

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
May 18, 2023

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 18th day of May, 2023, at 1:00 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, Mr. Greg Phipps, Mr. John Howell, Mr. Bill Erwin, Mr. Brandon Meyers, Mr. Roger Berry and Mr. David Marks, as shown on the attached sign-in sheet.

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

Director Rogers led in prayer followed by the pledges of allegiance led by Director Carlisle.

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 a report on the status of design, construction and purchase of land for the proposed conference center, including the review of proposals from construction contractors, select contractor and authorize consultants to negotiate contract with construction contractor for construction of the conference center. Mr. Phipps stated that the District received three (3) RFPs from three (3) good contractors and that J.A. Costanza & Associates, Inc. (“JAC”) reviewed the contractors’ qualifications. He stated that he, Mr. Erwin and the architect reviewed and rated each bid. He then reviewed the attached summary of the three (3) bids submitted by Gillbane Building Company, Harvey-Harvey I Cleary and Spaw-Glass Construction Corporation (“Spaw-Glass”) and the CMAR bidding procedure. Mr. Phipps stated that all three

East Montgomery County Improvement District meeting of May 18, 2023

(3) reviewers unanimously agreed that the bid submitted by Spaw-Glass was the best. He requested that the Board allow JAC to negotiate a contract with Spaw-Glass, which will involve pricing to-be-determined items and other items subject to value engineering and selection of subcontractors. After discussion, Director Persson moved to authorize the consultants to negotiate a contract with Spaw-Glass in the maximum amount of \$109,924,007. Director Willingham seconded the motion, which passed unanimously.

The Board next recessed to Executive Session at 1:19 p.m. to discuss real property matters pursuant to §551.072, Texas Government Code. The Board returned from Executive Session at 2:58 p.m.

The Board next reconvened in Open Session to discuss and authorize appropriate action regarding the purchase of the conference center/parking garage/infrastructure/hotel land. Mr. Howell reviewed and distributed the attached schedules, as of May 15, 2023, and noted that the District will need to pledge 90% of its revenue to payment of the bonds. Mr. Howell noted that the Bond proceeds amount has increased to approximately \$179,000,000. He stated that the increase, for the most part, is attributable to the capitalized interest required to cover a 24-month construction period. He then reviewed the costs of issuance and stated that there is an increase in the debt service reserve fund and an increase in certain other variable costs of issuance. He further noted that the District's Series 2023 Bonds annual debt service requirements increased to approximately \$10,790,000. In order to take on that amount of debt obligation, the Board has to believe that the District's annual sales tax revenue will increase over the next 4 years by approximately \$1,000,000 per year. Mr. Howell stated that less growth means the project does not work.

Mr. Howell next reminded the Board that the sales tax revenues have increased by approximately \$1,500,000 per year each year for the past five (5) years. He stated if the Board wants to issue the Series 2023 Bonds and have an AA- or A underlying rating on the Bonds, the pledge of the District's sales tax revenues will have to increase to 90% and the District's Additional Bonds Test will have to increase to 1.50 times our average annual debt service.

Mr. Howell further reminded the Board that the Bond documents will provide language advising that every month the District will be obligated to transfer dollars to the Bond Trustee that will be equal to 1/6 of the next interest payment plus 1/12 of the next principal payment. Additionally, he reminded the Board that those funds would not be available to pay for the District's monthly operating costs.

East Montgomery County Improvement District meeting of May 18, 2023

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

