

MINUTES OF SPECIAL MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
November 4, 2022

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 Special Session, open to the public, on the 4th day of November 2022, at 12:00 p.m., at The Atrium Center, Room 200A, 21575 US Hwy. 59 North, New Caney, Texas, in accordance with the duly posted notice of meeting, and the roll was called of the duly constituted member of said Board of Directors, as follows:

Brenda Webb	Chairperson
Stephen Carlisle	Vice Chair
Katherine Persson	Secretary
Leonard Rogers	Assistant Secretary
Fred Wetz	Treasurer/Investment Officer
Ronald Willingham	Assistant Treasurer
Crystal Moore	Director
Elizabeth Mullane	Director

and all of said persons were present, except Director Willingham, thus constituting a quorum.

Also present were Mr. Frank McCrady, Ms. Kelley Mattlage, Mr. Joe O’Connell, Mr. Greg Phipps, Mr. Ryan Bonifas, Mr. Joe Fidalgo, Mr. Bill Erwin via telephone, Mr. John Howell, Ms. Kara Richardson, and Mr. David Marks.

Chair Webb called the meeting to order, announced that a quorum was present.

As the first order of business, the board deferred comments from members of the audience after the Chair announced that no one had signed up to speak.

The Board next considered the approval of the audit report for the fiscal year ended June 30, 2022. The Board reviewed the draft audit and related financial reports. After discussion, Director Persson moved that the attached audit report for the fiscal year ended June 30, 2022, be approved, that the Chair 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. Director Mullane seconded the motion, which passed unanimously.

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The Board next considered a report on the status of design and construction of proposed conference center, including: a) report on the status of design of the building; b) review of status of land acquisition for the conference center, infrastructure, hotel, parking garage, and financing plan for the purchase thereof; c) report on the status of agreement for construction, financing and use of the parking garage; d) status of approval of reimbursement agreement with the utility district for reimbursement of costs of water, sanitary sewer, drainage and road extensions to serve the conference center; and e) authorize preparation of plans and specifications for the extension of waterlines, sanitary sewer lines, drainage and roads.

a) Mr. Fidalgo of HHCP Architects reviewed the attached pages 1-3 of the 804-sheet set of plans and noted that the plans provide for a conference center with seating for 6,000 people. The Board and Mr. Fidalgo discussed various aspects of the plans. He stated that the plans are being finalized for submission to the fire marshal and the District's engineer for review. He noted that he expects the review process to take 30 days.

b and c) Mr. Phipps of JA Costanza & Associates, Inc., the District's engineer, reported that he is working with Mr. McCrady and Danny Signorelli ("Signorelli") to get the land and easements required for the project identified and then surveyed. Mr. McCrady advised that he is still in discussions with Signorelli about whether to ground lease or purchase the land. Mr. Howell recommended that the District own the land. Mr. Marks discussed the financing and legislative issues and recommended that the District insist on Signorelli conveying the land ownership to the District, free and clear of leases, liens or any other encumbrances so that it can never be lost to third parties. Mr. McCrady discussed the status of the parking garage and noted that his plan is to have a third-party build and then lease to the District, with the District having the right to acquire it in 3-5 years.

d) Mr. McCrady advised that he is including utility and rent reimbursements in negotiations with Signorelli. Mr. Phipps advised that he is working with the New Caney Municipal Utility District and Mr. McCrady is working with Valley Ranch Town Center Management District to obtain reimbursement for water, sanitary sewer, drainage and roads once the hotel is built. After discussion, Director Persson made a motion to authorize preparation of the plans and specifications for extension of water, sanitary sewer, drainage and roads. Director Wetz seconded the motion, which passed unanimously.

