

The minutes of the December 6, 2012 meeting were approved by the Board of Directors at the meeting held on January 10, 2013. Director Marlene Idoux was the Secretary of the Board and resigned from the Board on January 10, 2013, prior to the approval of the December 6, 2012 minutes. At the time of her resignation, there was not an Assistant Secretary on the Board. Ms. Idoux refused to sign the December 6, 2012 minutes notwithstanding that she was the Secretary at the time of that meeting. Therefore the minutes of the December 6, 2012, meeting are unsigned.

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT

December 6, 2012

THE STATE OF TEXAS §
 §
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 6th day of December, 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. Chris Palis, Mr. Joe Costanza, Ms. Virginia Blake 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 presentation of Community Development Grants. In connection therewith, the Community Development Grant Agreements were executed and Director Bloodworth presented the recipients with their respective grant checks.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on November 5, 2012. After review and discussion, Director Floyd moved that the minutes of the Board of Directors meetings held on November 5, 2012, be approved as written. Director Wetz seconded said motion, which carried, with Director Idoux being opposed.

Minutes of East Montgomery County Improvement District for December 6, 2012

The Board next considered the approval of an audit report for the fiscal year ended June 30, 2012. In connection therewith, Ms. Blake presented and reviewed the attached draft audit with the Board and noted that the financial statements are presented fairly in all material respects. After discussion on the matter, Director Wetz moved that the audit report for the fiscal year ended June 30, 2012, be approved, that the Chairman be authorized to execute the Annual Filing Affidavit on behalf of the Board and District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ"). Director Thumann seconded said motion, which 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, Mr. Palis presented the financial and investments reports, copies of which are attached hereto, and discussed 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. 9984 through 10058, inclusive, with check nos. 9952, 9992 and 10010 being voided and debits for payroll, as set forth on the attached reports. Director Wetz seconded said motion, which carried, with Director Idoux being opposed.

Mr. Palis next presented and reviewed with the Board a Quarterly Investment Report for the reporting period ended September 30, 2012, a copy of which is attached hereto. After review of the Quarterly Investment Report and Director Thumann moved that said Quarterly Investment Report be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and District. Director Wetz seconded said motion, which carried, with Director Idoux being opposed.

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 building settlement investigation. In that regard, Mr. McCrady presented and reviewed with the Board the attached proposal from John A. Walker Roofing, Inc. ("Walker"), for repair of the roof on the District's office building. He recommended that the Board proceed with the repairs to the south portion of the building and defer the repairs to the remainder of the building until next year. Mr. McCrady further noted that sales tax would not be charged to the District for the repair work. After

Minutes of East Montgomery County Improvement District for December 6, 2012

discussion on the matter, Director Thumann moved that the Board approve the proposal and enter into a contract with Walker for the roof repair to the South portion of the building as set out above. Director Webb seconded said motion, which unanimously carried.

The Board next considered the approval of a contract for the maintenance of the District's elevator. In that regard, Mr. McCrady presented and reviewed the attached proposal from Allied Elevator of Houston, Inc. ("Allied") with the Board. He recommended that the Board approve said proposal with Allied, subject to Allied's approval of the attached Addendum. After discussion, Director Wetz moved that the Board approval the proposal and enter into a contract with Allied for the maintenance of the District's elevator, subject to Allied's approval of the Addendum. Director Floyd seconded said motion, which unanimously carried.

The Board next deferred consideration of approval of the Grand Parkway-SH99 Right of Entry to TxDOT until later in the meeting.

The Board next considered a proposal for providing additional security services at retail merchants in the District during the holiday season. In that regard, Mr. McCrady reported that Director Martin suggested that the District provide funding to pay for additional Sherriff or Constable security in retail areas of the District during the holiday season. Constable Hayden then addressed the Board relative to the crime statistics in the retail areas of the District and noted that theft incidents are higher than this time last year. Constable Hayden advised the Board to set a budget and he would work within same and recommended that 2 additional officers patrol the retail areas in the evenings. After discussion on the matter, Director Thumann moved that the District assist through funding, up to \$10,000, for an additional 2 officers to patrol the retail areas, as deemed appropriate by the Constables. Director Floyd seconded said motion, which unanimously carried.

The Board next recessed to Executive Session at 7:18 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.

Minutes of East Montgomery County Improvement District for December 6, 2012

The Board next considered the approval of the Grand Parkway-SH99 Right of Entry to TxDOT. Mr. Costanza noted that the requested access is to take core samples only. After discussion, Director Floyd moved that the Board approve the Grand Parkway-SH99 Right of Entry to TxDOT. Director Webb seconded said motion, which unanimously carried.

The Board next considered a report on activities within the Industrial Park. In connection therewith, the Board considered the status of Liberty Concrete Products LLC/Montgomery East Industrial, LLC/Curt Joslin purchase of property in the Industrial Park. In that regard, Mr. McCrady noted that he expects the transaction to close in December or early January.

Mr. Costanza next reported that he solicited bids for the extension of Caroline Way. He noted that the low bid was in the amount of \$47,364 and recommended that the Board advertise the project for bids. After discussion, Director Thumann moved that the engineer be authorized to advertise the project for bids. Director Martin seconded said motion, which unanimously carried.

Mr. Costanza next distributed information to the Board relative to District signs. He stated there are approximately 20 locations within the District that would benefit from the signs and recommended the signs be single sided aluminum on custom posts. Mr. McCrady stated it will cost approximately \$780 per sign to purchase plus an additional \$400 per sign to install. He noted that a simple highway type sign cost approximately \$700-\$800. After discussion, the Board requested that same be placed on the next meeting agenda for further consideration.

The Board next deferred the approval of a letter of intent relative to a proposed water park.

The Board next considered the adoption of a Resolution of Authority ("Resolution"). In that regard, Mr. McCrady explained the attached Resolution with the Board. After discussion, Director Floyd moved that said Resolution be approved. Director Thumann seconded said motion, which unanimously carried.

The Board next considered the following announcements:

- December 13 - Special meeting relative to Earth Quest update
- The Board noted that the new director photos are now up.

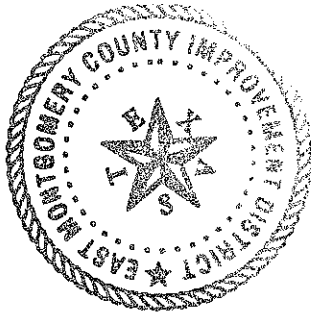
Minutes of East Montgomery County Improvement District for December 6, 2012

The Board next considered matters for possible placement on future agendas. In that regard, the Board requested the following items be added to the next agenda:

- consider community leadership forum; and
- consider proposals for engagement of person or firm to assist in drafting District policies and procedures.

There being no further business to come before the Board of Directors, upon motion made by Director Thumann, seconded by Director Ybarra, and unanimously carried, the meeting was adjourned.

(SEAL)



Secretary, Board of Directors