

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
October 15, 2013

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 15th day of October, 2013, 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:

Connie Bloodworth	Chair
Linda W. Floyd	Vice Chair
Brenda Webb	Secretary/Treasurer
Dale Martin	Director
Vickie Thumann	Director
Fred Wetz	Director
Isidor Ybarra, Jr.	Director
Katherine Persson	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, Mr. Cory Burton, Ms. Virginia Blake, Mr. Barry Welch 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 Webb led in prayer followed by the pledge of allegiance led by Director Ybarra.

As the first order of business, the Board considered comments from members of the audience. In that regard, Director Bloodworth 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 19, 2013. After review and discussion, Director Thumann moved that the minutes of the Board of Directors meeting held on September 19, 2013, be approved as revised on the attached draft minutes. Director Persson seconded said motion, which unanimously carried.

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The Board next considered the reorganization of officers of the Board of Directors. In that regard, Director Webb made a motion to keep all the current officers the same. Director Bloodworth seconded said motion. Director Webb then reflected on what the Chair has accomplished over the past 15 months including establishing Board policies and procedures and implementing contractual evaluations of the CEO. She requested that the Directors support the Chair and noted she does not believe that a change in officers is in the best interest of the constituents. Director Martin agreed that good things have been done, but feels that the rules are not being enforced at meetings, including the interruptions of speakers, etc. Director Floyd stated that she feels that Director Martin's objection is not accurate and noted that discussion with speakers is part of the process and exercise of the fiduciary duty of the Board. After discussion, a vote to keep the current officers the same was taken, which vote failed with Directors Webb, Floyd and Bloodworth voting in favor Directors Martin, Thumann, Wetz, Ybarra and Persson voting in opposition. Director Martin then made a motion to nominate the following officers:

Fred Wetz – Chair

Vickie Thumann – Vice Chair

Brenda Webb – Treasurer

Isidor Ybarra, Jr. – Secretary

Katherine Persson – Assistant Secretary

Director Thumann seconded said motion. Director Bloodworth next stated that Director Wetz has previously held the position of Chairman and noted that no procedures were ever developed and asserted that the Board developed cliques under his leadership. Director Wetz stated that Director Bloodworth's comments are slander as they are not true. Director Persson requested a united Board and that all members resolve their personal differences in private. Director Persson then called the question. Director Floyd stated that all directors should be on the Board to serve the community and noted that she does not have a personal agenda nor does she believe that the rest of the Board does either. A vote was then taken and the motion passed, with Directors Webb, Floyd and Director Bloodworth in opposition.

Director Wetz assumed the Chair at this time.

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The Board next considered the approval of an audit report for the fiscal year ended June 30, 2013. In connection therewith, Ms. Blake 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 Webb moved that the audit report for the fiscal year ended June 30, 2013, 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 Ybarra seconded said motion, which carried, with Director Bloodworth abstaining.

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. Burton presented the financial and investments reports, copies of which are attached hereto, and discussed the invoices for payment. Following review, Director Thumann moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 10627 through 10673, inclusive, with check no. 10630 being voided and debits for payroll, and on the Special Events Account being check nos. 2345 through 2349, as set forth on the attached reports. Director Webb seconded said motion, which carried, with Director Bloodworth abstaining.

The Board next considered the review of the Montgomery County Emergency Services District No. 11 ("MCESD No. 11") Grant Agreement. In that regard, Mr. McCrady discussed MCESD No. 11 grant history. Director Thumann requested the Board consider increasing the grant by \$20,000 at some point in the future. Mr. McCrady suggested that the Board request financial projections from MCESD No. 11 and investigate MCESD No. 11's merger which could affect its financial future. After discussion, the Board requested that Mr. McCrady assemble the information, meet with MCESD No. 11 fire chief and report his findings to the Board at the next meeting.

