

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
July 11, 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 11th day of July, 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
Katherine Persson	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, Mr. Chris Palis 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.

Mr. Rogers 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, Mr. John Hammond of Friendswood Development addressed the Board. He presented and discussed the attached Tavola/Friendswood Development Company Update Plan and noted that Phase I, including 3 sections, an amenity lake and entry feature should be complete for a projected February 2014 opening. Mr. Hammond then discussed the temporary diversion ditch on the west side of Hwy. 59 and noted that he has signed a contract for construction of a New Caney Elementary school within the development. He stated he has met with Mr. McCrady and Mr. Marks relative to East Montgomery County Economic Development Zone No. 2 and will be working together on preparing agreements and boundary revisions.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on June 27, 2013. After review and discussion, Director Webb moved that the minutes of the Board of Directors meeting held on June 27, 2013, be approved as corrected on the attached minutes. Director Ybarra seconded said motion, which carried, with Director Persson abstaining.

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

Director Thumann entered the meeting at this time.

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 Webb moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 10460 through 10490, inclusive, with check no. 10447 being voided, and debits for payroll as set forth on the attached reports. Director Wetz seconded said motion, which unanimously carried.

The Board next considered the adoption of operating budget for fiscal year ending June 30, 2014. In connection therewith, Director Wetz moved that the Board defer the adoption of the operating budget at this time. Director Webb 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 there was nothing new to report.

The Board next considered the status of the proposed Grand Texas project. In connection therewith, Mr. McCrady referred to the newspaper stories regarding the proposed development and stated that the initial clearing has begun. He noted that he has received many calls from area residents inquiring about the development.

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. Mr. McCrady stated that all contracts are on hold pending determination of what TxDot has planned in relation to the alignment of Grand Parkway.

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The Board next considered the status of installation of District signs throughout the District. In that regard, Mr. Costanza advised that he has made an application to the State for permits to install the signs and has not yet received same. He noted he will order the signs once he has received the required permit.

The Board next recessed to Executive Session at 6:46 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 8:50 p.m.

The Board next considered a report of the Policies and Procedures Committee and the adoption of a District Code of Ethics, District Travel and Expense Reimbursement Policy and District Employee Handbook. In connection therewith, Director Persson moved that the Board adopt a District Code of Ethics, District Travel and Expense Reimbursement Policy and District Employee Handbook. Director Webb seconded said motion, which carried, with Director Floyd being present, but not voting.

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 status of the real estate purchase and sale contract in connection with the sale of approximately 21 acre tract to Command Energy. In connection therewith, Mr. McCrady reported that he is working with Command Energy on same.

The Board next considered the status of a letter of intent relative to Keysteel Expansion. In connection therewith, Mr. McCrady reported that he is working with Keysteel and that Mr. Costanza is working on the site design.

The Board next considered the status of the contract with Lone Star College ("Lone Star") for grant of up to 25 acres of land for development of an oil field Work Force Training Center. In connection therewith, Mr. McCrady reported he has not received anything back from Lone Star, as that they are still performing due diligence on the proposed project.

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The Board next considered the status of real estate purchase and sale contract in connection with the sale of approximately 4 acre tract to Gates Engineered Lubricant, LLC. In connection therewith, Mr. McCrady reported that the contract should be out next week.

The Board next considered the status of real estate purchase and sale contract in connection with the sale of approximately 13 acre tract to Enascor. In connection therewith, Mr. McCrady reported that he expects to have an answer back from Enascor in the next thirty (30) to sixty (60) days.

The Board next considered the approval of an amendment to the contract between the District and Montgomery County Emergency Service District No. 7. In connection therewith, Director Thumann moved that the Board defer the approval of an amendment to the contract until the Board approves the District budget for its 2014 fiscal year. Director Floyd seconded said motion, which unanimously carried.

The Board next considered the approval of a sponsor agreement with TxDOT regarding the Jefco Development Corp. project in the District. In connection therewith, Mr. McCrady stated he had nothing new to report.

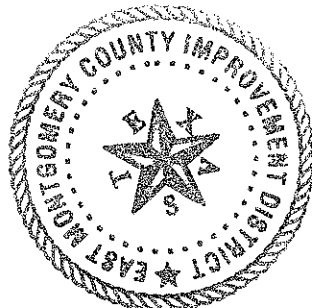
The Board next considered the following announcements:

Director Thumann reported that \$92,000 in EMC Scholarships has been received from the Houston Livestock Show and Rodeo. Director Floyd next welcomed Director Persson to the Board, who stated she is pleased to be here and grateful for the opportunity to serve the community.

The Board next considered matters for possible placement on future agendas. In connection therewith, Director Bloodworth advised that the budget committee and Board of Directors meeting will take place next week. Director Martin stated he is interested in televising the monthly meetings.

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

(SEAL)




Secretary, Board of Directors