

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 11, 2023

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 May, 2023, at 5:30 p.m., at The Atrium Center, Room 105, 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, thus constituting a quorum.

Also present were Mr. Frank McCrady, Mr. Joe O’Connell, Ms. Kelley Mattlage, Ms. Jennifer Summer Green, Mr. Garrett Tabor, Mr. Greg Phipps, Mr. John Howell, Ms. Kara Richardson and several others as shown on the attached sign-in sheet.

The Chair called the meeting to order and announced that a quorum was present.

Chair Webb led in prayer followed by the pledges of allegiance.

As the first order of business, the Board deferred receiving questions and comments from members of the audience after Chair Webb stated that no one had signed up to speak.

The Board next considered the review and approval of the minutes of the Board of Directors meetings held on April 10, 2023 (grant meeting and regular meeting). After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meetings held on April 10, 2023 (grant meeting and regular meeting), as written. Director Wetz seconded the motion, which passed unanimously.

The Board next considered the review of Community Development Grant Requests. Mr. McCrady stated that all grant application representatives were in attendance at the meeting and that he recommended funding all ten (10) grant requests totaling \$47,906.16. After discussion, Director Persson made a motion to approve all ten (10) of the grant application requests, as presented. Director Carlisle seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of May 11, 2023

The Board next presented a check to Industrial Airflow Dynamics in connection with its Incentive Agreement with the District.

The Board next considered the status of construction of improvements and the leasing of space in The Atrium Center. Mr. McCrady stated that the new air conditioning system has been installed, and they are tweaking a few issues. He stated that a small leak was detected in the Board Room after the heavy rains occurred last week.

The Board next considered the financial, bookkeeping, cash flow and investment reports, and authorizing the payment of invoices presented as reflected in said reports. Mr. Tabor presented the attached financial and investments reports and discussed the invoices presented for payment. Following review, Director Wetz made a motion to approve said reports as presented and to authorize payment of invoices on the General Operating Fund, with check nos. 20188, 20240 and 20296 being voided; the Special Events Account, debits for payroll and wire transfers, as set forth on the attached reports. Director Mullane seconded the motion, which passed unanimously.

The Board next recognized Ms. Townley for her service to the District, presented her with a plant in recognition and congratulated her on her retirement from Municipal Accounts & Consulting, LP.

The Board next deferred authorizing an Agreement with East Montgomery County MUD No. 3 (“No. 3”) for reimbursement of costs relative to constable patrol program to serve the Industrial Park.

Mr. Phipps next presented a report on engineering and construction projects within the Industrial Park, including the status of the sale of dirt excavated from the future detention pond site. He stated that dirt is being sold for use at the new No. 3 wastewater treatment plant.

The Board next considered a report on the Economic Development Administration (“EDA”) Business Center Building in the Industrial Park, including the status of the contract with Comex Corporation (“Comex”) for construction of the EDA building. He presented pay application no. 15 in the amount of \$60,088.16 and recommended that the Board approve the payment of pay application no. 15 to Comex. After discussion, Director Persson made a motion to approve pay application no. 15, as set out above. Director Wetz seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of May 11, 2023

The Board next considered the status of the contract with G.A.M. Construction, Inc. (“G.A.M.”) for construction of the buildout of Suite A in the EDA Business Center Building. Mr. Phipps stated that the contractor is installing the lighting, plumbing fixtures, flooring, ceiling tile and fire protection. He noted that the HVAC, door frames and windows, electrical outlets, ceiling grid and the first coat of paint are complete. He then presented pay application no. 5 in the amount of \$76,870.52 and stated that G.A.M. is not requesting any weather-related days and recommended that the Board approve the payment of pay application no. 5 to G.A.M. After discussion, Director Carlisle made a motion to approve pay application no. 5, as set out above. Director Mullane seconded the motion, which passed unanimously.

The Board next deferred the approval of final project documents, acceptance of project and other matters relating to the EDA Business Center Building.

The Board next considered announcements, and Mr. McCrady reviewed the attached Calendar of Events.

The Board next recessed to Executive Session at 5:52 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, personnel matters pursuant to §551.074, Texas Government Code, and Economic Development negotiations pursuant to §551.087, Texas Government Code. The Board returned from Executive Session at 8:45 p.m.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the status of the IA with Citizens Bank (the “Bank”). Mr. McCrady stated that he is waiting on the executed IA from the Bank.

