

MINUTES OF REGULAR MEETING
EAST MONTGOMERY COUNTY IMPROVEMENT DISTRICT
September 17, 2024

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 17th day of September, 2024, 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
Elizabeth Mullane	Treasurer/Investment Officer
Ronald Willingham	Assistant Treasurer
Crystal Moore	Director
Fred Wetz	Director

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

Also present were Mr. Frank McCrady, Mr. Chris Bontrager, Ms. Kelley Mattlage, Mr. Greg Phipps, Mr. Garrett Tabor, Mr. John Howell, Commissioner Gray, Mr. David Marks, 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.

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

As the first order of business, Taylor’s Organization presented a plaque to the Board.

The Board next considered the status of the District’s proposed Series 2024 Sales Tax Revenue Bonds (“Bonds”). Mr. Howell presented and discussed the proposed, revised financial structure for the proposed Bond issue totaling \$170,740,823. He noted that the size of the bond issue might change depending on the revised cost estimates from Spaw-Glass Construction which should be received by EMCID in October. He stated that the new plan of financing would include a surety bond funded reserve fund. Mr. Howell stated that the Bonds will require a pledge of 75% of the District’s sales and use tax, a pledge of revenue received from leases and events, and a 100% pledge of the hotel occupancy tax revenues until the other revenues pledged to the payment of the bonds equal or exceed 1.5 times the debt service requirements on the bonds

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for three consecutive years. Mr. Howell then discussed the District's current AA rating and the ability to maintain same. He stated that he believes the District can maintain its AA rating but noted that the District will be ok if the rating goes down half a letter. Her further noted that he will send the credit package out to the creditors next week.

The Board next considered the approval of a Purchase and Sale Agreement ("PSA") with incentives relative to the sale of land in the Industrial Park to Montgomery County (the "County"). Commissioner Gray stated that the County has approximately \$3,000,000 available to purchase land in the Industrial Park to construct a disaster warehouse to store the County's emergency response equipment and supplies. The Board deferred action until later in the meeting.

The Board next deferred 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 meeting held on August 8, 2024. After review and discussion, Director Persson moved to approve the minutes of the Board of Directors meeting held on August 8, 2024, as written. Director Wetz seconded the motion, which passed unanimously.

The Board next considered the status of the construction of improvements and the leasing of space in the Atrium Center. Mr. McCrady stated that he had nothing new to report but noted that the EMCID staff is busy preparing for the fall event to be held at the new location in Valley Ranch.

The Board next considered the review and approval of a sales tax reconciliation payment to Montgomery County Emergency Services District No. 6 ("ESD No. 6"). Mr. McCrady presented the attached letter from Mr. Miller, the President of ESD No. 6, stating that the District owes ESD No. 6 \$100,000 for the period of April 2023-March 2024 pursuant to the agreement between ESD No. 6 and the District. Mr. McCrady stated that the District's auditors reviewed the sales tax reconciliation and found the amount due to be approximately \$60,000. He reported that ESD No. 6 has agreed to the \$60,000 payment amount. After discussion, Director Carlisle made a motion to approve the District's payment of \$60,000 to ESD No. 6, as set out above. Director Persson seconded the motion, which passed unanimously.

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. He stated that the District has seen a 5% increase in sales tax revenues from last year. Following review of the reports, Director Mullane made a motion to approve said reports as

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presented and to authorize payment of invoices on the General Operating Fund, with check nos. 20893, 20894, 21073 and 21142 being voided, the Special Events Account, debits for payroll and wire transfers, as set forth on the attached reports. Director Wetz seconded the motion, which passed unanimously.

The Board next considered the approval of a Façade Improvement Grant Program (the “Program”), including the adoption of guidelines for application and the award of grants. Mr. McCrady reviewed the Program with the Board and stated that the District already has an applicant ready to apply. He stated that the Board previously approved the expenditure of \$100,000 for the Program in the District’s most recent operating budget. Mr. McCrady stated that the District’s attorneys have reviewed and provided comments to the application guidelines. After discussion, Director Carlilse motioned to approve the implementation of the Program. Director Mullane seconded the motion, which passed unanimously.

