

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
April 17, 2014

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 17th day of April, 2014, at 4:00 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:

Fred Wetz	Chair
Vickie Thumann	Vice Chair
Brenda Webb	Treasurer
Isidor Ybarra, Jr.	Secretary
Katherine Persson	Asst. Secretary
Connie Bloodworth	Director
Linda W. Floyd	Director
Dale Martin	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. Joe Costanza, Ms. Kaye Townley, Mr. Avik Bonnerjee and others from the community, as shown on the attached sign in sheet, and Brian Sasser, Joel Eisenbaum and a camera man from the local television station.

The Chair called the meeting to order and announced that a quorum was present.

Director Thumann 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 that regard, the Chairman noted that no one had signed up to address the Board.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on March 24, 2014. After review and discussion, Director Webb moved that the minutes of the Board of Directors meetings held on March 24, 2014, be approved as revised on the attached draft minutes. Director Persson 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, Ms. Townley presented the financial and investments reports, copies of which are attached hereto, and discussed the invoices for payment. Following review, Director Webb moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 11065 through 11106, inclusive, with check nos. 11071 and 11095 being voided, four (4) wires, and debits for payroll, and on the Special Events Account being check nos. 2367 through 2370, as set forth on the attached reports. Director Ybarra seconded said motion, which unanimously carried.

Director Floyd entered the meeting at this time.

The Board next considered a report from the Study Committee relative to the status of request by Montgomery County Emergency Services District No. 11 ("ESD No. 11") for a grant to expand service in preparation for new development projected to occur within the ESD No. 11 service area. In that regard, Mr. McCrady reported that the citizen committee met and recommended that the District contribute \$250,000 per year for five (5) years to ESD No. 11 of additional funding. Director Martin noted that the committee worked hard and took the time required to evaluate ESD No. 11 structure and projections for the future. After discussion on the matter, Director Martin moved that the Board approve the additional funding to ESD No. 11 in the amount of \$250,000 per year for five (5) years and that MRPC be authorized to prepare and the Chairman be authorized to

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execute an Agreement with ESD No. 11 in connection therewith. Director Thumann seconded said motion, which unanimously carried.

The Board next considered the status of the sales tax audit being performed by B&A Sales Tax Service ("B&A"). In that regard, Mr. Bonnerjee addressed the Board and reviewed the attached District Sales Tax Map. He stated that he and Mr. Marks met with the State Comptroller and that B&A has provided the Comptroller with 59 new businesses, of which 39 have been confirmed by the Comptroller and added to the District's tax roll. He noted that Martin Foods and Palace Inn have refused to provide B&A with their respective tax ID numbers and stated that the Comptroller has been advised of same. Mr. Bonnerjee stated he hopes to have a sales tax audit report on the southernmost section of the District within the next three months.

The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. Brown addressed the Board and stated that an agreement with an investor team is fundamentally in place and that the investor group will be in town in the coming weeks. He stated that Contour has a contract with the landowner with a target closing date in June. Mr. Brown advised that the first phase of the project will cost approximately \$550,000,000, noting the heart and soul of the EarthQuest project is the Earth Quest Institute. Mr. Gardner advised that the project is now closer to the finish line than ever. Mr. Brown stated Contour has incorporated a technology development center in the project that will relate to EarthQuest and the Infrastructure concepts. The Board next asked Mr. Brown and Mr. Gardner numerous questions relative to the project. Mr. Brown advised that the first phase opening date is targeted for the summer of 2017, which will include an entertainment resort to be followed by hospitality, technology, etc.

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The Board next considered the status of the Grand Texas project. In that regard, Mr. Galland addressed the Board and stated he is working on the funding for the Phase I sports complex, which will include 5 lighted softball fields and 10 junior fields, and is proceeding with soccer fields. He noted he is negotiating with lenders, as they want a final determination of what else is going to be in the area that would compete with the Grand Texas project. Mr. Galland stated he expects construction to begin in August, 2014, to be complete by spring 2015, and noted that he is using some local vendors. He stated he is moving forward with infrastructure development and that a couple of pad sites are currently under contract. Mr. Galland advised that construction of the water park will start in May 2014 and will be complete in May 2015, assuming the financing goes through. He further noted that the amusement park is projected to open in spring of 2016.

The Board next considered the status of a Real Estate Sales Contract relative to a 12 acre site with Catalyst Trading Services, Ltd. ("Catalyst"). In that regard, Mr. McCrady reported that the land transaction closed earlier today and that Catalyst will construct a 75,000 square foot building with the construction of two (2) more buildings to follow.