The Board next considered the status of the IA with Generations II Plus LLC (“Generations”). Mr. McCrady stated that he has received the executed IA from Generations.

The Board next deferred the approval of an IA for a proposed project located near the intersection of Hwy. 59 and State Highway 242.

East Montgomery County Improvement District meeting of May 11, 2023

The Board next considered the approval of a Third Amendment to IA between the District and Amazing One Holdings for an additional contract extension. Mr. McCrady reviewed the contract extension request with the Board. After discussion, Director Carlisle moved to amend the IA to reflect that construction of the development will commence on or before December 31, 2023, and that the first tenant will open for business in the development on or before September 30, 2025. Director Rogers seconded the motion, which passed unanimously.

The Board next considered a report on the activities within the Industrial Park.

The Board next deferred the status of contracts for the purchase of land for expansion of the Industrial Park.

The Board next considered the status of the sale of a 127-acre tract of land in the North Industrial Park. Mr. McCrady stated he had nothing new to report.

The Board next deferred the approval of a Purchase and Sale Agreement relative to the purchase of approximately 40 acres of additional land for expansion of the Industrial Park.

The Board next considered the status of a Purchase and Sale Agreement relative to the purchase of approximately 18.92 acres of additional land for expansion of the Industrial Park North. Mr. McCrady stated that he expects to receive the agreement back from the seller in the next thirty (30) days.

The Board next considered the status of a Purchase and Sale Agreement (“PSA”) with incentives relative to the sale of approximately 32.27 acres of land to GCP Paper USA, Inc. (“GCP”). Mr. McCrady stated that GCP is ready to close but is requesting the District include the following terms in the Purchase and Sale Agreement: 1) a representation that there is sufficient water, sewer and gas capacity available to serve the site; 2) terms listing the pre-treatment requirements; 3) a representation that the District will support GCP’s efforts to secure the tax abatement; and 4) the commitment for the District to pay a broker fee in the amount of \$20,000. He stated that GCP is also requesting that the District clear and grub the site, close in 60-days, and allow GCP to wait eighteen (18) months before starting the project to seamlessly integrate the old equipment with the new equipment. After discussion, Director Persson moved to approve the requests, as set out above. Director Wetz seconded the motion, which passed unanimously.

The Board next deferred the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Doloeco USA, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction.

East Montgomery County Improvement District meeting of May 11, 2023

The Board next considered the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Tiro Machine Shop, Inc. (“Tiro”), or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. Mr. McCrady discussed the land sale and recommended offering Tiro \$20,000 for relocation expenses and \$1,600 for workforce training. He stated that he has received the executed Form 1295 from Tiro. After discussion, Director Carlisle moved to approve a Purchase and Sale Agreement, and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Persson seconded the motion, which passed unanimously.

The Board next considered the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to the Innovation Group/American Western Steel, LLC (“AWS”), or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. Mr. McCrady stated that the purchase price is now \$615,000 and will require AWS to construct a 40,000 square foot building. He stated that he has received the executed Form 1295 from AWS. After discussion, Director Wetz moved to approve a Purchase and Sale Agreement, and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Carlisle seconded the motion, which passed unanimously.

The Board next deferred the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Fanti, or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. Mr. McCrady stated that representatives of the company are coming in town this week and would like to give a presentation to the Board.

The Board next considered the approval of a letter agreement with Levitated Metals, or assignee, to extend its workforce training reimbursement deadline. Director Mullane asked how long the workforce training agreement normally is. Mr. McCrady stated it differs depending on the business. After discussion, Director Persson moved to approve the extension of the work force training reimbursement deadline to August 31, 2023. Director Carlisle seconded the motion, which passed unanimously.

East Montgomery County Improvement District meeting of May 11, 2023

The Board next considered the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to KBC Advisors (“KBC”), including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. Mr. McCrady stated that KBC is interested in purchasing 100 acres in the Industrial Park. After discussion, Director Rogers moved to approve the sale of 100 acres to KBC and authorize MRPC to prepare a Purchase and Sale Agreement and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Mullane seconded the motion, which passed unanimously.

The Board next considered the approval of a Purchase and Sale Agreement with incentives relative to the sale of land in the Industrial Park to Specialty Petroleum Products, or assignee, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. After discussion, Director Wetz made a motion to authorize MRPC to prepare a Purchase and Sale Agreement for approval at the next meeting. Director Rogers seconded the motion, which passed unanimously.