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 he had nothing new to report this month.

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 Bey Commercial Construction, Ltd. (“Bey”) for the build-out of Suite B (1,529 SF) in the EDA Building. Mr. Phipps stated that all work is complete and that the inspection by the Fire Marshal is complete with no deficiencies noted. He then presented the attached Certificate of Compliance from the Montgomery County Fire Marshal’s Office dated August 13, 2024, and the engineer’s Certificate of Completion and recommended the Board accept the project as complete. After discussion, Director Wetz moved to accept the project as complete, as set out above. Director Mullane seconded the motion, which passed unanimously.

The Board next considered the approval of other matters relating to the EDA Building. Mr. Phipps stated that the build-out of Suite D is complete and that the District can close out the project once the Fire Marshal has inspected same.

The Board next deferred the status of a Petition to East Montgomery County MUD No. 3 (No. 3”) to annex a 34.2964-acre tract (McClarren), 18.92-acre tract (Pak), 1.3383-acre tract (Quinn), and a 1-acre tract (Nichols).

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The Board next considered the status of development of the 64-acre park, including the status of the agreement for services with Burditt Consultants, LLC (“Burditt”) for design of the park. Mr. Phipps stated that Burditt is preparing the plans for the dog park for approval to advertise for bid and construct. Mr. McCrady noted that a line item for the dog park project is included in the District’s approved budget.

The Board next deferred the status of a Purchase Agreement for the middle tract of the park property.

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

The Board next recessed at 6:27 p.m. The Board convened in Executive Session at 6:56 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 reconvened in Open Session at 8:07 p.m.

The Board next considered the status of economic development Incentive Agreements (“IA”), including the approval of an IA for a proposed project located near the intersection of Hwy. 59 and State Highway 242. Mr. McCrady stated that he had nothing new to report.

The Board next considered the approval of an IA with TKC CCCLXVI, LLC (Tractor Supply). After discussion, Director Mullane moved to approve the IA with TKC CCCLXVI, LLC. Director Wetz seconded the motion, which passed unanimously.

The Board next deferred the status of the IA with LB Consolidated, LLC d/b/a Popeye’s, after Mr. McCrady stated that he is waiting on receipt of the executed IA from Popeye’s.

The Board next deferred the status of the IA with BCS Capital Group.

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

The Board next considered the status of contracts for the purchase of land for expansion of the Industrial Park. Mr. McCrady stated that he had nothing new to report

The Board next deferred the approval of a Lease Agreement relative to the lease of land in the Industrial Park to FAMTi, or assignee.

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The Board next considered the status of a Purchase and Sale Agreement (“PSA”) with incentives relative to the sale of land in the Industrial Park to B6 Industries (“B6”) or its assignees. Mr. McCrady stated that the PSA is with B6 for execution.

The Board next deferred the approval of a PSA with incentives relative to the sale of land in the Industrial Park to New Caney Beverage or assignees, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction, after Mr. McCrady stated that he had nothing new to report.

The Board next deferred the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Catalyst Trading Co., or assignees, after Mr. McCrady stated that the company is no longer pursuing the land purchase and noted that the item can be removed from the agenda.

The Board next considered the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Jenista Holdings LLC (“Jenista”) or assignees, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. After discussion, Director Moore moved to approve the PSA with Jenista and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Wetz seconded the motion, which passed unanimously.

The Board next considered the approval of a PSA with incentives relative to the sale of land in the Industrial Park to Jared Smith, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. After discussion, Director Mullane moved to approve the PSA with Mr. Smith and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Willingham seconded the motion, which passed unanimously.

The Board next considered the approval of a PSA with incentives relative to the sale of land in the Industrial Park to V Steel Group Inc. (“V Steel”) or assignees, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. After discussion, Director Persson moved to approve the PSA with V Steel and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Wetz seconded the motion, which passed unanimously.

