

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
June 12, 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 12th day of June, 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, except Director Webb, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Mr. David Marks, Ms. Lindsey Eubank, Mr. Joe Costanza, Mr. Anthony Lasky, Mr. Eric Gonzales, Mr. Stephen Carlisle, Mr. Scott Hesson, Mr. Leonard Rogers, Mr. Martin Zepeda, Mr. Dean Duncan 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 Floyd led in prayer followed by the pledge of allegiance led by Director Persson.

As the first order of business, the Board considered comments from members of the audience. In that regard, Mr. Duncan of Splendora High School addressed the Board and expressed gratitude to the Board for its support of the youth camp program and noted the camp set an attendance record.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on May 5, 2014, May 15, 2014 (11:00 am), May 15, 2014 (3:30 pm), May 15, 2014 (5:30 pm), May 21, 2014 and June 6, 2014. After review and discussion, Director Thumann moved that the minutes of the Board of Directors meeting held on May 15, 2014 (5:30 pm), be approved as revised on the attached draft minutes and that the minutes of the Board of Directors meetings held on

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May 5, 2014, May 15, 2014 (11:00 am), May 15, 2014 (3:30 pm), May 21, 2014 and June 6, 2014, be approved as written. Director Floyd seconded said motion, which unanimously carried.

The Board next considered execution of Grant Agreements and presentation of Community Development Grants. In that regard, Chairperson Wetz executed the Agreement and distributed the check to the Roman Forest Police Department. The Board deferred the execution of an Agreement and distribution of a check to the Montgomery County Youth Services, as no one from the organization was present. The Board further deferred the execution of an Agreement and distribution of a check to the City of Roman Forest (the "City"), pending receipt of bids and a maintenance plan from the City.

The Board next considered the approval of a Grant Agreement with Montgomery County Emergency Services District No. 11 ("ESD No. 11"). After discussion on the matter, Director Thumann moved that the Board approve the Grant Agreement with ESD No. 11. Director Floyd seconded said motion, which unanimously carried.

The Board next considered the engagement of an auditor to prepare the District's audit report for the fiscal year ending June 30, 2014. In connection therewith, Mr. Gonzales presented to the Board an engagement letter from McCall Gibson Swedlund Barfoot PLLC ("McCall") and stated it will cost approximately \$12,000 to \$14,000 to prepare the District's audit report. He also discussed a new fraud questionnaire with the Board. After discussion on the matter, a motion was made by Director Thumann and seconded by Director Persson, which unanimously carried, that the Board engage McCall to prepare the District audit report for the fiscal year ending June 30, 2014.

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. Lasky 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. 11152 through 11224, inclusive, with check no. 11163 being voided, and debits for payroll, and on the Special Events Account being check nos. 2374 through 2380, as set forth on the attached reports. Director Floyd seconded said motion, which unanimously carried.

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The Board next considered the adoption of an operating budget for the fiscal year ending June 30, 2015. After discussion on the matter, Director Martin moved that the Board defer approval of the operating budget for thirty (30) days. Director Bloodworth seconded said motion, which unanimously carried.

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. McCrady reported that he has received some preliminary information from B&A and noted that Mr. Bonnerjee will be at the July meeting.

The Board next considered the approval and execution of Conflict of Interest Letters by and between the District and the East Montgomery County Improvement District Economic Development Zone No. 3 and the East Montgomery County Improvement District Economic Development Zone No. 4. Mr. Marks discussed said Conflict Letters with the Board. After discussion on the matter, Director Floyd moved that the Board approve and the Chairman be authorized to execute the Conflict of Interest Letters by and between the District and the East Montgomery County Improvement District Economic Development Zone No. 3 and the East Montgomery County Improvement District Economic Development Zone No. 4. Director Bloodworth seconded said motion, which unanimously carried.

The Board next considered a report on the status of the Valley Ranch commercial development, approval of an updated Preliminary Project Plan and Financing Plan (the "Plan") and approval of an Amendment to the Amended and Restated Economic Development Agreement ("Amendment"). In that regard, Mr. McCrady reviewed the updated Plan and the Amendment with the Board. After discussion on the matter, Director Floyd moved that the updated Plan and Amendment be approved and that the Chairman be authorized to execute same. Director Persson seconded said motion, which unanimously carried.

The Board next deferred a report on the status of the EarthQuest project and noted that the developer will be at the July meeting.

The Board next considered a report on the status of the Grand Texas project. In that regard, Mr. McCrady reported that the RV Park is scheduled to close within thirty (30) days.

The Board next deferred the approval of an agreement with Moody Rambin for the development of spec buildings on a 6.394 acre tract in the Industrial Park, after Mr. McCrady stated he had nothing new to report.

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The Board next deferred the request and status of creation of a foreign trade zone for development within the Industrial Park.