The Board next considered the status of development of the 64-acre park, including the review and approval of proposals from landscape architects for design of the park. Mr. Phipps stated that he received one (1) qualification package from Burditt Consultants, LLC, located in Conroe. He recommended that the Board accept the qualification package and authorize JAC to proceed with a request for a proposal (“RFP”) for consideration by the Board. After discussion, Director Carlisle moved to accept the qualification package and authorize JAC to proceed with an RFP. Director Willingham seconded the motion, which passed unanimously.

The Board next considered the review and approval of an Interlocal Agreement with Montgomery County (the “County”) for the Advanced Funding and Construction of Sorters McClellan Road. After discussion, Director Carlisle made a motion to approve the Interlocal Agreement with the County, as set out above. Director Mullane seconded the motion, which passed unanimously.

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) report on the status of agreement for construction, financing and use of the parking garage; c) 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; d) review of bids and authorize award of contract for the extension of waterlines, sanitary sewer lines, drainage and roads; e) status of request for qualifications of construction contractors relative to the conference center; f) status

East Montgomery County Improvement District meeting of May 11, 2023

of request for proposals of construction contractors relative to the conference center; and g) status of land acquisition for conference center, parking garage, hotel and extension of infrastructure, including review of land appraisal. Mr. Phipps stated that the design plans are with the County for review and approval. He stated that JAC has addressed the City of Houston (“COH”) comments and is waiting on land and the related easements for the COH to approve. Mr. Phipps further stated that the District received three (3) RFPs which are being reviewed by the District’s consultants for consideration by the Board at a special meeting next Thursday, May 18, 2023, at 1:00 p.m.

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 land acquisition, design, construction and furnishing of the conference center and the costs associated therewith, including: a) the sources and uses of funds; b) the pledged revenues for bonds; c) the additional bonds test; d) the plan of financing for garage; e) the plan of financing for hotel; and f) status of discussions with Standard and Poor’s (“S&P”) regarding rating of the bonds. Mr. Howell reviewed and distributed the attached revised schedule and noted that the total bond proceeds is now approximately \$172,210,184, which assumes the District’s offer to buy the land at the appraised value which Valley Ranch Town Center (“VRTC”) has initially rejected. He explained that Mr. Marks and the real estate attorney submitted revisions to VRTC’s proposed purchase contract that had been authorized by the Board and that VRTC rejected all of the proposed revisions on price, utility reimbursement as well as the option to purchase hotel property. Mr. Howell noted that the result of this would be to effectively increase the Total Project Financed Costs by approximately \$5,000,000 and thereby the total BIR by \$5,000,000. He stated that the District should have an executed contract to purchase the land before proceeding with this financing, and that the proposed bond issue size brings the District to the absolute limit of what it can afford to finance.

Mr. Howell noted that marketing the bonds without a deal to purchase the land is not a viable option and stated that he does not feel comfortable going to rating agencies without a land deal in place. He noted that, while most of the costs of issuance are contingent on the sale of the bonds, the rating agency fees are not and will be owed no matter what (although there may be some room to negotiate a fee reduction if the bond sale doesn’t go through).

Mr. Howell suggested that failing to secure a deal for the purchase of the hotel property is potentially risky because, 1) the market study is clear that the hotel is necessary for the viability of the project and 2) attempting to negotiate for the purchase of this land after the convention center is underway will likely increase the asking price for the hotel property.

East Montgomery County Improvement District meeting of May 11, 2023

Mr. Howell next explained that the bond transaction will require the District to deposit with a bond trustee a proportional share of the next interest and principal payments, on a monthly basis, that will be due.

The Board next asked Mr. McCrady about the reasons for the failure to make progress in negotiations with VRTC when the District is offering to purchase the land for the value listed in the appraisal. Mr. McCrady noted that VRTC disagrees with the appraised value and also has to work with its various lenders and investors since the property in question is highly leveraged.


Director Moore next asked how the delay in securing a deal to purchase the land might impact the construction bids. Mr. Phipps noted that the bids are good for 90 days so the District will have to renegotiate the pricing after 90 days if the District does not have the funding to award the contract. Mr. McCrady noted that he has a meeting next week with Mr. Signorelli to further discuss the land acquisition.

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)




Katherine Persson
Secretary, Board of Directors