

MINUTES OF SPECIAL MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
July 17, 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 Special Session, open to the public, on the 17th day of July, 2013, at 12:00 noon, 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, except Director Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Mr. David Marks, Mr. John Howell 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.

As the first order of business, the Board considered comments from members of the audience. In connection therewith, Mr. Tom Uttormark, a Roman Forest homeowner, addressed the Board and stated that it is important that Fire Station No. 152 ("No. 152") be maintained and requested that the District continue to fund \$300,000 per year to No. 152 until EarthQuest is operational. Mayor Ray Ricks, Mayor of the City of Roman Forest, addressed the Board and noted that the City has a population of approximately 3,000 people that depend on No. 152. He stated that the Tavola Development and future schools will also be relying on the services of No. 152 and that the railroad tracks can limit the ability of other fire stations to respond. Jeff Taylor, Chief of Emergency Services District No. 7, addressed the Board and requested that the Board amend the current Agreement to extend the payments to No. 152 beyond December 1, 2013. He noted that No.

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152 also provides coverage for the eastern area of the jurisdiction, as well as support for Emergency Services District No. 11 ("ESD No. 11"). Mr. Taylor then requested the Board consider extending the Agreement until the EarthQuest development is open. Ray Vaden, Chief of ESD No. 11, addressed the Board and discussed how No. 152 helps ESD No. 11 and noted No. 152 is the only fire station located on the east side of the railroad tracks. He stated that he has received support from ESD No. 7 on all of ESD No. 11 fires. Jan Peterson, member of ESD No. 7 Board of Directors, addressed Board and distributed documents showing ESD No. 7 had filed documents to hold an election in 2007 to authorize an additional 0.5% sales tax, when ESD No. 7 had reached an agreement with the District to cancel the election, and the District agreed to fund ESD No. 7 \$300,000 per year for a multiple year commitment. Carter Johnson, Chief of Emergency Services District No. 6, addressed the Board and advised that all ESD's located within the District require support from each other to effectively fight fires. Judge Alan Sadler, Montgomery County Judge, addressed the Board and noted that the funding of the ESD's by the District has worked well in the past and noted that the ESD's need funding to be a priority of the District.

Director Bloodworth next invited the Board to make comments in response to the public comments. In that regard, it was noted that according to the District's 2012 budget, the District funded the following amounts that year to the ESD's:

- ESD No. 6 - \$533,000
- ESD No. 7 - \$698,000
- ESD No. 11 - \$100,000

Director Bloodworth noted that in accordance with the District's legislation, the District does not fund personnel payroll for normal ESD operations. Mr. Peterson again requested that the board continue to fund ESD No. 7 until its ad valorem tax revenues reach \$850,000. After discussion, Director Martin made a motion to move item no. 4 on the agenda to immediate consideration. Director Ybarra seconds said motion. Director Webb questioned Mr. Marks regarding whether she could legally participate in the discussion and vote on this matter since she resides within ESD No. 7. Mr. Marks advised that since she would receive only the same general benefit that is received by the rest of the residents, she could participate and vote on the matter. Director Floyd stated her belief that the Board cannot vote on item no. 4 until the Board approves its budget for the 2014 fiscal year. Director Martin then called for a point of order. Director

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Bloodworth ruled the Board can consider this matter at this time and noted that any action by the Board to agree to fund a grant will lock that item in the budget. A vote on the motion to move item no. 4 for immediate consideration was then taken and the motion passed, with Director Floyd opposed. Director Martin then makes a motion to extend the contact with ESD No. 7 for three (3) years at \$300,000 per year, provided the payments begin in 2015 be reduced by an amount equal to 50% of the annual increase in ad valorem tax revenue received by ESD No. 7. Director Ybarra seconded said motion, which carried, with Director Floyd abstaining. Director Floyd stated that she abstained because she lives in ESD No. 7.

The Board next recessed to Executive Session at 12:46 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 2:46 p.m.

The Board next considered the adoption of operating budget for fiscal year ending June 30, 2014. The budget committee presented and reviewed the proposed budget. After discussion, Director Wetz moved that the attached operating budget be approved as presented. Director Webb seconded said motion, which unanimously carried.

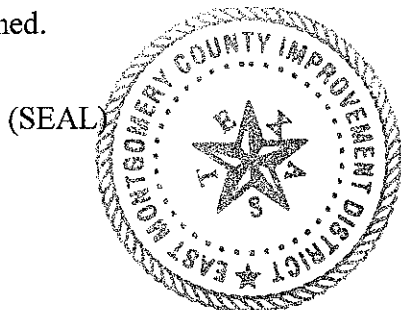
The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. McCrady stated he had nothing new to report and that he is continuing to work with Mr. Brown.

The Board next considered the following announcements:

- Skeet Shoot – August 10

The Board next considered matters for possible placement on future agendas. In connection therewith, Mr. Marks discussed an Official Intent Resolution with the Board.

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




Secretary, Board of Directors