

REQUEST FOR PROPOSAL WITH SPECIFICATIONS

**CITY OF CONROE - CONROE LOCAL GOVERNMENT
CORPORATION**

**HOTEL & CONVENTION CENTER
CONSULTING SERVICES
PROPOSAL # 0907-2023**



**CITY OF CONROE
P.O. BOX 3066
CONROE, TEXAS 77305**

RESPONSES DUE THURSDAY, SEPTEMBER 7, 2023 @ 2:00PM

**CITY OF CONROE PURCHASING DEPARTMENT
AUGUST 14, 2023**

**REQUEST FOR PROPOSAL (RFP) # 0907-2023
HTOEL & CONVENTION CENTER CONSULTING SERVICES**

I. GENERAL

INTRODUCTION

This Request for Proposals (RFP) invites written proposals from qualified firms to perform consulting services to the City of Conroe/Conroe Local Government Corporation (CLGC) regarding the Hyatt Regency Conroe Hotel & Convention Center project. If your firm has demonstrated experience in the areas specified in the Scope of Basic Services as identified herein and you are interested in providing information about your services, you are invited to respond to this RFP.

This RFP is located on Vendor Registry at the following link for the City of Conroe, [Vendor Registry Bid Opportunities](#)

If you are interested in being considered as a software provider for this project, please submit four (1) original and (3) copies plus (1) electronic PDF copy of your proposal to:

City of Conroe	Physical:	City of Conroe
Soco Gorjon, City Secretary		Soco Gorjon, City Secretary
P.O. Box 3066		300 W. Davis St.
Conroe, TX. 77305		Conroe, TX. 77301

Due Date: On or before 2:00 p.m. on September 7, 2023.

All proposals shall be in a sealed envelope clearly marked “**RFP# 0907-2023 – Hotel & Convention Center Consulting Services for the City of Conroe**”.

QUESTIONS AND INQUIRIES

Any person with questions regarding this RFP should contact;

For Purchasing Questions:

Kristina Colville, Purchasing Manager
Office: 936-522-3830

For Technical Questions:

Michael Monteilh, Financial Analyst
E-mail: mmonteilh@cityofconroe.org

Answers will be provided to all Candidates receiving RFP’s as an addendum which will be uploaded to the Vendor Registry website using the following link, [Vendor Registry Bid Opportunities](#). Candidates should not rely on any oral communication concerning this RFP and oral responses will have no binding effect.

RESERVATIONS

The City, through its duly authorized officials, reserves the right to reject any, part of, or all proposals and to waive any formality pertaining to any proposal, without the imposition of any form of liability. The Owner also reserves the right to award this proposal to the most qualified proposer or to the proposer that offers the best value to the City taking into consideration the evaluation criteria contained herein. The companies whose proposals are not accepted will be notified after a binding agreement between the successful Candidate and the Owner is executed, or upon the Owner’s rejection of all proposals.

COMMUNICATION

The City of Conroe shall not be responsible for any verbal communication between any representative of the City and any potential firm. All modifications to this solicitation must be made

in writing. A proposer's failure to examine relevant documents or specifications will not relieve offeror from any obligation with regard to their response to this invitation.

CONDITIONS OF CONDUCT

At all times any agent, officer, or employee of Proposer shall be present upon property owned by the City of Conroe, the terms and conditions of the Drug and Alcohol Policy currently adopted by the City of Conroe, shall be deemed applicable to such persons. Violations of terms and conditions while present on the premises owned by the City of Conroe shall be grounds for termination of any contract between the City and Proposer. A copy of this policy is available for public inspection in the office of the City Secretary and copies may be obtained at a nominal charge.

ETHICAL STANDARD

No City official or employee shall have interest in any contract resulting from this "RFP". Individuals with a possible conflict will enact a public disclosure record by completing a "Statement of Financial Interest" form. The following forms are required to be returned with the RFP response: CIQ, SB 1295, SB 252, SB 13, SB 19, HB 89, Insurance Certificate

REIMBURSEMENTS

There is no expressed or implied obligation for the City of Conroe to reimburse responding firms for any expenses incurred in preparing proposals in response to this request and the City will not reimburse responding firms for these expenses, nor will the City pay any subsequent costs associated with the provision of any additional information or presentation, or to procure a contract for these services.

DISCLOSURE

There will be no disclosure of the contents to competing firms until the contract is awarded. All proposals will be kept confidential during the negotiation process. Once the contract has been awarded all proposals will be open for public inspection, except for trade secrets and confidential information, which the firm identifies as proprietary.

DEFAULT

The City reserves the right to terminate the contract immediately for failure to meet delivery or completion schedules, or otherwise perform in accordance with the scope of this proposal.

