

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
October 9, 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 9th day of October, 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 Director Persson, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Suzanne Parmer, Mr. David Marks, Mr. Joe Costanza, Ms. Kaye Townley, Mr. Avik Bonnerjee, Mr. Eric Gonzales, Mr. Michael Thiessen 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.

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

As the first order of business, the Board presented a check to Ritter's.

The Board next considered comments from members of the audience. In that regard, Chair Webb advised 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 meeting held on September 11, 2014. After review and discussion, Director Ybarra moved that the minutes of the Board of Directors meeting held on September 11, 2014, be approved as revised as reflected on the attached draft minutes. Director Rogers seconded said motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for October 9, 2014

The Board next considered the approval of an audit report for the fiscal year ended June 30, 2014. In connection therewith, Mr. Gonzales presented and reviewed the attached draft audit with the Board and noted that the financial statements are presented fairly in all material respects. After discussion on the matter, Director Ybarra moved that the 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 Hesson seconded said motion. After discussion, the Board unanimously concurred to defer approval of the District's audit report for the fiscal year ended June 30, 2014, until the next meeting to give the Board members an opportunity to review the draft.

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. 11384 and 11414 through 11478, inclusive, with check no. 11384 being voided, two (2) wire transfers and debits for payroll, and on the Special Events Account being check nos. 2390 through 2392, as set forth on the attached reports. Director Ybarra 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. In that regard, Mr. Bonnerjee presented and reviewed the attached Sales Tax Permit Audit conducted for the area of EMCID-ESD No. 7, Sales Tax Permit Audit conducted for the area of EMCID-City of Splendor & Patton Village and Sales Tax Permit Audit conducted for the area of EMCID-ESD No. 11. He noted that 245 new businesses were added to the sales tax records and that he has reported the new businesses to the State Comptroller.

The Board next considered authorizing funding for the constable security program at local shopping centers within the District during the holiday season. In that regard, Constable Rowdy Hayden and Constable Barry Welch addressed the Board and proposed that the Board fund the security program beginning on October 15, 2014 through January 15, 2015, at a cost of \$40 per hour for a total estimated program cost of \$38,400. Mr. McCrady noted that last year the Board funded

Minutes of East Montgomery County Improvement District for October 9, 2014

the program from November 10, 2013, through January 5, 2014, at a total cost of \$22,000. After discussion on the matter, Director Martin made a motion that the Board authorize the funding for the constable security program at local shopping centers within the District during the holiday season, as set out above. Director Carlisle seconded said motion, which unanimously carried.

The Board next considered the following announcements:

- Director Zepeda noted the Go Texan committee bean and chili cook off will be held on Saturday, October 10th

- Director Rogers noted that the Splendora Ag skeet shoot will also be held on Saturday, October 10th

The Board next recessed to Executive Session at 7:09 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 8:49 p.m.

The Board next considered the approval of an Acknowledgement and Indemnity (“Acknowledgement”) by and among Valley Ranch Town Center, Ltd., Sig-Valley Ranch, Ltd., East Montgomery County Improvement District Economic Development Zone No. 1 and the District. After discussion on the matter, Director Ybarra made a motion to approve the Acknowledgement and to authorize the Chair to execute same on behalf of the Board and the District. Director Martin seconded said motion, which unanimously carried.

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 11th. He further reported on the status of the building cleaning due to the swallows nesting on the roof and noted that a portion of the building may have to be repainted.

Minutes of East Montgomery County Improvement District for October 9, 2014

The Board next considered the status of the drainage study relating to Industrial Park Sections 3 & 4. Mr. Costanza stated that the study is 95% complete and that JAC will be submitting the study to Montgomery County for final approval on October 20th.

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 contract has been executed and that he is in the process of negotiating the dirt sales.

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 deferred the status of a plat of Section 3 and 4.

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

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 reported the project is on hold.

The Board next considered the status of exercise of option to purchase a 2 acre tract by Command Energy (“Command”). In that regard, Mr. McCrady reported that the transaction closed yesterday.

The Board next considered the approval of an Incentive Agreement and authorization of a Purchase and Sale Agreement relative to the purchase of a 20 acre site by Command Energy. Mr. McCrady reported that the contract is in the process of being prepared and is projected to close on March 15, 2015. After discussion on the matter, Director Martin made a motion to approve the Incentive Agreement and the Purchase and Sale Agreement and to authorize the President and Chairman to execute all documents and take all actions required to close the purchase and sale of

Minutes of East Montgomery County Improvement District for October 9, 2014

such tract. Director Carlisle seconded said motion, which unanimously carried.

The Board next considered the status of the District's exercise of option to purchase a 6 acre tract by Keysteel, including authorizing the President and Chairman to execute all documents and take all actions required to close the purchase and sale of such tract. After discussion on the matter, Director Carlisle made a motion to authorize the President and Chairman to execute all documents and take all actions required to close the purchase and sale of such tract. Director Hesson seconded said motion, which unanimously carried.

The Board next considered the approval of an Incentive Agreement and authorization of a Purchase and Sale Agreement relative to the Keysteel expansion project. Mr. McCrady reported that the project will consist of an 80,000 square foot expansion, creating 5 new jobs with the District contributing \$30,000 in funds and that construction of the expansion will begin within 120 days. After discussion on the matter, Director Carlisle made a motion to approve the Incentive Agreement and the Purchase and Sale Agreement and to authorize the President and Chairman to execute all documents and take all actions required to close the transaction. Director Hesson 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 an incentive agreement with Brewingz Sports Bar and Grill in connection with its development in the District. Mr. McCrady reported that the agreement has been executed and that he and several directors attended the ground breaking ceremony.

The Board next considered the status of an incentive agreement with McDonald's or its franchisee in connection with its development in the District. Mr. McCrady reported that the agreement has been executed and that he and several directors attended the ground breaking ceremony.

The Board next considered the approval of an Interlocal Agreement ("IA") with TML MultiState Intergovernmental Employee Benefits Pool. Mr. McCrady reviewed and discussed the IA with the Board. After discussion, Director Carlisle made a motion to approve the IA. Director Zepeda seconded said motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for October 9, 2014

The Board next considered the approval of a consulting agreement with Madison Group, Ltd. Mr. McCrady reviewed the consulting agreement with the Board. After discussion, Director Martin made a motion to approve the consulting agreement with Madison Group, Ltd. Director Carlisle seconded said motion, which unanimously carried.


The Board next considered the status of the new District web site, including discussion relative to audio and/or video recording of board meetings for placement on the web site. Mr. McCrady recommended that the District obtain cost estimates associated with audio and/or video recording of the meetings and then determine whether recording the board meetings is something the Board is interested in pursuing. The Board concurred to defer the matter until the staff obtains a cost analysis.

The Board next considered authorizing the purchase of I-Pads for use by the District Board of Directors. Mr. McCrady presented and reviewed the attached proposal from Network PC Pro's in the amount of \$15,520.00, for the purchase of eight (8) I-pads and related set up and training. Director Carlisle presented an alternate proposal for I-Pads with less storage capacity in the amount of \$4,863. After discussion, Director Rogers made a motion to table consideration of the purchase of I-Pads for the Board of Directors. Director Ybarra seconded said motion, which passed with four (4) directors voting in favor, Director Carlisle and Director Hesson voting against and Director Martin abstaining.

The Board next considered matters for possible placement on future agendas. The Board noted the Board will hold a workshop meeting at noon on November 3rd to consider community grant requests and that the November Board meeting will be held on November 4th at 6:30 p.m.

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

(SEAL)



Stephen Carlisle
Secretary, Board of Directors