

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
January 9, 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 9th day of January, 2014, 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, 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, Mr. Michael Johnson, Constable Hayden, Chief Welch 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 Martin 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, the Chairman noted that no one had signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on December 10, 2013. After review and discussion, Director Webb moved that the minutes of the Board of Directors meeting held on December 10, 2013, be approved as written. Director Persson seconded said motion, which unanimously carried.

Director Thumann entered the meeting at this time.

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The Board next considered a report on the status of the constable patrol at local shopping centers during the holiday season. In that regard, Constable Hayden reported that the extra patrol was a huge success. Chief Welch next distributed and reviewed the attached activity reports and noted that crime statistics were down this year due to the general knowledge of the additional Constable presence in the area. The Board then expressed appreciation for a job well done.

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. 10844 through 10919, inclusive, debits for payroll, three (3) wire transfers, and on the Special Events Account being check nos. 2356 through 2363, as set forth on the attached reports. Director Bloodworth seconded said motion, which unanimously carried.

The Board next considered the approval of an Agreement for Sales Tax Tracking Services with B&A Sales Tax Service ("B&A"). In that regard, Mr. Bonnerjee distributed and reviewed information relative to his company and a proposal for the Board's consideration. Mr. Bonnerjee advised that the fee for the service is \$45,000 plus expenses. After a discussion relative to sales tax tracking services, Director Bloodworth moved that the District approve the proposal for sales tax tracking services and enter into a contract with B&A relative to same. Director Thumann seconded said motion, which unanimously carried.

The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. McCrady stated that he had nothing new to report.

The Board next considered the status of the proposed Grand Texas project. In that regard, 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.

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 reported on correspondence received from New Caney Municipal Utility District relative to its requirements. He

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further noted that an appraiser for TxDOT will be out next week to begin the appraisal process.

The Board next considered the status of a contract with Peterson Dean for repair of the gutter system. In that regard, Mr. McCrady reported that Peterson Dean has been performing an analysis of the building and that the repair work should start on Monday.

The Board next recessed to Executive Session at 6:17 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 7:41 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 considered 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). In that regard, Mr. McCrady reported that he is working on same and noted that the purchase should close within the next 30-45 days.

The Board next considered the status of an Incentive Agreement and a Real Estate Sales Contract with Catalyst Trading Company ("Catalyst") relative to development in the Industrial Park. In that regard, Mr. McCrady reported that he is working on same and noted that the purchase should close within the next 30-45 days. He noted that Catalyst will be constructing three (3) 75,000 square foot buildings on the property.

The Board next considered the status of a Real Estate Sales Contract with Gates Engineered Lubricants, LLC. In that regard, Mr. McCrady stated that same be with the title company next week.

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The Board next considered the approval of an Incentive Agreement and Real Estate Sales Contract with Liberty Concrete relative to its proposed expansion and to authorize the President, Chairman and District consultants to take all actions required to close the transaction. After discussion on the matter, Director Webb moved that the Board approve an Incentive Agreement and Real Estate Sales Contract with Liberty Concrete relative to its proposed expansion, and authorize the President, Chairman and District consultants to take all actions required to close the transaction. Director Martin seconded said motion, which unanimously carried.

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 transaction closed on December 31, 2013.

The Board next considered authorizing a petition to East Montgomery County Municipal Utility District No. 3 (“No. 3”) to annex the 26 acre Quinn tract. After discussion on the matter, Director Thumann moved that the District approve said petition to No. 3 for the annexation of the 26 acre Quinn tract and to authorize the Chairman or President and Secretary to execute all documents necessary in connection therewith, including but not limited to the Certificate of Corporation Resolution, and to deliver said documents to No. 3. Director Ybarra seconded said motion, which unanimously carried.

The Board next considered a request for financial support from the Community Chamber of Commerce of East Montgomery County (“CCC”). In that regard, Mr. Brady and Ms. Hayes addressed the Board and requested an addition, to the existing grant, to bring the total amount of the grant to \$80,000 per year for the next three (3) years. Director Bloodworth questioned whether the CCC could wait until the next EMCID grant program. Mr. Brady stated that they could possibly wait until the next grant program, but noted it would put the CCC in a financial bind. Director Floyd questioned why the letter request stated the additional grant would be used to fund a salary, but that Mr. Brady stated the request is to fund CCC operations. Mr. Brady noted that the additional grant would be used in compliance with existing grant commitments, so would involve actual additional funding of \$56,760 this year, \$68,400 next year and \$80,000 in 2016. After discussion on the matter, Director Bloodworth moved to fund the CCC \$56,760 for the current year and to consider the balance at the next round of grant awards. Director Ybarra seconded said motion. Director Persson

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then made a motion to amend the initial motion to add funding for years two and three. Director Martin seconded said motion to amend. The Board next discussed the amendment, and after discussion, the motion to amend passed with Directors Wetz, Thumann, Ybarra, Martin and Persson voting in favor and Directors Bloodworth, Floyd and Webb opposed. After further discussion on the motion, as amended, the amended motion was passed, with Directors Wetz, Thumann, Ybarra, Martin and Persson voting in favor and Directors Bloodworth, Floyd and Webb opposed. It was noted that the Directors voting against the motion were opposed to the three (3) year grant term.

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 status of an incentive agreement with Taco Bell. In that regard, Mr. McCrady requested that the Board authorize him flexibility to address comments to the agreement with Taco Bell. After discussion on the matter, Director Floyd moved that Mr. McCrady be authorized to negotiate with Taco Bell. Director Thumann seconded said motion, which unanimously carried.

The Board next deferred the creation of a grant request policy.

The Board next considered the following announcements:

- Chamber Banquet Saturday night
- 1st Baptist Wild Game Dinner
- February Anaheim Trade Show

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