SELECTION PROCESS

As required under Government Code 252, the Owner upon appropriate evaluation of all submitted proposals will rank up to three Candidates that it considers to be the most qualified to provide Hotel & Convention Center Advisory Services to the City of Conroe/Conroe Local Government Corporation (CLGC).

This procurement will comply with applicable City of Conroe Policy. The successful proposer will be selected on a rational basis, with both qualifications and price considered in the selection process. Evaluation factors outlined below shall be applied to all eligible, responsive proposers in comparing proposals and selecting the successful proposer. Award of a contract may be made without discussion with proposer after proposals are received. Proposals should therefore be submitted on the most favorable terms.

Each proposal will be rated on a scale. Proposal evaluation factors, with the maximum points awardable shown in parentheses, are as follows:

1. Demonstrated knowledge, experience, qualifications, and competence of the consulting services team and the firm, including technical expertise of staff and resources readily available to the firm (45%).

2. Total evaluated cost (10%).
3. Responsiveness of the proposal in clearly stating an understanding of the work to be performed; responsiveness to terms and conditions (20%).
4. Prior experience with similar clients (20%).
5. Market reputation/References (5%).

Oral interviews may be arranged at the discretion of the evaluation team to assist in making the final selection.

If negotiations with the most qualified proposer are unsuccessful for any reason, the City will terminate negotiations formally and in writing with such firm and proceed in order to negotiate with the next most qualified firm until an agreement is reached.

Proposals will be assessed against evaluation criteria and a decision made by the Evaluation Committee. Notification of proposal acceptance will be written formal confirmation.

INDEMNIFICATION

The Proposer shall, defend, indemnify, and hold harmless the City of Conroe/CLGC, their officers, and agents from and against any and all claims, demands, causes of action, orders, decrees, or judgments for injury, death, damage to person or property, loss, damage, or liability of any kind (including without limitation liability under any federal, state, or local environmental law, Compensation and Liability Act; fees and costs (including all costs or settlements and reasonable attorney’s fees incurred in defending any claim, demand, or cause of action) occasioned by, growing out of, or arising from (a) the performance of any product or service to be supplied by the Proposer, or (b) by any act, error or omission on the part of the Proposer, its agents, employees, or subcontractors, and or (c) any failure to fully comply with all applicable laws and regulations by the Proposer, its agents, employees, or subcontractors.

INSURANCE REQUIREMENTS

The Proposer shall procure and maintain, at its expense, during the term of this proposal, at least the following insurance, covering work performed.

COVERAGE	LIMITS
A. Worker’s Compensation	- As required by Texas Law
B. Employer’s Liability	- \$1,000,000 each occurrence
C. Public Liability (Bodily injury)	- \$1,000,000 combined single limit
D. Public Liability (Property damage)	- \$1,000,000 combined single limit
E. Automobile Liability (Bodily injury)	- \$ 200,000 each person
F. Automobile Liability (Property damage)	- \$ 50,000 each occurrence

The Proposer agrees to furnish insurance certificates, showing the Proposer’s compliance with this section.

INDEPENDENT CONTRACTOR RELATIONSHIP

The Proposer is and shall perform these services as an independent contractor, and as such, shall have and maintain complete control over all of its employees, agents, and operations. Neither the Proposer nor anyone employed by it shall be, represent, act, purport to act or be deemed to be the agent, representative, employee or servant of the City of Conroe.

The Proposer selected by this Request for Proposal will be working as an independent contractor and will be required to take out and keep in force all permits, licenses, certifications, other approvals, and or insurance that may be required by the City of Conroe, any local or regional

governmental agency, the State of Texas, or the federal government. Failure to comply with any of these items would be grounds for immediate cancellation of the contract.

EQUAL EMPLOYMENT OPPORTUNITY

Attention is called to the requirements for ensuring that employees and applicants for employment are not discriminated against because of their age, race, color, creed, sex or national origin.

INTERVIEWS

After written proposals are received and initially evaluated, the City may require one or more of the Candidates to provide an oral presentation as a supplement to their proposals. Any Candidate required to interview should be prepared to discuss and substantiate any area of their proposal. The City is under no obligation to grant interviews to any Candidate receiving a copy of this RFP and/or submitting a written proposal in response to this RFP.

RESPONSE FORMAT

The items listed below shall be submitted with each proposal and should be submitted in the order shown. Each section should be clearly labeled, with pages numbered and separated by sections.

❖ **Section 1 – Cover Letter**

Provide a cover letter indicating your firm's understanding of the requirements relating to this proposal. The letter must be brief and formal from the proposer that provides information regarding the firm's interest in and ability to perform the requirements of this RFP. A person who is authorized by the organization to enter into an agreement with the City of Conroe/Conroe Local Government Corporation (CLGC) will sign the letter.

Please include all contact information.

