

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
June 24, 2015

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 24th day of June, 2015, 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 Directors Hesson and Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Ms. Tara Martin, Mr. David Marks, Mr. Greg Phipps, Ms. Kaye Townley, Mr. Eric Gonzales 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 Ybarra.

As the first order of business, the Board considered comments from members of the audience. Mr. Michael Carl addressed the Board and began asking questions regarding District operations and was advised by Chairperson Webb that the format was for him to address and/or speak to the Board, but that it was not a question and answer format. Mr. Carl left the podium without additional comment.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on May 14, 2015. After review and discussion, Director Ybarra made a motion that the minutes of the Board of Directors meeting held on May 14, 2015, be approved as written. Director Rogers seconded said motion, which unanimously carried.

The Board next considered the execution of Grant Agreements and the presentation of Community Development Grants. Chairperson Webb executed the Grant Agreements and presented the grant checks to various organizations and noted the total amount of grants awarded was in the amount of \$123,572.50.

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2015. In connection therewith, Mr. Gonzales presented to the Board an engagement letter from McCall Gibson Swedlund Barfoot PLLC ("McCall") and stated it will cost approximately \$14,000 to \$16,000 to prepare the District's audit report. He then stated it will cost approximately \$1,500 to \$2,000 to prepare the audit report for each East Montgomery County Improvement District Economic Development Zone Nos. 1, 2, 3, and 4 (the "Zones"). After discussion on the matter, a motion was made by Director Ybarra and seconded by Director Carlisle, which unanimously carried, that the Board engage McCall to prepare the District's audit report and the audit report for the Zones for the fiscal year ending June 30, 2015.

The Board next considered the following announcements:

- Director Rogers stated that the Freedom Festival will be held at Patton Village this weekend.
- Director Carlisle stated that Roman Forest will host its 40th annual 4th of July Celebration

The Board next recessed to Executive Session at 6:53 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 8:08 p.m.

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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 (“Second 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. In that regard, Mr. McCrady stated that TxDOT started removing the building parking lot today and noted the removal will make access to the building more difficult.

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 for payment. Following review, Director Rogers made a motion that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 12053, 12054 and 12060 through 12142, inclusive, with check nos. 12053 and 12112 being voided, three (3) wire transfers and debits for payroll, and on the Special Events Fund, being check nos. 2412 through 2414, as set forth on the attached report. Director Ybarra seconded said motion, which unanimously carried.

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. In connection therewith, Mr. McCrady stated that he had nothing new to report noting the rains have slowed down the progress.

The Board next considered the status of the contract with Quadvest Construction, LP (“Quadvest”) for construction of roads to serve Section 3. Mr. Phipps reported that the contractor is ready to start, but that the project is on hold pending completion of the drainage and detention pond project being performed by East Montgomery County MUD No. 3 (“No. 3”).

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 deferred the status of a plat of Section 3 and 4.

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The Board next considered the status of the contract with Quadvest for construction of wastewater lift station. Mr. Phipps reported that the contractor has not yet started.

The Board next considered the status of the contract with Quadvest for construction of the sanitary sewer and water facilities to serve Industrial Park, Section 3. Mr. Phipps reported that the contractor is ready to start, but that the project is on hold pending completion of the drainage and detention pond work being performed by No. 3.

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 an Incentive Agreement and a Purchase and Sale Agreement relative to the Keysteel expansion project.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement relative to the sale of a 3 acre site to a nutraceutical company.

The Board next considered the status of a Purchase and Sale Agreement for the purchase of a 0.828 acre site in the Industrial Park. Mr. McCrady stated he had nothing new to report.

The Board next considered the status of preparation of a demographic study by Leisure Development Partners. Mr. McCrady stated that the report will be ready in approximately one (1) week.

The Board next deferred the status of an Incentive Agreement with Saints and Sinners Brewing Company.

The Board next deferred the status of an Incentive Agreement with Splendor 2090 Property, LLC, or its assignees.

The Board next considered the approval of an Incentive Agreement with Porter Kwik Kar Car Wash LLC or Porter Kwik Kar LLC, or its assignees. After discussion, Director Carlisle made a motion to approve an Incentive Agreement consisting of a \$25,000 grant, with a \$5,000 contribution to the Scholarship Fund for five (5) years, contingent on signed loan deal with the Economic Development Corporation and the requirement to hire eight (8) additional employees. Director Zepeda seconded said motion, which unanimously carried.

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The Board next considered the review and approval of a Policies and Procedures for issuing community service awards. Mr. McCrady presented and reviewed the attached Outstanding Citizen Award Nomination Form with the Board. After discussion, Director Carlisle made a motion to approve the form, authorize nominations by September and receive staff recommendations to Board by October. Director Rogers seconded said motion. The motion and second were withdrawn with consent of the Board. The Board then concurred to defer the matter until the July meeting.

The Board next deferred the request from the Records Management Officer to destroy the notes of Board of Directors meetings from January 9, 2014, to January 8, 2015, in accordance with the Records Retention Schedule for General Records.

The Board next considered authorizing completion, execution and filing with the Secretary of State of Voting System Annual Filing Form relative to District elections. Following discussion, a motion was made by Director Ybarra and seconded by Director Rogers, which carried unanimously, to authorize the completion, execution and filing with the Secretary of State of Voting System Filing Form.

The Board next considered the engagement of Arbitrage Compliance Specialists (“ACS”) for arbitrage compliance audit services relative to the District’s Series 2010 Bonds. Mr. Marks presented the attached engagement letter and stated it will cost \$2,950.00 for the arbitrage compliance audit services. After discussion, Director Rogers made a motion to engage ACS to perform the arbitrage compliance audit services as set out above. Director Zepeda seconded said motion, which unanimously carried.


The Board next considered matters for possible placement on future agendas.

The Board next thanked Ms. Parmer for her years of service to the District and community.

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

(SEAL)




Stephen Carlisle
Secretary, Board of Directors