

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
December 10, 2013

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 10th day of December, 2013, at 5:30 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:

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, except Director Martin, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Chris Brown and others from the community, as shown on the attached sign in sheet.

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

Director Bloodworth led in prayer followed by the pledge of allegiance led by Mr. McCrady.

As the first order of business, the Board considered comments from members of the audience. In that regard, Ms. Rhonda Behnken, Facility Coordinator of New Caney Friendship Center, presented the attached letter and updated the Board relative to status of the Friendship Center grant received in June 2013, from the District.

The Board next considered execution of Grant Agreements and presentation of Community Development Grants. In that regard, Chairman Wetz executed the Agreements and distributed the checks.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on November 12, 2013. After review and discussion, Director Thumann moved that the minutes of the Board of Directors meeting held on November 12, 2013, be approved as revised on the attached draft minutes. Director Ybarra seconded said motion, which unanimously carried.

The Board next considered the requests of Montgomery County Emergency Service District No. 11 ("ESD No. 11") and the Splendor Youth Baseball Association ("SYBA") for modification of grant agreements as approved by the Board of Directors. In that regard, Mr. McCrady stated that the SYBA has submitted a request, a copy of which is attached hereto, to decrease its total project cost from \$84,812.50 to \$26,300.00. He noted that the staff recommended funding \$15,000 with the SYBA providing the required 33% fund match. After discussion on the matter, a motion was made by Director Thumann and seconded by Director Floyd, which unanimously carried, to fund the \$15,000.00 of the total project cost of \$26,300.00, subject to the required 33% fund match, and authorize the Chairman to execute the grant agreement and release the funds.

The Board next considered the request submitted by ESD No. 11, a copy of which is attached hereto, to modify its grant agreement to allow ESD No. 11 to apply the \$16,974.45 in grant funds toward truck repairs rather than protective clothing. Director Floyd questioned why the Cities of Splendor and Patton Village do not fund such repairs since 60% of the calls received by ESD No. 11 serve those particular cities. After discussion on the matter, a motion was made by Director Persson and seconded by Director Thumann, which unanimously carried, to authorize ESD No. 11 to reallocate the \$16,974.45 in grant funds to Engine and Booster repairs and to authorize the Chairman to execute the grant agreement and release the funds.

The Board next considered a report on the status of the constable patrol at local shopping centers during the holiday season. In that regard, Mr. McCrady stated that the Constable is fully engaged with the additional holiday patrol and that he will present a report to the Board at the January 2014 meeting.

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

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being check nos. 10751 through 10844, inclusive, debits for payroll, two (2) wire transfers, and on the Special Events Account being check nos. 2352 through 2355, as set forth on the attached reports. Director Persson seconded said motion, which unanimously carried.

The Board next considered a report on the financial status of Montgomery County ESD No. 11. In that regard, Mr. McCrady reported that ESD No. 11 has a \$70,000 deficit in its current fiscal year budget. He questioned the Board as to what other information they wanted regarding ESD No. 11's financial status. Chief Frazier stated that ESD No. 11 receives approximately 130 to 150 calls per month and noted that 80% of the calls are medical related.

The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. Brown addressed the Board and noted that he is currently negotiating with an investor group and has entered into preliminary agreements. He noted that Contour's hope and intent is to create the EarthQuest project in Australia and around the world. Mr. Brown stated that the investor group was not pleased with the Lennar tract due to the restrictions placed on said property by Lennar, so they are looking at a larger tract in East Montgomery County. He stated that they have entered into preliminary agreements with the landowner and will be meeting with the investors next week to create a development timeline. The Board then asked Mr. Brown numerous questions relative to the project, which Mr. Brown answered.

The Board next considered the status of the proposed Grand Texas project. In connection therewith, Mr. McCrady stated that he had nothing new to report.

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 in connection with the possible condemnation of District property by TxDOT for the Grand Parkway development.

The Board next considered the review of a proposal and approval of a contract for repair of the gutter system with Peterson Dean. After discussion on the matter, Director Ybarra moved that the Board rescind approval of the contract previously awarded to Peterson Dean at the meeting held on February 14, 2013, and to approve the current contract with Peterson Dean in the amount of \$11,833.94. Director Floyd seconded said motion, which unanimously carried.

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The Board next recessed to Executive Session at 7:30 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, personnel matters pursuant to §551.074, 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 9:12 p.m.

The Board next considered a report on activities within the Industrial Park. In connection therewith, the Board deferred the review of bids and award of a contract for the construction of extension of sanitary sewer line along Caroline Way.

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 deferred the status of a Letter of Intent and the Purchase and Sale Agreement relative to the 4.2886 acre site to World Fab (Power House Industries) as Mr. McCrady stated he had nothing new to report.

The Board next deferred the status of an Incentive Agreement and a Real Estate Sales Contract with Catalyst Trading Company as Mr. McCrady stated he had nothing new to report.

The Board next deferred the status of a Real Estate Sales Contract with Gates Engineered Lubricants, LLC as Mr. McCrady stated he had nothing new to report.

The Board next considered the status of a Real Estate Sales Contract relative to the purchase of a 26 acre tract from Quinn. In that regard, Mr. McCrady reported that the closing is scheduled for December 31, 2013.

The Board next considered approval of a Settlement Agreement relative to the erroneous clearing of District land in the Industrial Park by Triple B Services, LLP. After discussion on the matter, Director Thumann moved that the Board approve the Settlement Agreement and that the President/CEO be authorized to execute same. Director Ybarra seconded said motion, which unanimously carried.

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The Board next deferred 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 Taco Bell. After discussion on the matter, Director Floyd moved that the Board approve an incentive agreement with Taco Bell and that the Chairman be authorized to execute same. Director Webb seconded said motion, which unanimously carried.

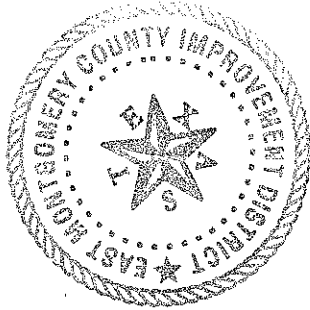
The Board next considered the following announcements:

- None

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)



A handwritten signature in cursive script, appearing to read "Isidor Ybarra, Jr.", written over a horizontal line.

Isidor Ybarra, Jr.
Secretary, Board of Directors