stated that JAC has identified eleven (11) potential splash pad vendors, with four (4) vendors that have previously looked at the project. After discussion, Director Carlisle moved that Mr. Costanza be authorized to submit a request to BuyBoard for RFQ for \$300,000, plus water recycling as an alternative item, from the four (4) identified vendors. Director Hesson seconded said motion, which unanimously carried.

The Board next deferred the status of an Incentive Agreement with Royal Purple, Splendora 2090 Property, LLC, or its assignees, RREI LP and Pollo Loco. Mr. McCrady reported that he has received the executed Amended Incentive Agreement from Wellspring Midwifery Care and Birth Center relative to a new facility in the District.

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)





Stephen Carlisle
Secretary, Board of Directors