The Board next considered a discussion relative to funding additional constable patrol at shopping centers located in the District during the holiday season. In that regard, Officer Welch addressed the Board and distributed the attached patrol analysis to the Board. He stated that during the last holiday season the Constables are mainly focused on patrolling the retail area located at Hwy. 59 & 1314 and noted that many of the people arrested were not from the local area. Officer Welch

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stated that since last year's holiday patrol was such a huge success, he requested that the Board consider funding additional patrol again this year. He recommended that the additional patrol start earlier this year and run through January 5, 2014. Officer Welch then presented a spreadsheet with 4 patrol options to the Board. After discussion on the matter, Director Floyd moved that the Board approve option 4, with patrol beginning November 10th and ending on January 5th at a total cost of \$22,400 for the eight (8) weeks. Director Webb seconded said motion, which unanimously carried. Director Thumann further requested that the additional patrol grant be considered part of the District's fall grant funding.

The Board next considered a report on the status of the EarthQuest project. In that regard, Mr. McCrady stated he had nothing new to report.

The Board next considered the status of the proposed Grand Texas project. In connection therewith, Mr. McCrady stated the project is progressing and that Mr. Galland will make a presentation at the November Chamber luncheon.

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. Mr. McCrady requested that all contracts be removed from the agenda with the exception of the possible condemnation of District property by TxDOT for the Grand Parkway development. He reported that the TxDOT appraisers have visited the District's site and reviewed TxDOT's plan for the Community Drive interchange.

The Board next recessed to Executive Session at 6:41 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 7:38 p.m.

Director Webb exited the meeting at this time.

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.

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The Board next considered the status of the real estate purchase and sale contract in connection with the sale of approximately 21 acre tract to Command Energy. In connection therewith, Mr. McCrady reported that he expects that same will be complete within the next two (2) months.

The Board next deferred status of a letter of intent relative to the Keysteel Expansion.

The Board next deferred the status of real estate purchase and sale contract in connection with the sale of approximately 13 acre tract to Enascor.

The Board next considered the status of a Letter of Intent and preparation of a Real Estate Sale Agreement relative to 4.2886 acre site to World Fab (Power House Industries). In that regard, Mr. McCrady reported that he expects to close on the sale of the site within the next thirty (30) days.

The Board next considered the approval of an Incentive Agreement with Catalyst Trading Company ("Catalyst") relative to development in the Industrial Park. In that regard, Mr. McCrady noted that Catalyst is looking at a 10 acre site, would construct a 50,000 to 75,000 square foot building and create 5 jobs. After discussion on the matter, Director Thumann moved to approve an Incentive Agreement with Catalyst. Director Persson seconded said motion, which carried, with Director Bloodworth abstaining.

The Board next deferred the approval of a sponsor agreement with TxDOT regarding the Jefco Development Corp. project in the District, after Mr. McCrady noted he had nothing new to report.

The Board next considered the approval of COBRA Continuation of Coverage Administrative Agreement. After discussion, Director Persson moved that the Board approve same and authorized the President/CEO or Chairman to execute same on behalf of the Board and the District. Director Floyd seconded said motion, which unanimously carried.

The Board next considered the following announcements:

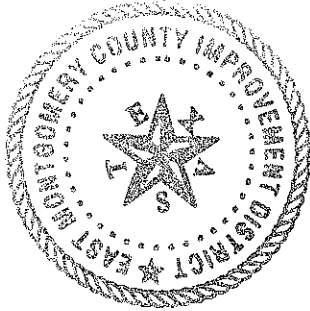
- October 18 – Pretty in Pink Luncheon
- October 29 – Fall Extravaganza
- November 14 – Small Business Awards Ceremony
- Director Persson recommended that Mr. McCrady put out a request for proposal for a web master to oversee the District's web site.

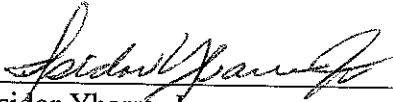
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The Board next considered matters for possible placement on future agendas.

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

(SEAL)





Isidor Ybarra, Jr.
Secretary, Board of Directors