❖ **Section 2 – Acceptance of Conditions**

Indicate any exceptions to the specifications, terms and conditions of this RFP, including the Scope of Hotel & Convention Center Consulting Services.

❖ **Section 3 – Company Background (2 – Pages Maximum)**

1. Years in business under present name.
2. Name and address of each office location.
3. Ownership structure (Corporation / Partnership).
4. Names and titles of officers in the company.
5. Company trade organizations / associations / affiliations

❖ **Section 4 – Experience of Key Personnel on Similar Jobs (2 – Pages Maximum)**

1. List key personnel that will be assigned or oversee this job.
2. Provide resumes for key personnel.

❖ **Section 5 – References (2 – Page Maximum)**

Provide references with contact information from three (3) entities and/or organizations for which your company has provided services.

❖ **Section 6 – List of Ongoing Projects (2 – Page Maximum)**

Provide a list of 3 current projects in which your company is involved.

Please describe the services provided.

❖ **Section 7 – Agreement**

Provide the Firm's proposed agreement for Hotel & Convention Center Consulting Services.

❖ **Section 8 – Proposed Fee Schedule**

Provide the Firm's proposed fee schedule for Hotel & Convention Center Consulting Services.

II. BACKGROUND

The City of Conroe created the CLGC as a public, non-profit corporation, incorporated pursuant to and governed by Subchapter D of Chapter 431, Texas Transportation Code and Chapter 22, Texas Business Organizations Code for the purpose of financing developing, constructing, and equipping the Hyatt Regency Conroe Hotel & Convention Center (“the property”).

The property consists of an upper-upscale, full-service hotel, having 250 guestrooms and suites, appropriate support facilities such as a restaurant, bar, supporting back-of-the-house areas, and food preparation facilities. The property also includes an adjoining Convention Center and Parking Garage.

The project was opened to the public on May 25, 2023. Please see the attached Investor Presentation (Attachment 1) for a general overview of the project.

For more detailed information, please see the Final Official Statement of the CLGC Hotel Revenue Bonds that is posted on the Electronic Municipal Market Access (EMMA) website operated by the MSRB. Link here: [Conroe Local Government Corporation \(msrb.org\)](https://www.msrb.org/conroe-local-government-corporation)

III. SCOPE OF SERVICES

The Consultant agrees to provide the CLGC with the services identified in **Exhibit A**.

IV. ADDITIONAL SERVICES

In addition to the services described in **Exhibit A**, Consultant may propose additional services identified in **Exhibit B** when so requested by the Owner. The terms of the services identified in **Exhibit B** shall be set forth as an amendment to this Contract or in a separate document.

V. TERM OF CONTRACT

This Contract shall become effective as of the date executed by the City/CLGC as set forth on the signature page hereof and, unless terminated by either party pursuant to Article VI of this Contract, shall remain in effect thereafter for a period of ten (10) years from such date. Unless the Consultant or City/CLGC notifies the other party in writing at least ninety (90) days in advance of the applicable anniversary date that this Contract will not be renewed, this Contract will be renewed if mutually agreed upon by Advisor and Issuer on each anniversary of the date hereof for an additional year for up to a five (5) year period.

VI. TERMINATION

This Contract may be terminated with or without cause by the City/CLGC or Consultant upon the giving of at least ninety (90) days' prior written notice to the other party of its intention to terminate, specifying in such notice the effective date of such termination. In the event of such termination, it is understood and agreed that only the amounts due to the Consultant for services provided and expenses incurred to the date of termination will be due and payable. No penalty will be assessed for termination of this Contract by either party.

VII. COMPENSATION AND REIMBURSEMENT

The Consultant shall propose a fee schedule for the services requested.

VIII. MISCELLANEOUS

Section 1. This instrument contains the entire Contract between the parties relating to the rights herein granted and obligations herein assumed. Any oral or written representations or modifications

concerning this Contract shall be of no force or effect except for a subsequent modification in writing signed by all parties hereto.

Section 2. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case because it conflicts with any provision or provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

Section 6. Any notice or other communication to be given to the CLGC under this Contract may be given by delivering the same in writing to the Conroe Local Government Corporation, 300 West Davis Street, Conroe, Texas 77301, Attention: Assistant City Administrator/Director of Finance; and, any notice or other communication to be given to Consultant under this Contract may be given by delivering the same in writing to the Consultant's address as stated in this proposal.

Section 7. This Contract shall be construed and given effect in accordance with the laws of the State of Texas. Venue for any dispute regarding this Contract shall be in the courts of Montgomery County, Texas.

Section 8. This Contract shall be binding upon and inure to the benefit of the CLGC and Consultant, their respective successors and assigns; provided, however, that neither party hereto may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

Section 9. The terms of this Contract shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by all of the parties hereto.

