

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
August 14, 2014

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 14th day of August, 2014, 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
Leonard Rogers	Director
Isidor Ybarra, Jr.	Director
Martin Zepeda	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 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 Martin led in prayer followed by the pledge of allegiance led by Director Carlisle.

As the first order of business, the Board considered comments from members of the audience. In that regard, Chairperson Webb advised 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 meetings held on July 10, 2014 and July 21, 2014. After review and discussion, Director Ybarra moved that the minutes of the Board of Directors meetings held on July 10, 2014 and July 21, 2014, be approved as revised as reflected on the attached draft minutes. Director Zepeda seconded said motion, which unanimously carried.

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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 moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 11279 through 11342, inclusive, with check nos. 11280 and 11281 being voided, two (2) wire transfers and debits for payroll, and on the Special Events Account being check nos. 2384 and 2385, as set forth on the attached reports. Director Hesson seconded said motion, which unanimously carried.

Ms. Townley next presented and reviewed with the Board a Quarterly Investment Report for the reporting period ended June 30, 2014, a copy of which is attached hereto. After review of the Quarterly Investment Report, Director Rogers 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 Hesson seconded said motion, which unanimously carried.

The Board next considered the adoption of a Policy relative to director travel. In that regard, Director Hesson moved that the Board authorize, over the next twelve (12) months, attendance at two (2) shows per director, and that all other director travel be approved by the Board on a case by case basis. Director Carlisle seconded said motion. Director Carlisle then moved to amend said motion to add the words "outside the Houston Metro Area..." after the phrase "...and that all other director travel". Director Persson seconded said motion to amend. After discussion, a vote was called and the motion to amend carried, with Directors Ybarra and Rogers being opposed. After further discussion, a vote was called on the amended motion, and with Directors Ybarra and Rogers opposed, the motion carried.

The Board next considered the adoption of an operating budget for the fiscal year ending June 30, 2015. In connection therewith, the budget committee presented and reviewed the proposed budget. After discussion, Director Persson moved that the attached operating budget be approved as presented. Director Martin seconded said motion, which unanimously carried.

The Board next deferred the status of the sales tax audit being performed by B&A Sales Tax Service.

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The Board next recessed to Executive Session at 6:58 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 8:14 p.m.

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 status of the possible condemnation of District property by TxDOT for the Grand Parkway development, as Mr. McCrady stated he had nothing new to report.

The Board next considered a report on activities within the Industrial Park. In connection therewith, Mr. Costanza reviewed the plans for development of Sections 3 and 4 with the Board and the timeline for the development of same.

The Board next considered the status of the drainage study relating to Sections 3 & 4. Mr. Costanza stated that JAC will be submitting the study to Montgomery County for final approval in the next two (2) weeks.

The Board next considered authorizing the President/CEO to sell dirt out of a future detention pond and to utilize the proceeds to pay for the costs of construction of roads within the Industrial Park. After discussion, Director Carlisle made a motion to authorize the President/CEO to sell the dirt and to authorize advertisement for bids for an on call excavation and trucking service to deliver the dirt to purchasers. Director Persson seconded said motion, which unanimously carried.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Section 3, after Mr. Costanza noted that he has not yet completed the plans.

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The Board next considered the status of a plat of Section 3 and 4. In that regard, Mr. Costanza reported that he is in the process of completed same and will be submitting the plat to Montgomery County for approval in the next 2-3 weeks.

The Board next considered the status of a Purchase and Sale Agreement relative to the sale of a 5 acre tract to Jenista Holdings, LLC (Polar Rig Specialists, Inc.). In that regard, Mr. McCrady reported that the purchaser is considering reconfiguring the original site.

The Board next considered the status of exercise of option to purchase a 2 acre tract by Command Energy ("Command"). In that regard, Mr. McCrady reported that Command has the exercise of option letter in hand and that he expects to receive same next week.

The Board next considered the approval of a Utility Development Agreement with East Montgomery County Municipal Utility District No. 3 ("No. 3") relative to the annexation of the 59.633 acre Myers tract and the 24.8268 acre Quinn tract into No. 3. In that regard, Mr. Marks presented and reviewed same with the Board. After discussion, Director Persson made a motion to approve the Utility Development Agreement with No. 3. Director Hesson seconded said motion, which unanimously carried.

The Board next deferred the approval 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.

The Board next considered the approval of an incentive agreement with Martin Marietta ("MM") or its subsidiary in connection with its development in the District. Mr. McCrady reviewed the rail system project with the Board and recommended the District grant a \$30,000 incentive. He further noted that MM will maintain a clean site. After discussion on the matter, Director Carlisle made a motion to approve an incentive agreement with MM as set out above. Director Rogers seconded said motion, which unanimously carried.

The Board next considered the approval of an incentive agreement with Ritter's or its franchise in connection with its development in the District. Mr. McCrady discussed the company's plans and recommended that the District a) grant an incentive for \$5,000 per year for six (6) years provided Ritter's meets the employment condition of hiring ½ of its employees from within the District, and b) provide Ritter's with an additional \$10,000 up front payment to be repaid back to the Scholarship Fund at a rate of \$2,000 per year. After discussion on the matter, Director Ybarra made

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a motion to approve an incentive agreement with Ritter's as set out above. Director Zepeda seconded said motion, which unanimously carried.

The Board next deferred the engagement of disclosure counsel in connection with the District's outstanding bonds until the next meeting.

The Board next considered the status of the new District web site design. In that regard, Mr. McCrady reported that the new web site is in its final stages and that he expect same to go online by mid-September.

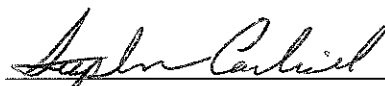
The Board next considered the following announcements:

- Chili Cook off for Dennis Doerge – August 16th
- Kingwood College 30 year Anniversary – August 19th at 2:00 p.m.
- Progress Show – August 22nd
- Mission Fashion Show
- EMC Pioneer Reunion Event
- Go Texas Skeet Show – the Board noted that this event has been very successful in raising scholarship funds in the past.

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