

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
July 10, 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 10th day of July, 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:

Brenda Webb	Chair
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, except Director Persson, thus constituting a quorum.

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

Director Webb called the meeting to order and announced that a quorum was present.

Director Hesson led in prayer followed by the pledge of allegiance led by Director Martin.

As the first order of business, the Board considered comments from members of the audience. In that regard, Ms. Delilah Lewis read a letter from Andy Dill, the former Community Chamber of Commerce of East Montgomery County President, thanking the former directors for their support of the Chamber during their years of service.

Director Webb next presented recognition awards to the four (4) former directors.

The Board next considered the election of officers of the Board of Directors. In connection therewith, Director Webb was nominated as Chair of the Board. After discussion, Director Martin made a motion that Director Webb be elected as Chair of the Board. Director Hesson seconded said motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for July 10, 2014

Director Zepeda next made a motion to nominate Director Martin for Vice Chair, Director Carlisle for Secretary, Director Persson for Assistant Secretary and Director Hesson for Treasurer. Director Hesson seconded said motion, which carried, with Directors Webb, Martin, Hesson, Carlisle, Rogers and Zepeda voting in favor and Director Ybarra voting in opposition of the motion.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on June 12, 2014 and June 18, 2014. After review and discussion, Director Martin moved that the minutes of the Board of Directors meeting held on June 12, 2014 and June 18, 2014, be approved as written. Director Zepeda seconded said motion, which carried, with Director Carlisle abstaining.

The Board next considered the request of the City of Roman Forest (the "City") for approval to utilize community grant funding for the pavilion as matching grant funds for purposes of obtaining a Texas Parks and Wildlife grant. In that regard, Ms. Mullane addressed the Board and requested that the District authorize the use of the community grant funds as part of a Parks & Wildlife matching grant. After discussion on the matter, Director Martin made a motion to approve the City's request to utilize its community grant funds for matching Parks & Wildlife grant. Director Zepeda seconded said motion, which carried, with Director Carlisle abstaining.

The Board next considered execution of Grant Agreements and presentation of Community Development Grants. In that regard, Chairperson Webb executed the Agreement and distributed the check to the Montgomery County Youth Services and the City.

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 Ybarra moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 11225 through 11278, inclusive, with check nos. 10876, 10972, 11027, 11100 and 11101 being voided, two (2) wire transfers and debits for payroll, and on the Special Events Account being check nos. 2381 through 2383, as set forth on the attached reports. Director Martin seconded said motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for July 10, 2014

Mr. McCrady next reported on a request from a local girls' softball team for sponsorship as they travel to the World Series. He noted that in the past the District has only sponsored organizations and not individual teams and is requesting guidance as to how the Board would like these types of requests to be addressed. Director Hesson recommended that the District work directly with an organization and not individual teams.

The Board next deferred the adoption of an operating budget for the fiscal year ending June 30, 2015, after Mr. McCrady suggested that the Board hold a workshop meeting next week to discuss same. The Board concurred with Mr. McCrady's recommendation.

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 presented and reviewed the attached Sales Tax Permit Audit with the Board and answered questions relative to said report.

The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. Brown addressed the Board and stated that Contour has signed two (2) more documents with the investor group and that the progress continues. He advised that the investors are scheduled to visit and walk the land in the District in August and would also like to meet the Board.

The Board next recessed to Executive Session at 6:31 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 6:53 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 the approval of and authorize the President/CEO to execute an Acknowledgement, Estoppel and Indemnity Certificate ("Certificate") relative to EMCID Economic Development Zone No. 1. After discussion on the matter, Director Martin moved that the Board approve the Certificate and authorize Mr. McCrady to execute same, subject to Mr. McCrady's

Minutes of East Montgomery County Improvement District for July 10, 2014

approval, in consultation with Mr. Marks, of the form document. Director Rogers seconded said motion, which unanimously carried.

The Board next considered a report on activities within the Industrial Park. In connection therewith, Mr. Costanza discussed the drainage study relating to Sections 3 & 4 and noted that the study is progressing and that Montgomery County has given preliminary approval of same.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of water, sewer and drainage facilities to serve Sections 3 & 4, after Mr. Costanza noted that East Montgomery County MUD No. 3 ("No. 3") will be constructing same.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Sections 3 & 4, after Mr. Costanza noted that he has not yet completed the plans.

The Board next considered the status of a plat of Section 3. In that regard, Mr. Costanza reported that the plat will be expanded to include Section 4.

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 contract is expected to go into the title company within the next few weeks.

The Board next considered the status of a Purchase and Sale Agreement relative to the sale of an 8.10 acre tract to Menard's Railroad Materials, LLC. In that regard, Mr. McCrady reported that the contract is expected to go into the title company within the next few weeks.

The Board next considered the status of a petition to No. 3 relative to annexation of the 24.8268 acre Quinn tract. In that regard, Mr. Marks reported that the City of Conroe has approved the annexation and that No. 3 has received the City Ordinance to complete the annexation.

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 status of the new District web site design. In that regard, Mr. McCrady reported that the new web site is scheduled to go online by mid-September.

Minutes of East Montgomery County Improvement District for July 10, 2014

The Board next considered a discussion relative to the start time of regular monthly meetings. In that regard, Director Hesson advised that some residents have complained that the regular monthly meetings start too early and suggested changing the start time to 6:30 p.m. After discussion on the matter, Director Hesson made a motion to change the regular monthly meeting start time to 6:30 p.m. Director Martin seconded said motion, which carried, with Directors Rogers and Ybarra being opposed.

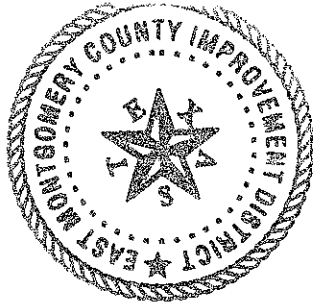
The Board next considered the following announcements:

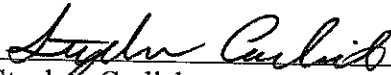
-None

The Board next considered matters for possible placement on future agendas, including conducting a workshop to discuss director travel.

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

(SEAL)





Stephen Carlisle
Secretary, Board of Directors