The Board next considered the approval of destruction of notes of Board of Directors meetings from January 13, 2011, to January 9, 2014, in accordance with the Records Retention Schedule for General Records. Mr. Marks presented the attached list of records and a recommendation letter signed by Director Ybarra, the Records Management Officer, and advised that the time limitations for retention had passed for all records listed, that, to the best of his knowledge and belief, none of the records' subject matter was pertinent to a pending lawsuit, and that there were no open records requests pending with respect to any of the records. After discussion, Director Persson moved that the destruction of said notes of General Counsel be authorized as requested in accordance with the provisions of the District's Records Management Program and said Schedule. Director Bloodworth seconded said motion, which unanimously carried.

The Board next recessed to Executive Session at 6:05 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 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 JAC is in the process of completing the study and expects same to be complete by the July meeting. He noted he has met with Montgomery County and has received preliminary approval of the study.

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 the plans are under design.

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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 the plans are under design.

Mr. Costanza reported that Industrial Park, Section 1 & 2 are fully developed and sold. He stated that Section 3 consists of 21 acres and Section 4 consists of 30 acres.

The Board next deferred the status of a plat of Section 3.

The Board next considered the status of a letter of intent relative to the Keysteel Expansion. In that regard, Mr. McCrady stated he is meeting with Keysteel tomorrow to review the expansion plans.

The Board next deferred the status of an Incentive Agreement with Baramesa de Mexico, Bormesa de Columbia and/or their affiliates or assignees as Mr. McCrady stated he had nothing new to report.

The Board next deferred the status of an Incentive Agreement with Presidential Billiards relative to expansion of its facility in the Industrial Park.

The Board next deferred the status of an Incentive Agreement with Venture Precision Technology.

The Board next considered the status of Incentive Agreement with 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 thirty (30) days.

The Board next deferred the status of an Incentive Agreement with Veristic Manufacturing.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Menard's Railroad Materials, LLC.

The Board next deferred the status of an Incentive Agreement and Purchase and Sale Agreement with Kingwood Technologies, Inc.

The Board next considered the status of a petition to East Montgomery County Municipal Utility District No. 3 ("No. 3") relative to annexation of the 26 acre Quinn tract. In that regard, Mr. Marks reported that the City of Conroe has approved the annexation and that No. 3 is waiting on receipt of the City Ordinance to complete the annexation.

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The Board next considered the status 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. In that regard, Mr. McCrady stated that the developer has started clearing the property and that he is still working through the agreement for the drainage and detention facilities.

The Board next considered authorizing completion, execution and filing with the Secretary of State of Voting System Annual Filing Form relative to District elections. Following discussion, a motion was made by Director Ybarra and seconded by Director Persson, which carried unanimously, to authorize the completion, execution and filing with the Secretary of State of Voting System Filing Form.

The Board next considered the acceptance of the Oath of Office ("Oath"), Statement of Elected Officer ("Statement") and Election Not to Disclose Personal Information ("Election") for Stephen Carlisle, Scott Hesson, Leonard Rogers and Martin Zepeda. Mr. Carlisle, Mr. Hesson, Mr. Rogers and Mr. Zepeda took their Oaths and executed their Statements and Elections. Mr. Marks advised that the Oaths of Mr. Carlisle, Mr. Hesson, Mr. Rogers and Mr. Zepeda would be filed with the Secretary of State in a timely manner. After discussion on the matter, it was moved by Director Persson, seconded by Director Ybarra and unanimously carried that the Board accept said Oath, Statement and Election for Directors Carlisle, Hesson, Rogers and Zepeda and declare them elected for a four year term, effective July 1, 2014.

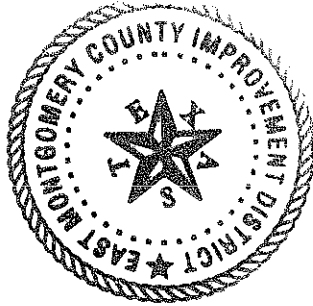
Chairman Wetz next invited the departing directors to address the audience. In that regard, Director Bloodworth advised she has served on the Board for the past 18 years and thanked the community for its support and wished the new directors the best of luck. Director Floyd and Director Thumann both congratulated the new directors and Director Thumann further thanked the community and noted it was an honor to serve on the Board for the past 12 years. Director Wetz congratulated the current Board on all of its success and many projects brought to the District. Director Martin next acknowledged Directors Wetz, Thumann, Bloodworth and Floyd for their service to the Board and the community. Director Ybarra then acknowledged Director Bloodworth for her efforts in creating the District and thanked all the departing directors for their service. Director Persson advised the Board will now stand on the shoulders of those who went before.

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The Board next considered matters for possible placement on future agendas, including discussion relative to changing the regular monthly meeting start time.

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

(SEAL)



A handwritten signature in cursive script, reading "Isidor Ybarra, Jr.", written over a horizontal line.

Isidor Ybarra, Jr.
Secretary, Board of Directors