The Board next considered the status of a Real Estate Sales Contract relative to an 8.5174 acre tract with E. Industrial Parkway, LLC (Liberty Concrete/Curt Joslin). In that regard, Mr. McCrady noted that the documents are with the title company and that the land transaction should close in late April or early May.

The Board next considered the approval of an agreement with Moody Rambin for the development of spec buildings on a 6.394 acre tract in the Industrial Park. In that regard, Mr. McCrady stated he is working with Moody Rambin on the spec building for lease warehouse space. He stated he anticipates that he will have a proposed agreement to present to the Board next month.

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The Board next considered a request for the creation of a foreign trade zone for development within the Industrial Park. Mr. McCrady reported that a company has requested that the District create a foreign trade zone as a subzone under the Port of Houston or Conroe Trade Zone. After discussion, Director Persson moved that the Board authorize the President and consultants to pursue establishing a foreign trade zone and authorize the expenditure of up to \$20,000 to pay for the process. Director Ybarra seconded the motion. The motion was then withdrawn and Director Webb requested the Board defer action until more information relative to the creation of the foreign trade zone is received. The Board concurred to defer the matter at this time.

The Board next deferred 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, as Mr. McCrady stated he had nothing new to report.

The Board next considered the status of the possible condemnation of District property by TxDOT for the Grand Parkway development. In that regard, Mr. McCrady stated that he received correspondence from Zachary Odebrandt, the engineering firm for the Grand Parkway development, indicating TxDOT wants a portion of the District's property in connection with the Grand Parkway development.

The Board next recessed to Executive Session at 5:27 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 6:13 p.m.

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The Board next considered a report on activities within the Industrial Park. In connection therewith, Mr. Costanza advised that the drainage study relating to Sections 3 & 4 will be complete in one week and will be forwarded to Montgomery County for review and approval. He stated that once JAC has received the preliminary approval, JAC can proceed with plans and specifications for the construction of water, sewer and drainage facilities and the construction of roads to serve Sections 3 & 4.

The Board next deferred the status of a plat of Section 3.

The Board next deferred status of a letter of intent relative to the Keysteel Expansion as Mr. McCrady stated he had nothing new to report.

The Board next considered the approval of an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of an approximate 10 acre tract to Baramesa de Mexico, Bormesa de Columbia and/or their affiliates or assignees. In that regard, Mr. McCrady reviewed the Incentive Agreement with the Board and noted that the company will create 20 jobs initially, and will ultimately create 40 jobs. He sated Baramesa will pay \$12,500 per acre for the land and will agree to make contributions in the amount of \$125,000, payable over a period of five (5) years, into the District's Scholarship Fund. After discussion on the matter, Director Thumann moved to approve an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of the approximate 10 acre tract to Baramesa de Mexico, Bormesa de Columbia and/or their affiliates or assignees. Director Ybarra seconded said motion, which unanimously carried.

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The Board next considered the status of a petition to East Montgomery County Municipal Utility District No. 3 relative to annexation of the 26 acre Quinn tract. In that regard, Mr. Marks reported that the petition is on the City of Conroe agenda for approval this week.

The Board next considered the status of a development agreement with Jefco Development Corp. and a sponsor agreement with TxDOT regarding construction of drainage and detention facilities for the retail center and expansion of Loop 494. In that regard, Mr. McCrady reported that he has received additional plans for the project and that once he receives the final set of plans the District can move forward with preparation of the development agreement.

The Board next deferred the status of an incentive agreement with Smash Burger. Mr. McCrady noted that Smash Burger is now open in the District.

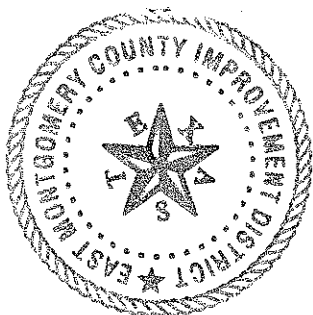
The Board next considered the following announcements:

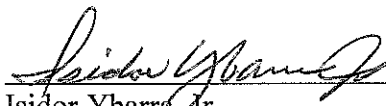
- Sawmill Ranch Festival – April 26, 2014
- Special Meeting – April 24, 2014, at 11:00 a.m.

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)




Isidor Ybarra, Jr.
Secretary, Board of Directors