

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
February 14, 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 14th day of February, 2013, 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
Brenda Webb	Secretary/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, Mr. Monty Gallard, Mr. Andy Dill, 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 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 January 10, 2013. After review and discussion, Director Floyd moved that the minutes of the Board of Directors meeting held on January 10, 2013, be approved as corrected as reflected on the attached draft minutes. Director Thumann seconded said motion, which unanimously carried.

Director Webb entered the meeting at this time.

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The Board next considered the appointment of a Director to fill the vacancy created by the resignation of Director Idoux. After discussion on the matter, Director Floyd moved that the Board defer appointment of Director to fill the vacancy created by the resignation of Director Idoux at this time. Director Martin seconded said motion, which unanimously carried.

The Board next deferred the acceptance of a Qualification Statement, Oath of Office and Election Not to Disclose Personal Information for a new director.

The Board next deferred the election of an Assistant Secretary of the Board of Directors.

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 Ybarra moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 10126 through 10206, inclusive, with check nos. 10207 and 10208 being added, three (3) wire transfers and debits for payroll, and on the Special Events Fund being check no. 2315, as set forth on the attached reports. Director Floyd seconded said motion, which unanimously carried.

Mr. Palis next presented and reviewed with the Board a Quarterly Investment Report for the reporting period ended December 31, 2012, a copy of which is attached hereto. After review of the Quarterly Investment Report and upon motion duly made by Director Ybarra, seconded by Director Floyd and unanimously carried, said Quarterly Investment Report was approved and the District's Investment Officer was authorized to execute same on behalf of the Board and District.

The Board next considered a presentation relative to the proposed Grand Texas project. In that regard, Mr. Monty Gallard addressed the Board and presented the attached power point presentation. He stated that the project site is currently under contract and is scheduled to close in April 2013, with a projected opening date of March 2014.

The Board next considered the annual review of the District's Order Establishing Policy for Investment of District Funds and Appointing Investment Officer ("Order"), including the approval of Amendment to or renewal thereof, and the adoption of a Resolution relative thereto. In connection therewith, Mr. Marks presented and reviewed the attached Memorandum with the Board, outlining the proposed changes to the Order. After discussion on the matter, Director Wetz moved that (1) the

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attached Resolution Regarding Review of Order Establishing Policy for Investment of District Funds and Appointing Investment Officer be adopted, that (2) the attached Order be adopted, and (3) the Chairman be authorized to sign and the Secretary to attest said Resolution and said Order on behalf of the Board and District. Director Webb seconded said motion, which unanimously carried.

Mr. Marks next advised the Board that requirements in the Public Funds Investment Act require the Board of Directors of the District to review, revise and adopt at least annually a list of qualified brokers authorized to engage in investment transactions with the District. In that regard, he reviewed with the Board a Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District, and a list of financial institutions, brokers and dealers attached thereto as Exhibit "A". Mr. Marks recommended to the Board that if any of the directors have a relationship with any of the institutions shown on the list that could create a conflict of interest, then that institution(s) should be deleted from the list that the Board adopts. After discussion, Director Webb moved that the Resolution Adopting List of Qualified Brokers Authorized to Engage in Investment Transactions with the District be approved by the Board. Director Wetz seconded said motion, which unanimously carried.

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, the Board considered the status of the contract with John A. Walker Roofing Inc., for repair of the roof on the District's office building. In that regard, Mr. McCrady reported that the contractor will begin the roof repairs once the gutter repairs are complete.

The Board next deferred the review of a report from Webb Architects in connection with the investigation of the building issues, as Mr. McCrady noted that he should receive the report next week.

The Board next considered the review of proposals and award of a contract for repair of the District's office building gutter system. In that regard, Mr. McCrady stated that the low bid was received from Peterson Dean ("Peterson") in the amount of \$17,129 for the back section and \$8,628.06 for the front section. He stated that Peterson offers a one (1) year guarantee and recommended that Board award the contract to Peterson. After discussion on the matter, Director Floyd moved that the Board award the contract to the low bidder, Peterson, as set out above.

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Director Thumann seconded said motion, which unanimously carried.

The Board next considered the approval of donation of surplus District property, being the replaced chairs, to the East Montgomery County Scholarship Foundation (“Foundation”). In that regard, Director Thumann stated that the donation follows the recommendation of the Facilities Committee and noted it is anticipated that the Foundation will sell said chairs and all funds will be added to the Foundation endowment. After discussion, Director Floyd moved to approve the donation of the surplus District property, being the replaced chairs, to the Foundation. Director Thumann seconded said motion, which unanimously carried.

The Board next considered the approval of a proposal for the purchase and installation of District signs throughout the District. In that regard, Mr. Costanza reviewed various sign samples with the Board. After discussion, the Board deferred action at this time.

The Board next recessed to Executive Session at 7:22 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 8:15 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 considered the Release of Lien Securing Performance (“Release”) under Scholarship Agreement and approval on an Estoppel Certificate relative to improvements constructed on the Property relative to the Command Energy project. In that regard, Mr. McCrady presented a memorandum relative to compliance by Command Energy with the Scholarship Agreement. After discussion, Director Floyd moved that said Release and Estoppel Certificate relative to the Command Energy project be approved as set out above. Director Webb seconded said motion, which unanimously carried.

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The Board next considered the approval of an Incentive Agreement (“IA”) with Rob Johnson Interests. In that regard, Mr. McCrady reported that the Agreement is relative to the development of a retail project, being a Starbucks on FM 1314. After discussion, Director Thumann moved that said IA with Rob Johnson Interests be approved. Director Floyd seconded said motion, which unanimously carried.

The Board next deferred the review of a proposal relative to the renewal of the District’s insurance coverage for term expiring March 31, 2013. Director Wetz recommended the Board request a 5 year loss run.

The Board next considered a community leadership forum. In that regard, Director Thumann recommended that the District assist the Community Chamber of Commerce (“CCC”) to increase the outreach within the Community. After discussion, Director Thumann moved, with approval of the CCC Board, that EMCID will support the annual CCC community leadership forum with funding up to \$2,500. Director Ybarra seconded said motion, which unanimously carried.

The Board next considered changing its regular meeting to 5:30 p.m. on the second Thursday of each month. After discussion on the matter, Director Wetz moved to change the District’s regular meeting to 5:30 p.m. on the second Thursday of each month. Director Floyd seconded said motion, which carried with Directors Webb and Martin voting in opposition of the change.

The Board next considered the following announcements:

- February 15 – Rodeo Committee dance at Stetson’s Nite Life
- February 25 – Law Officer appreciation drive
- April 9 – Montgomery County day at State Capital

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

- consider report from policies and procedure committee, including making a study report; and
- consider recording meetings and broadcasting same on District web site.

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

(SEAL)

Secretary, Board of Directors