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The Board next considered the approval of a PSA with incentives relative to the sale of land in the Industrial Park to the County, including authorizing the Chair and President/CEO to take all actions necessary to close on the transaction. After discussion, Director Wetz moved to approve the PSA with the County and authorize the Chair and President/CEO to take all actions necessary to close on the transaction. Director Moore seconded the motion, which passed unanimously.

The Board next considered the approval of a Purchase Agreement relative to the purchase of land in the Industrial Park from New Caney Customs (“NCC”), including authorizing negotiations for financing of the transaction and authorizing the Chair and President/CEO to execute all documents in connection with financing the purchase and closing on the purchase of the property. After discussion, Director Carlisle moved to approve the Purchase Agreement with NCC and authorize the Chair and President/CEO to execute all documents in connection with financing the purchase and closing on the purchase of the property. Director Wetz seconded the motion, which passed unanimously.

The Board next deferred the approval, upon closing of the purchase by the District of the NCC property, of a Lease Agreement with Fastenal or its assignees for the NCC property.

The Board next deferred the status of the issuance of a letter of intent to A.J. Mechanical.

The Board next deferred the status of modifications to the agreement and related documents with Gates Lubricants after Mr. McCrady stated that he had nothing new to report.

The Board next deferred the status of an amendment to the Lease Agreement with Hydra Specma (formerly YMER Building).

The Board next considered the approval of a Purchase Agreement relative to the purchase of land along the I-69 south frontage road near SH 242, including authorizing negotiations for the financing of the transaction, and authorizing the Chair and President/CEO to execute all documents in connection with financing the purchase and closing on the purchase of the property. After discussion, Director Persson moved to approve the Purchase Agreement, as set out above, and authorize the Chair and President/CEO to execute all documents in connection with the financing the purchase and closing on the purchase of the property. Director Moore seconded the motion, which passed unanimously.

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The Board next considered the status of a Contract for the purchase of land for the conference center, parking garage, hotel and the extension of infrastructure. After discussion, Director Carlisle moved to approve the extension of the closing date by one (1) month and authorize payment of the \$50,000 extension payment to Seller, as provided in the Contract. Director Mullane seconded the motion, which passed unanimously.

The Board next deferred the status of preparation of the Declarations and the Development Agreement relative to the purchase of land for the conference center, parking garage, hotel and the extension of infrastructure.

The Board next considered the status of the contract with Spaw-Glass for the construction of the conference center. Mr. Phipps stated that he had nothing new to report.

The Board next deferred the approval of the Second Amendment to Second Amended and Restated Economic Development agreement by and among Sig-Valley Ranch, Ltd., Valley Ranch Town Center Holdings, Ltd., EMCID Economic Development Zone No. 1 and the District.

The Board next considered the engagement of McCall, Parkhurst & Horton L.L.P. (“MPH”) to provide special tax counsel legal services and tax preparation services for the District in connection with the issuance of the District’s Series 2024 Bonds and the approval and execution of a letter agreement in connection therewith. Ms. Richardson noted that the fee due to MPH is contingent upon the closing on the bonds and would be paid by Marks Richardson PC as part of their fee agreement with the District related to the provision of bond counsel services. Chair Webb presented and read aloud each of the attached findings (“Findings”) as required by Section 2254.1036(b) of the Texas Government Code related to the approval of contingent fee contracts for legal services. After discussion, Director Mullane made a motion to approve the Findings. Director Persson seconded the motion, which passed unanimously.

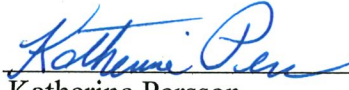
Ms. Richardson next presented and reviewed with the Board a proposed letter agreement by and between the District and MPH for special tax counsel legal services and tax preparation services for the District in connection with the issuance of the District’s Series 2024 Bonds. After discussion, Director Mullane moved to engage MPH to serve as special tax counsel for the District, to approve the proposed Letter Agreement by and between the District and MPH, and to authorize the Chair to execute same on behalf of the Board and District. Director Carlisle seconded the motion, which passed unanimously.

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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

