

MINUTES OF REGULAR MEETING  
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT  
November 4, 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 4<sup>th</sup> day of November, 2014, 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:

Brenda Webb	Chairperson
Dale Martin	Vice Chair
Scott Hesson	Treasurer
Stephen Carlisle	Secretary
Katherine Persson	Asst. Secretary
Leonard Rogers	Director
Isidor Ybarra, Jr.	Director
Martin Zepeda	Director

with all of said persons being present, except Directors Martin and Hesson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Ms. Kelley Matlage, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Eric Gonzales and others from the community, as shown on the attached sign in sheet.

Chairperson Webb called the meeting to order and announced that a quorum was present.

Chairperson Webb led in prayer followed by the pledge of allegiance led by Director Carlisle.

As the first order of business, the Board considered comments from members of the audience. In that regard, Celeste Parr, Vice President of New Caney High School Cheer Booster, presented the Board with a t-shirt the District sponsored and a thank you card for assistance with the tailgate event.

The Board next considered the review and approval of the minutes of the Board of Directors meeting held on October 9, 2014. After review and discussion, Director Ybarra moved that the minutes of the Board of Directors meeting held on October 9, 2014, be approved as written. Director

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Carlisle seconded said motion, which carried, with Director Persson abstaining.

The Board next considered the approval of an audit report for the fiscal year ended June 30, 2014. In connection therewith, Mr. Gonzales stated he was available for any questions the Board might have with regard to the audit. After discussion on the matter, Director Rogers moved that the attached audit report for the fiscal year ended June 30, 2014, be approved, that the Chairman be authorized to execute the Annual Filing Affidavit on behalf of the Board and District, and that such audit report and Annual Filing Affidavit be filed with the appropriate governmental authorities, including the Texas Commission on Environmental Quality ("TCEQ"). Director Persson 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 Rogers moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 10183, 11470 and 11479 through 11529, inclusive, two (2) wire transfers and debits for payroll, and on the Special Events Account being check nos. 2393 through 2396, as set forth on the attached reports. Director Zepeda seconded said motion, which unanimously carried.

Ms. Townley next presented and reviewed with the Board a Quarterly Investment Report for the reporting period ended September 30, 2014, a copy of which is attached hereto. After review of the Quarterly Investment Report, Director Rogers moved that said Quarterly Investment Report be approved and the District's Investment Officer be authorized to execute same on behalf of the Board and District. Director Zepeda seconded said motion, which unanimously carried.

The Board next considered the status of the constable patrol security program at shopping centers within the District during the holiday season. Mr. McCrady reported that the program has begun and that activity is steady with several shoplifting and vehicle break-in citations being issued. He noted that most of the offenders are from outside the boundaries of the District.

The Board next considered the following announcements:

- None

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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 8:11 p.m.

The Board next considered 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. In that regard, Mr. McCrady reported on the status of the condemnation and noted that a hearing has been set for November 11<sup>th</sup>.

The Board next considered the status of the drainage study relating to Industrial Park Sections 3 & 4. Mr. Costanza reported that the study is complete and that it has been submitted to Montgomery County for review and final approval.

The Board next considered a report on activities within the Industrial Park, including the status of sale of dirt out of future detention pond and the status of the contract with TDG for excavation and delivery of said dirt. In connection therewith, Mr. McCrady reported that the excavation of dirt from the future detention ponds has begun, but that there are no buyers for the dirt at this time.

The Board next deferred the approval of plans and specifications and authorization to advertise for bids for the construction of roads to serve Section 3, after Mr. Costanza noted that he has not yet completed 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 Section 4, after Mr. Costanza noted that he has not yet completed the plans.

The Board next considered the status of a plat of Section 3 and 4. Mr. Costanza reported that the plat has been submitted to Montgomery County for review and approval

The Board next deferred the approval of plans and authorization of advertisement for bids for construction of the wastewater treatment plant lift station.

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The Board next deferred the approval of plans and authorization of advertisement for bids for construction of Industrial Park, Section 3 water distribution and wastewater collection facilities.

The Board next deferred the status of a Purchase and Sale Agreement relative to the sale of a 5 acre tract to Jenista Holdings, LLC (Polar Rig Specialists, Inc.) after Mr. McCrady stated he had nothing new to report.

The Board next considered the status of an Incentive Agreement and a Purchase and Sale Agreement relative to the purchase of a 20 acre site by Command Energy. Mr. McCrady reported that the contract is projected to close in March 2015. He noted that the Agreement may be revised to include the purchase of dirt.

The Board next considered the status of the District's exercise of option to purchase a 6 acre tract by Keysteel. Mr. McCrady reported that the company president should be back in the next 1 to 2 months, at which time the contracts will be signed and the sale of the property closed.

The Board next deferred the status of an Incentive Agreement and a Purchase and Sale Agreement relative to the Keysteel expansion project.

The Board next considered the approval of an Economic Development Agreement with Wal-Mart. After discussion, Director Persson made a motion to approve an Economic Development Agreement with Wal-Mart having a term of 5 years with a 0.25% tax rebate. Director Rogers seconded said motion, which unanimously carried.

The Board next deferred the 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 considered the status of the new District web site. Mr. McCrady reported that the new website is now up and running.

The Board next considered review of a report prepared by Norton Rose Fulbright relative to District filings and potential disclosure issues and the Municipalities Continuing Disclosure Cooperation Initiative ("MCDC"), and the taking of any actions required in connection therewith. Mr. Marks presented the attached correspondence received from Mr. Neil Thomas relative to the District's compliance with continuing disclosure undertakings in connection with the issuance of the District's Series 2009 and Series 2010 Bonds. After discussion, the Board concurred that Mr.

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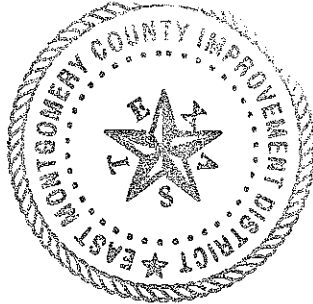
Thomas should proceed with filing all documents deemed appropriate in connection with the MCDC review.

The Board next considered matters for possible placement on future agendas.

The Board next noted it will hold a special meeting at 11:00 a.m. on December 8<sup>th</sup> to consider award of community grants and that the East Montgomery County Improvement District Economic Development Zone No. 2 will hold a meeting at 12:00 noon on December 8<sup>th</sup>.

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

(SEAL)



  
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Stephen Carlisle  
Secretary, Board of Directors