

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 11, 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 11th day of September, 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, 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. John Hammond 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 Hesson led in prayer followed by the pledge of allegiance led by Mr. McCrady.

As the first order of business, the Board considered comments from members of the audience. In that regard, Ms. Jodi Ruonavar addressed the Board and stated the District's Back to School Bash was appreciated by the parents in the community. She noted that there were not sufficient license plates to meet the demand. Mr. John Hammond next addressed the Board and reported that he submitted a new project finance plan relating to East Montgomery County Improvement District Economic Development Zone No. 2 ("EDZ No. 2") in July and stated he would like to meet with the EDZ No. 2 Board at its earliest convenience.

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The Board next considered the review and approval of the minutes of the Board of Directors meeting held on August 14, 2014. After review and discussion, Director Carlisle moved that the minutes of the Board of Directors meeting held on August 14, 2014, be approved as revised as reflected on the attached draft minutes. 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 Ybarra moved that said reports be approved as presented and that payment of invoices be authorized on the Operating Fund being check nos. 11343 through 11413, inclusive, three (3) wire transfers and debits for payroll, and on the Special Events Account being check nos. 2386 through 2389, as set forth on the attached reports. Director Martin seconded said motion, which unanimously carried.

The Board next considered the approval of Agreement for Bookkeeping Services (“Agreement”) with Municipal Accounts & Consulting, LP (“MAC”). In that regard, Mr. McCrady noted that the Agreement reflects an increase in the base fee to \$2,600 per month and requested that the new Agreement include CD reconciliation and the submission of bills to the District. After discussion on the matter, Director Ybarra moved that the Agreement with MAC be approved as revised. Director Hesson seconded said motion, which carried, with Director Martin being opposed. Director Martin stated he would like to see a process for periodically soliciting proposals for the District’s bookkeeping services.

The Board next considered the status of the sales tax audit being performed by B&A Sales Tax Service. In that regard, Mr. Bonnerjee addressed the Board and stated he has completed the sales tax audit from the southern boundary of the District to Patton Village. He noted that 78 new businesses were added to the sales tax audit.

The Board next considered the approval of an amendment to Agreement dated June 1, 2014, by and between the District and Montgomery County Emergency Services District No. 11. In that regard, Mr. Fischer and Mr. Peterson addressed the Board and stated that the attorney for ESD No. 11 has concerns with the exhibit attached to the Agreement as Exhibit “A”. Mr. Fischer requested that the Board consider removing Exhibit “A” from the Agreement and solely relying on the

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language found in Section III of the Agreement. After discussion on the matter, Director Carlisle moved to approve the amendment to exclude Exhibit "A" from the Agreement. Director Persson seconded said motion, which unanimously carried.

The Board next considered the approval of appointments to the Board of Directors of the East Montgomery County Scholarship Foundation ("EMCSF"). In that regard, Chairperson Webb nominated Director Persson to serve on the EMCSF Board of Directors, position 2. After discussion, Director Carlisle moved that Director Persson be appointed to serve on the EMCSF Board of Directors, position 2. Director Hesson seconded said motion, which unanimously carried.

The Board next considered the approval of appointments to the Board of Directors of the East Montgomery County Economic Development Corporation ("EMCEDC"). In that regard, Chairperson Webb nominated Director Carlisle to serve on the EMCEDC Board of Directors, position 3. After discussion, Director Martin moved that Director Carlisle be appointed to serve on the EMCEDC Board of Directors, position 3. Director Hesson seconded said motion, which unanimously carried.

The Board next considered the following announcements:

- Director Zepeda noted the Back to School Bash was a huge success and thanked the District for the donation to the Project Graduation tailgate party.

- Director Webb noted that Tuesday was the ribbon cutting ceremony for the new New Caney ISD football stadium and that she judged the candy division at the County fair on Saturday.

- Director Rogers thanked the Board and the community for their support of the Splendora Progress Show and noted the event raised approximately \$8,000.

- Director Persson recommended the community support Lone Star College upcoming \$485 million bond election and noted that the election will not result in a tax increase.

- Mr. McCrady reported that he is meeting with the New Caney ISD high school counselors on September 29 at noon to discuss the District's scholarship program.

- Director Rogers stated that Saturday night is the sale event at the County Fair and invited the community to attend. He noted that the District provides 5% of the sale price of all sales to cover ½ of the sale fee cost.

- Director Webb welcomed Kelly Matledge as the new EMCID Public Information officer.

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The Board next recessed to Executive Session at 7:08 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 8:50 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.

The Board next considered the status of the drainage study relating to Industrial Park Sections 3 & 4. Mr. Costanza stated that JAC will be submitting the study to Montgomery County for final approval within the next three (3) weeks.

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 review of bids and award of a contract for excavation and delivery of said dirt. In connection therewith, Chair Webb advised that she has received the attached executed Conflict Affidavit from Director Rogers and that he will not participate in discussion or vote on the matter. Mr. Costanza then presented and reviewed the attached bid tabulation with the Board and recommended that the Board award the contract to the second low bidder, TDG, as there was only a \$0.09 per yard price difference, and TDG is a local company. After discussion, Director Hesson made a motion that the District award the contract for excavation and delivery of the dirt to TDG, as set out above. Director Persson seconded said motion, which carried, with Director Rogers abstaining.

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.

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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.).

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 documents are at the title company.

The Board next deferred 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.

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 approval of an incentive agreement with Brewingz Sports Bar and Grill (“Brewingz”) in connection with its development in the District. After discussion on the matter, Director Rogers made a motion to approve an incentive agreement with Brewingz. Director Persson seconded said motion, which unanimously carried.

The Board next considered the approval of an incentive agreement with McDonald’s or its franchisee (“McDonald’s”) in connection with its development in the District. After discussion on the matter, Director Ybarra made a motion to approve an incentive agreement with McDonald’s. Director Carlisle seconded said motion, which unanimously carried.

The Board next considered the engagement of disclosure counsel in connection with the District’s outstanding bonds. In that regard, Mr. Marks presented and reviewed the attached engagement letter from Norton Rose Fulbright (“Norton”) to serve as the District’s special disclosure counsel in connection with the proposed issuance of future obligations and to represent the District as continuing disclosure counsel. After discussion on the matter, Director Rogers made a motion to approve said engagement letter from Norton. Director Hesson seconded said motion, which unanimously carried. The Board concurred that Norton should review past disclosure filings to

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ensure the District is in compliance.

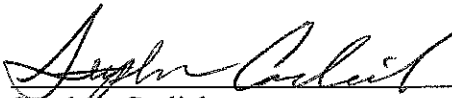
The Board next considered the status of the new District web site design. In that regard, Mr. McCrady reported that the new web site is nearing completion. The Board then discussed the delays in completing same.

The Board next considered the approval of temporary advance of funds to enable award of drainage and detention construction contracts. After discussion on the matter, Director Carlisle made a motion to authorize the advance of funds to East Montgomery County Municipal Utility District No. 3 to enable the award of a contract for drainage and detention project in the amount of \$623,000. Director Rogers seconded said motion, which unanimously carried.

The Board next considered matters for possible placement on future agendas, including authorizing the purchase of I-Pads for use by the Board of Directors and recording Board meetings for publication on the District's website.

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

(SEAL)



Stephen Carlisle
Secretary, Board of Directors