

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 15, 2014

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 15th day of May, 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. Greg Phipps, Ms. Kaye Townley 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 Ybarra led in prayer followed by the pledge of allegiance led by Director Floyd.

As the first order of business, the Board considered comments from members of the audience. In that regard, the Chairman noted that no one had signed up to address the Board.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on April 17, 2014 and April 24, 2014. After review and discussion, Director Webb moved that the minutes of the Board of Directors meeting held on April 17, 2014, be approved as revised on the attached draft minutes and that the minutes of the Board of Directors meeting held on April 24, 2014, be approved as written. Director Persson seconded said motion, which unanimously carried.

The Board next considered the approval of Community Development Grant Agreements. In that regard, Mr. McCrady reviewed the request of the Montgomery County Youth Services ("MCYS") for \$11,000.00 of a total project cost of \$40,110.00 to send children and teens to Camp

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Watsitumi. He noted that the staff recommended funding the request as submitted. After discussion on the matter, a motion was made by Director Thumann and seconded by Director Webb, which carried, with Director Floyd abstaining, to fund the \$11,000.00, in accordance with the staff recommendation.

Mr. McCrady next reviewed the request of Eating For Peace (“EFP”) for \$1,816.00 of a total project cost of \$2,725.00 to provide an educational summer program for 10-12 children. He noted that the staff did not recommend funding the request. After discussion on the matter, a motion was made by Director Thumann and seconded by Director Floyd, which carried, with Director Bloodworth being opposed and Director Martin abstaining, to not fund the request, in accordance with the staff recommendation. Director Thumann noted that she had questions regarding the pay for the “volunteers”. Director Persson noted that EFP is not affiliated with the Lone Star College District.

Mr. McCrady next reviewed the request of the Roman Forest Police Department for \$7,563.54 of a total project cost of \$11,288.87 to construct kennels, train 3-5 volunteer animal control officers and convert an existing vehicle to an animal transport vehicle for a Volunteer Animal Control Program. He noted that the staff recommended funding the request as submitted. After discussion on the matter, a motion was made by Director Webb and seconded by Director Ybarra, which carried, with Directors Thumann and Wetz being opposed and Director Floyd abstaining, to fund the \$7,563.54, in accordance with the staff recommendation.

Mr. McCrady next reviewed the request of the City of Roman Forest (the “City”) for \$44,461.20 of a total project cost of \$66,360.00 to rebuild the Roman Forest Burke Pavilion. He noted that the staff recommended funding 2/3 of the lowest bid, subject to the City obtaining two (2) additional bids and subject to the City first providing a written plan of action for the maintenance and repair of the building. After discussion on the matter, a motion was made by Director Persson and seconded by Director Bloodworth, which carried, with Directors Thumann and Wetz being opposed and Director Floyd abstaining, to fund 2/3 of the lowest of the three bids, not to exceed \$44,461.20, and receipt of a written plan of action for maintenance and repair of the building, in accordance with the staff recommendation.

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Mr. McCrady next reviewed the Montgomery County Emergency Services District No. 11 (“ESD No. 11”) Grant Agreement. He noted that the District previously approved a grant in the amount of \$1,250,000 over a period of five (5) years. After discussion, Director Floyd moved to leave the termination provision as is and to leave the original grant amount as is. Director Bloodworth seconded said motion. Director Martin then made a motion to table the discussion until the next meeting. The Board unanimously concurred with such motion. Director Wetz then requested that the Agreement be revised to include additional good faith language to the Annexation Termination provision and to send the revised Agreement to the Board for review.

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. 11066 and 11107 through 11151, inclusive, with check no. 11066 being voided, five (5) wires, and debits for payroll, and on the Special Events Account being check nos. 2368 and 2371 through 2373, as set forth on the attached reports. Director Bloodworth seconded said motion, which unanimously carried. Director Webb next questioned the time lag between CD’s maturing and CD interest deposits and requested MAC investigate the wire fee charges.

The Board next deferred the status of the sales tax audit being performed by B&A Sales Tax Service.

The Board next considered the approval of a license agreement with the Houston Metro Go Texan Committee of the Houston Livestock Show and Rodeo. After discussion on the matter, Director Persson moved that the license agreement with the Houston Metro Go Texan Committee of the Houston Livestock Show and Rodeo be approved and that the Chairman be authorized to execute same. Director Thumann seconded said motion, which unanimously carried.

The Board next deferred a report on the status of the EarthQuest project until the next meeting.

The Board next deferred a report on the status of the Grand Texas project until the next meeting.

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The Board next considered the status of a Real Estate Sales Contract relative to an 8.5174 acre tract with E. Industrial Parkway, LLC (Liberty Concrete/Curt Joslin). In that regard, Mr. McCrady reported that the land transaction has closed.

