

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 19, 2013

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 19th day of September, 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. Chris Palis, Mr. Anthony Lasky, Mr. Eric Gonzales 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 Martin 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 August 20, 2013. After review and discussion, Director Webb moved that the minutes of the Board of Directors meeting held on August 20, 2013, be approved as revised on the attached draft minutes. Director Floyd seconded said motion, which unanimously carried.

Minutes of East Montgomery County Improvement District for September 19, 2013

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. Palis 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. 10545 and 10562 through 10626, inclusive, with check no. 10603 being voided, two (2) wire transfers, debits for payroll, and on the Special Events Account being check nos. 2338 through 2344, as set forth on the attached reports. Director Persson seconded said motion, which unanimously carried.

The Board next considered the review and approval of the Report on Applying Agreed-Upon Procedures to Sales Tax Calculations to Comply with Agreements for Montgomery County Emergency Services District No. 6 ("MCESD No. 6") and Montgomery County Emergency Services District No. 7 ("MCESD No. 7") (the "Report"). In that regard, Mr. Gonzales presented and reviewed the attached Report with the Board. After discussion on the matter, Director Floyd moved that the Board accept the Report and authorize payment to MCESD No. 6 and MCESD No. 7 in accordance with said Report. Director Wetz seconded said motion, which unanimously carried.

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 he had nothing new to report.

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 stated that all contracts are on hold pending determination of TxDot's intentions relative to the possible condemnation of District property for the Grand Parkway. He reported that he received the noise study, but noted that the study did not consider Hwy 59 and the Grand Parkway so the study did not provide much value. He noted that the acquisition group will be out to evaluate the value of the land required by the Grand Parkway and will then make an offer to the District. Mr. McCrady further reported on meeting held between the District, TxDot and local hotel owners relative to the removal of the access road to the hotels in connection with the demolition and reconstruction of Community Drive. He noted that TxDot

Minutes of East Montgomery County Improvement District for September 19, 2013

advised that access provisions will be made during most of the construction period and that both hotel owners were satisfied with same.

The Board next recessed to Executive Session at 5:55 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 6:53 p.m.

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.

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 is working with Command Energy on same.

The Board next considered the status of a letter of intent relative to Keysteel Expansion. In connection therewith, Mr. McCrady reported that he is waiting on Keysteel to get back to him with comments.

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 approval of a Letter of Intent and to authorize preparation of a Purchase and Sale Agreement relative to 4.2886 acre site to World Fab (Power House Industries). In that regard, Mr. McCrady reported that this site will be a second site in the Industrial Park. After discussion on the matter, Director Thumann moved that the Board approve a Letter of Intent and authorize the preparation of a Purchase and Sale Agreement as set out above. Director Floyd seconded said motion, which unanimously carried.

The Board next considered a request for an early payment of the annual grant to Montgomery County Emergency Services District No. 11 ("MCESD No. 11"). In that regard, Mr. McCrady advised that MCESD No. 11 is in need of the funds in order to continue its operations. After discussion on the matter, Director Thumann moved that the Board approve MCESD No. 11's request

Minutes of East Montgomery County Improvement District for September 19, 2013

and authorize the District to fund MCESD No. 11's annual grant payment early. Director Persson seconded said motion, which unanimously carried.

The Board next considered the approval of a sponsor agreement with TxDOT regarding the Jefco Development Corp. project in the District. In connection therewith, the Board deferred action after Mr. McCrady noted that he is in discussion with the developer to assist with the drainage improvements to serve the project.

The Board next considered a discussion regarding possible videotaping of District Board of Directors meeting. In that regard, Mr. McCrady distributed and reviewed the results of the attached Special Purpose Districts in Texas survey of similar districts and noted the tremendous expense to acquire the necessary equipment. After discussion, Director Martin requested that this item be removed from the agenda. The Board unanimously concurred with such request.

The Board next considered the following announcements:

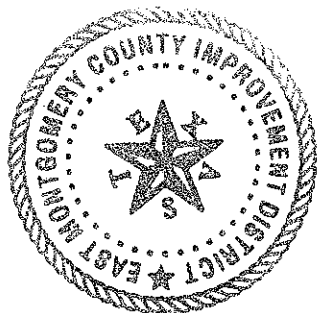
- Director Thumann stated she attended the East County Fair and received positive feedback relative to the District's participation in such Fair.
- Director Wetz reported on his attendance at the trade show and stated he received many leads on businesses interested in re-locating to the District.
- Director Thumann next reported on the New Caney/Splendora annual Go Texan Dance.

The Board next considered matters for possible placement on future agendas, including:

- Director Webb requested an agenda item to consider funding constable patrol at retail centers during the holiday season;
- Director Thumann requested an agenda item to review the MCESD No. 11 grant contract; and
- Director Martin requested an agenda item to consider reorganization of officers of the Board.

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

(SEAL)



Brenda Webb
Secretary, Board of Directors