

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
March 24, 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 24<sup>th</sup> day of March, 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, Ms. Kim Courte 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 Wetz led in prayer followed by the pledge of allegiance led by Director Thumann.

As the first order of business, the Board considered comments from members of the audience. In that regard, Ms. Miller, Ms. Bates and Mr. Eames, representing the Friends of RB Tullis Library, addressed the Board and expressed their appreciation for the grant received from the District.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on February 18, 2014 (a.m.), February 18, 2014 (p.m.) and February 27, 2014. After review and discussion, Director Thumann moved that the minutes of the Board of Directors meetings held on February 18, 2014 (a.m.), February 18, 2014 (p.m.) and February 27, 2014, be approved as written. Director Persson seconded said motion, which unanimously carried.

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The Board next considered the renewal of the District's insurance coverage for term expiring March 31, 2014. In connection therewith, Ms. Courte distributed and reviewed the renewal proposals from HighPoint Insurance Group, LLC ("HighPoint") relative to property, comprehensive boiler and machinery, commercial general liability and hired car and non-ownership automobile liability, pollution liability, directors and officers liability, umbrella, public employee blanket crime, directors position schedule bond, worker's compensation, business travel, and agent fee coverage scheduled to expire on March 31, 2015, copies of which are attached. Director Wetz advised that he reviewed said proposals and recommended that the Board approve same. After discussion on the matter, Director Thumann moved that the renewal proposal from HighPoint for all coverages set out above be approved, and that the Chairman be authorized to execute same on behalf of the Board and District. Director Ybarra seconded said motion, which unanimously carried.

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. 10965 through 11064, inclusive, with check nos. 10968, 11006, 11007 and 11011 being voided and debits for payroll, and on the Special Events Account being check nos. 2365 and 2366, as set forth on the attached reports. Director Martin seconded said motion, which unanimously carried. Director Webb next advised that a CD was removed from the bookkeeper's report and that she had to determine what happened to the CD. She then requested that the bookkeeper report when a CD is cashed in.

The Board next considered authorizing the District's bookkeeper to prepare the 2014 Unclaimed Property Report and to file same with the Comptroller prior to the July 1, 2014, deadline. After discussion on the matter, Director Webb moved that the bookkeeper be authorized to prepare the 2014 Unclaimed Property Report and to file same with the Comptroller prior to the July 1, 2014, deadline. Director Persson seconded said motion, which unanimously carried.

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The Board next considered the status of request by Montgomery County Emergency Services District No. 11 (“ESD No. 11”) for a grant to expand service in preparation for new development projected to occur within the ESD No. 11 service area. In that regard, Mr. McCrady reported that several directors of the District and community members met with directors of ESD No. 11 and are in the process of working on an agreement. He noted that the meeting went well and he expects the study committee to present its recommendation at the next meeting.

The Board next considered the status of the sales tax audit being performed by B&A Sales Tax Service. In that regard, Mr. McCrady reported that Mr. Bonnerjee is in the process of preparing the sales tax audit. He noted that Mr. Marks and Mr. Bonnerjee will be meeting with the Comptroller’s office in Austin on Thursday to discuss various matters relative to same.

The Board next deferred a report on the status of the EarthQuest project after noting Mr. Brown will present a report at the April meeting.

The Board next deferred the status of the proposed Grand Texas project after noting Mr. Galland will present a report at the April meeting.

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 stated he had nothing new to report as the District is still waiting on TxDOT proposal.

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 the repair work is complete and that same can be removed from the agenda.

The Board next recessed to Executive Session at 5:46 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

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returned from Executive Session at 6:40 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. Mr. Costanza noted that the plans are underway and that a hydrologist is preparing the drainage study, which should be complete in approximately three months. He stated the plat is 80% complete.

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 the Real Estate Sales Contract relative to the 4.2886 acre site with World Fab (Power House Industries). In that regard, Mr. McCrady reported that the sales transaction has closed.

The Board next deferred discussion of the status of a Real Estate Sales Contract relative to a 12 acre site with Catalyst Trading Company.

The Board next considered the status of a Real Estate Sales Contract relative to a 4 acre site with Lighthouse Industrial Properties, LLC (Gates Engineered Lubricants, LLC). In that regard, Mr. McCrady stated that the sale transaction has closed.

The Board next considered the status of an Incentive Agreement and Real Estate Sales Contract with Liberty Concrete relative to its proposed expansion. In that regard, Mr. McCrady noted that same is pending.

The Board next considered the status of a Real Estate Sales Contract relative to a 8.5174 acre tract with Curt Joslin. In that regard, Mr. McCrady noted that same is pending.

The Board next deferred action on an Incentive Agreement and Real Estate Sales Contract with Black Diamond relative to its purchase of a 10 acre tract of land in the Industrial Park.

The Board next deferred the approval of a deed relative to a 0.9936 acre tract for drainage and detention to East Montgomery County Municipal Utility District No. 3 ("No. 3") until after the construction of same is complete.

The Board next considered the status of a petition to No. 3 relative to annexation of the 26 acre Quinn tract. In that regard, Mr. Marks reported that the petition was filed with the City of Conroe for review and approval.

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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 deferred the status of an incentive agreement with Smash Burger.

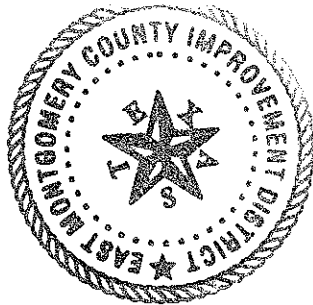
The Board next considered the following announcements:

- Spring Extravaganza – March 27, 2014 from 5:00p.m.- 8:00 p.m.
- Men’s Center at Kingwood College – March 26, 2014 from 12:30 p.m. – 1:30 p.m.
- Sammy Taylor Scholarship shoot – March 29, 2014, on Fostoria Road
- Splendora Youth Baseball Association Auction – March 29, 2014 at 9:30 a.m.
- April Board of Directors meeting will be held on April 17, 2014 at 5:30 p.m.

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