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.

The Board next deferred the request and status of creation of a foreign trade zone for development within the Industrial Park. Director Martin recommended that the District provide information relative to the foreign trade zone to the public through the District's web site.

The Board next considered approval of an amendment to the contract with J.A. Costanza and Associates, Inc. relative to engineering services. In that regard, Mr. Phipps presented and reviewed the attached proposed Engineer's Schedule of Hourly Rates for East Montgomery County Improvement District (the "Schedule") with the Board. After discussion on the matter, Director Floyd moved that the attached Schedule be approved by the Board. Director Webb seconded said motion, which unanimously carried.

The Board next considered the annual review of the Resolution Adopting Prevailing Wage Rate Scale for Construction Projects and consideration of authorizing a survey of wages. Mr. Marks presented a spreadsheet reflecting Prevailing Wage Rates for Construction Projects for the US Department of Labor and reviewed the attached Resolution with the Board in connection with same. After discussion of said spreadsheet and resolution, Director Ybarra moved that the Board adopt the Resolution Adopting Prevailing Wage Rate Scale For Construction Projects based on the US Department of Labor rates. Director Floyd seconded said motion, which unanimously carried.

The Board next recessed to Executive Session at 6:26 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, personnel matters pursuant to §551.074, Texas Government Code, and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 8:11 p.m.

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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 is working on the issue.

The Board next considered the review of the Third Amended and Restated Contract of Employment between the District and Frank McCrady. In that regard, the Board reviewed Mr. McCrady's current employment contract. After discussion on the matter, Director Thumann moved that the Board approve amendment of the contract to extend the contract term for one (1) year; to increase Mr. McCrady's vacation to four (4) weeks per year; and to give Mr. McCrady a \$15,000 bonus. Director Persson seconded said motion, which carried, with Director Martin being opposed and with Directors Bloodworth and Floyd abstaining.

The Board next considered a report on activities within the Industrial Park. In connection therewith, Mr. Phipps discussed the drainage study relating to Sections 3 & 4 and noted that the draft and model of same will be ready to present to Montgomery County and the Board at the next meeting.

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. Phipps noted it will take several months to prepare the plans.

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. Phipps noted it will take several months to prepare the plans.

The Board next considered the status of a plat of Section 3. In that regard, Mr. Phipps noted that JAC is in the process of preparing same and noted that the Montgomery County Engineering Department has given preliminary approval of the plat.

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 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.

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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 considered the approval of an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of an approximate 18 acre tract to Venture Precision Technology. After discussion on the matter, Director Thumann made a motion to approve an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of the approximate 18 acre tract to Venture Precision Technology. Director Webb seconded said motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of a tract of land in the Industrial Park to Polar Rig Specialists, Inc., or its designer. After discussion on the matter, Director Thumann made a motion to approve an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on a tract of land in the Industrial Park to Polar Rig Specialists, Inc., or its designer. Director Persson seconded said motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on the sale and purchase of a tract of land in the Industrial Park to Veristic Manufacturing. After discussion on the matter, Director Thumann made a motion to approve an Incentive Agreement and to authorize the President, Chairman and District consultants to prepare and execute a Purchase and Sale Agreement and to take all actions required to close on a tract of land in the Industrial Park to Veristic Manufacturing. Director Floyd seconded said motion, which unanimously carried.

The Board next considered the status of a petition to East Montgomery County Municipal Utility District 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 MRPC is waiting on the City Ordinance.

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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 he had nothing new to report.

The Board next deferred the status of an incentive agreement with Smash Burger. Mr. McCrady noted that Smash Burger is now open in the District and that this item can be removed from future agendas.

The Board next considered authorizing the use of District funds to pay for the expenses incurred relative to the creation of the East Montgomery County Economic Development Zone No. 3 and the East Montgomery County Economic Development Zone No. 4 until the developer's fund their respective Zone. After discussion, Director Thumann moved that the District be authorized to use District funds to pay the expenses incurred as set out above. Director Webb seconded said motion, which unanimously carried.

The Board next considered the following announcements:

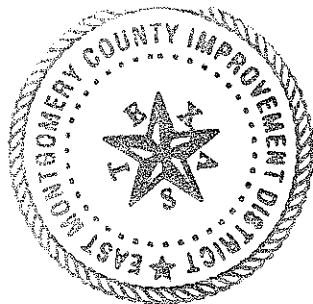
- None

The Board next deferred canvassing the returns of the Directors Election held within the District on May 10, 2014, and the adoption of an Order in connection therewith, after Mr. Marks noted that the District has not received the official results from Montgomery County Elections. The Board then concurred to hold a special meeting on May 21, 2014, at 9:00 p.m. to canvass the results of the Directors Election held on May 10, 2014.

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