

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 11, 2012

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 11th day of September, 2012, 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:

Connie Bloodworth	Chair
Linda W. Floyd	Vice Chair
Marlene Idoux	Secretary
Brenda Webb	Treasurer
Dale Martin	Director
Vickie Thumann	Director
Fred Wetz	Director
Isidor Ybarra, Jr.	Director

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

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Mr. David Marks, Mr. Cory Burton, Mr. Chris Palis, Mr. Joe Costanza, Ms. Virginia Blake, Mr. Andy Dill and several others from the community.

The Chair called the meeting to order and announced that a quorum was present. Director Wetz 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. In connection therewith, Chairman Bloodworth noted that 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 meeting held on August 21, 2012. In connection therewith, Director Webb requested that the second to last paragraph on page 3 be amended. Director Idoux next requested that the minutes be read aloud. Chairman Bloodworth asked the Board if they had any objections to Director Idoux's request. There being no objections, Director Idoux read the draft minutes aloud. Director Idoux then requested that paragraph 2 on page 2 be revised. After review and discussion, Director Wetz moved that the minutes of the Board of Directors meeting held on August 21, 2012, be approved as

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amended. Director Ybarra seconded said motion, which unanimously carried.

The Board next considered the engagement of auditor relative to the preparation of a Sales Tax Report (the "Report") for Montgomery County Emergency Services District No. 6 and Montgomery County Emergency Services District No. 7 for the fiscal year ending June 30, 2012. In connection therewith, Ms. Blake stated that the engagement being submitted to the Board for approval related to the Report that was previously presented to and approved by the Board at its July meeting. She stated that the fee range for the preparation of said Report was between \$3,000 and \$4,000. Ms. Peterson of Montgomery County Emergency Services District No. 7 next asked if the Board is approving the actual Report or the engagement. Ms. Blake noted that the engagement had been deferred, but that the Report had been prepared and previously approved. After discussion on the matter, Director Thumann moved to approve the engagement of auditor relative to the preparation of a Report for Montgomery County Emergency Services District No. 6 and Montgomery County Emergency Services District No. 7 for the fiscal year ending June 30, 2012. Director Webb seconded said motion, which unanimously carried.

The Board next considered the financial and investment reports, and authorizing payment of invoices presented. In connection therewith, Mr. Burton presented the financial and investments reports, copies of which are attached hereto, and presented the invoices for payment. Following review, Director Thumann moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 9712, 9727 and 9801 through 9854, inclusive, and check no. 9856, with check nos. 9712 and 9727 being voided, debits for payroll and two (2) wires, and on the Special Events Fund at Plains State Bank being check nos. 2299 through 2302, as set forth on the attached reports. Director Ybarra seconded said motion. Director Idoux next asked the status of the invoices from last month. Mr. McCrady noted that all the invoices were made available for review by the directors and that the checks had been mailed out. Director Idoux asked when the checks were mailed out and Mr. McCrady reported that the checks had been sent out prior to the Board of Directors meeting. Director Martin next queried if that has been the District's procedure, and Mr. McCrady advised that the District has been following that procedure as long as he has been employed. Director Martin recommended if the Board wants to consider changing the procedure that the District needs to adopt a clearer policy for the future.

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Director Webb next queried Mr. Burton relative to discrepancies in the reports from month to month. Chairman Bloodworth recommended that she, Mr. McCrady, Director Webb and Mr. Burton meet to discuss and verify the various reports and existence of District investments. Thereafter, the Chair called for a vote to approve the financial and investment reports and to authorize the payment of invoices presented. The motion passed with Directors Idoux and Webb voting opposed.

A discussion then ensued relative to the status of the checks presented at the August meeting. In response to the question, Mr. Marks advised the Chair that whether the motion passed last month regarding approval of payment of invoices was adequate to enable the release of all of the checks or if she wanted a motion to validate the approval of all checks presented last month was a matter for the Chair to rule on. The Chair then requested a motion to approve all the checks presented at the August meeting. After discussion, Director Floyd moved that all checks presented at the August meeting be approved. Director Ybarra seconded said motion, which carried with Directors Idoux and Webb voting opposed.

The Board next considered the status of development of the District's 12.85 acre site, including the construction of improvements and the leasing of space in the District's office building. In connection therewith, Mr. McCrady stated that he had nothing new to report.

The Board next recessed to Executive Session at 7:28 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 8:25 p.m.

The Board next considered a report on activities within the Industrial Park. In connection therewith, the Board deferred the approval of an Incentive Agreement and to authorize preparation of a Purchase and Sale Agreement with Liberty Concrete Products LLC.

The Board next considered the status of the Purchase and Sale Agreement with Petroleum Oil Tools, Inc. In connection therewith, Mr. McCrady noted that the documents are at the title company and is scheduled to close in October.

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The Board next considered the status of a Purchase and Sale Agreement relative to WorldFab, Inc. ("WorldFab"). In connection therewith, Mr. McCrady reported that the documents are at the title company and should close within thirty (30) days.

The Board next considered the approval of an Incentive Agreement with Darst Funeral Home. In that regard, Mr. McCrady presented the attached request from John Darst and stated that the new funeral home will employ at least one (1) person from the District. He proposed that the District provide approximately \$30,000 for certain property enhancements to serve the new funeral home. Mr. McCrady noted that the owner will contribute \$3,000 per year for 10 years to the East Montgomery County Scholarship Fund. After discussion, Director Floyd moved that the District approve an Incentive Agreement with Darst Funeral Home and authorize the President or Chairman to execute the Agreement. Director Wetz seconded said motion, which unanimously carried.

Mr. McCrady next recommended that the Board approve a proposal from Webb Architects ("Webb") to evaluate the District's office building relative to the settlement issues. After discussion on the matter, Director Webb moved that Mr. McCrady be authorized to enter into the Agreement with Webb. Director Floyd seconded said motion, which unanimously carried.

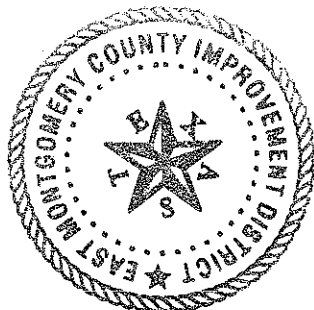
The Board next announced that the East Montgomery County Fair will be held on Saturday, September 15.

Chairman Bloodworth next apologized to the Board for the failure to organize the committee meetings. She stated she would use her best efforts to schedule the respective committee meetings within the next 4 to 6 weeks.

The Board next considered matters for possible placement on future agendas. In that regard, no requests were made.

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

(SEAL)



Maureen Adcox
Secretary, Board of Directors