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The Board next considered a report from the District's financial advisor relating to the general plan of financing, the bonds required to pay the costs of design, construction and furnishing of the conference center and the costs associated therewith, including: a) approximate sources and uses of funds; b) pledged revenues for bonds; c) additional bonds test; d) reimbursement of amounts expended for project to date; e) authorize sale of bonds as a negotiated transaction; f) discuss plan of financing for garage; g) discuss plan of financing for hotel; h) designate paying agent/registrar/trustee for the transaction; i) designate underwriters and underwriters' counsel; j) authorize bond counsel to retain special tax counsel for the transaction; and k) authorize discussions with Standard and Poor's regarding rating of the bonds.

a) Mr. Howell reviewed with the Board the attached Historical District Revenues from the Sales and Use Tax table, and sources and uses of bonds, bond insurance, capital interest, debt service reserves, and costs of a bond transaction. Mr. Marks reviewed the bond counsel fees, special tax counsel fee and the services each attorney will perform.

b) Mr. Howell reviewed the attached Bond sizes and the Various Pledges table with the Board. He advised that the pledge needs to be changed to 75% - 80% to guarantee \$110 million net for the project and the additional bond test needs to be changed to 1.5%.

c) Mr. Howell reviewed in detail the attached Available Cash after the Sale of the Series 2022 Bonds table with the Board. He noted that the table projects an annual no growth result of (\$2,427,000) and noted that the Conference Center projects to have annual operating loss of \$330,000. Mr. Howell and the Board next discussed current and projected interest rates and results of financing if rates increase before the Bonds are sold. After discussion, Director Rogers made a motion to authorize the sale of bonds as a negotiated bond transaction; designate the Bank of New York Mellon Trust Company, N.A., Dallas, Texas as the paying agent/registrar/trustee for the transaction; defer designation of underwriters; designate Norton Rose Fulbright U.S., LLP as underwriters' counsel; authorize Marks Richardson PC to retain McCall Parkhurst & Horton as special tax counsel for the transaction; and authorize the Financial Advisor to engage in discussions with Standard and Poor's regarding rating the bonds. Director Wetz seconded the motion, which passed unanimously.

The Board recessed at 1:50 p.m. and returned at 2:13 p.m.

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The Board next considered approval of bid procedure relating to construction of proposed conference center and authorize District's architect, and construction attorney to proceed with advertising for bids for construction of the proposed convention center. Mr. Erwin discussed CMR as detailed in Government Code Section 23.69 as it applies to this construction project. He noted that the construction manager participates in design and preliminary cost to determine the budget. He advised that all will be complete before the plans are complete. Mr. Erwin stated that the District can use the construction manager to review plans, prepare the estimate and identify construction issues. He noted that once the plans are complete, the construction manager will issue a proposal and guaranteed maximum price. The project will be publicly bid, but the construction manager tends to submit the best bid due to familiarity with the project. Mr. Erwin noted that there is an alternate procedure that the District can use. It is a two-step process, whereby the District advertises a Request for Qualifications and receives bids with everything except price and the District then selects the top 5 bidders and delivers to the five Request for Proposals which are subsequently submitted with pricing to the District. He stated that he would research and get back whether any of the other options allow the second option without using first part of CMR. Mr. Erwin stated that he would send out a bullet point procedure to follow for review by the District architect and engineer. After discussion, Director Rogers made a motion to authorize CMR method with a two-step RFQ, and construction manager at risk. Director Moore seconded the motion, which passed unanimously.

The Board next considered other matters relating to the design and construction of the conference center, hotel, utility and road extensions and parking garage related thereto, including the purchase of land and design and construction of infrastructure relating thereto. The Board reviewed the attached construction bid scoring sheet.

Mr. Marks next discussed the limitations on conducting business in executive session and reviewed the statutory exceptions to the Open Meetings Act.


The Board next recessed to Executive Session at 2:51 p.m. to discuss real property matters pursuant to §551.072, Texas Government Code, and Economic Development negotiations pursuant to §551.087, Texas Government. The Board returned from Executive Session at 3:12 p.m.

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The Board next considered matters for possible placement on future agendas. Mr. McCrady requested that the following agenda items be placed on the agenda for a special meeting scheduled for November 21, 2022, to discuss 1) financing of the Conference Center project, 2) District Legislation; 3) YMER lease, and 4) amendment to Iron Bridge (Brookshire Center) incentive agreement.

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

(SEAL)



Katherine Persson
Secretary, Board of Directors