Section 10. This Contract is submitted in duplicate originals. When accepted and executed by the parties hereto, this Contract will constitute the entire Contract for the purpose and consideration herein specified.

EXHIBIT A
DESCRIPTION OF SERVICES

The Conroe Local Government Corporation (CLGC) is looking to engage a qualified consultant to assist in analyzing the financial condition of the Hyatt Regency Conroe Hotel & Convention Center (the “property”), develop and review assumptions of forecasted revenue and expenses, prepare a multi-year forecasted financial analysis, and advise the CLGC on matters related to the property. Multiple objectives should be satisfied by the selected consultant’s work product, which includes the following:

- On an annual basis, provide long-term financial projections of the Hyatt Regency Conroe Hotel & Convention Center in a format structured similarly to the tables entitled “Net Operating Income After Reserve” (Attachment 2) and “Flow of Funds” (Attachment 3)
- Provide a description of key assumptions underlying the projections, including estimates of occupancy, average daily room rate, revenue per available room (RevPAR), revenues, and operating expenses for the subject property.
- Annually review Hyatt’s proposed marketing plan, operating budget and capital budget, including financial and operational assumptions
- Prepare a long-term projection of the property’s sales tax revenues, hotel occupancy tax revenues, and mixed beverage tax revenues.
- Present the financial projections to the City of Conroe, CLGC Board and staff
- Act in a fiduciary capacity to the CLGC, and advise the City of Conroe and CLGC as necessary
- Assist, advise, and consult on any other matters related to the property on an “as needed” basis

EXHIBIT B
DESCRIPTION OF ADDITIONAL SERVICES

The Consultant may propose additional hotel & convention center services.

Upon the request of an authorized representative of the CLGC, the Consultant may perform the services pursuant to the terms of the Contract, subject to the mutual agreement of the CLGC and Consultant regarding the terms and conditions thereof.

PROPOSAL AGREEMENT AND CERTIFICATION

The Undersigned Agrees That:

The individual signing this proposal certifies that he/she is a legal agent of the proposer, authorized to represent the proposer and is legally responsible for the offer with regard to supporting documentation and prices provided.

- A. No Federal, State, County or Municipal taxes have been included in the quoted prices and none will be added.
- B. Prices in this proposal have not knowingly been disclosed with any other provider and will not be prior to award.
- C. Prices in this proposal have been arrived at independently, without consultation, communication or agreement for the purpose of restricting competition.
- D. No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition.
- E. The individual signing this proposal certifies that he/she is a legal agent of the proposer, authorized to represent the proposer and is legally responsible for the offer with regard to supporting documentation and prices provided.
- F. Agent shall **initial** each applicable item below to certify acknowledgement.

_____ Initial to indicate the required proposal submittals are enclosed.

_____ Initial to acknowledge receipt of addendum and/or amendment (if applicable).

(Company Name)

(Name of Authorized Agent – Printed)

(Street Address / P.O. Box)

(Authorized Agent Signature)

(City / State / Zip Code)

(Date)

(Phone)

APPENDIX A

Fee Schedule for Consulting Services

Please provide a fee schedule for the requested services.

ATTACHMENT 1
Investor Presentation

July 30, 2021



Conroe Convention Center and Hotel Project

\$28,795,000*

Conroe Local Government Corporation
First-Lien Hotel Revenue Bonds
(*Conroe Convention Center Hotel*)
Series 2021A

\$27,160,000*

Conroe Local Government Corporation
Second-Lien Hotel Revenue Bonds
(*Conroe Convention Center Hotel*)
Series 2021B

\$21,240,000*

Conroe Local Government Corporation
Combination Third-Lien Hotel
Revenue and Subordinate Contract
Revenue Bonds
(*Conroe Convention Center Hotel*)
Series 2021C



Disclaimer

The electronic Investor Presentation you are about to view is provided as of July 30, 2021 for a proposed offering by the Conroe Local Government Corporation (the “Issuer”) of its First-Lien Hotel Revenue Bonds, Series 2021A, its Second-Lien Hotel Revenue Bonds, Series 2021B, and its Combination Third-Lien Hotel Revenue and Subordinate Contract Revenue Bonds, Series 2021C (collectively, the “Series 2021 Bonds”). Market prices, financial data, and other information provided herein are not warranted as to completeness or accuracy and are subject to change without notice. If you are viewing this presentation after July 30, 2021, there may have been subsequent events that could have a material adverse effect on the financial information that is presented herein. Neither the Issuer nor the Underwriter have undertaken any obligation to update this presentation.

This Investor Presentation is provided for your information and convenience only. By accessing this presentation, you agree not to duplicate, copy, download, screen capture, electronically store or record this Investor Presentation, or to produce, publish or distribute this Investor Presentation in any form whatsoever. This Investor Presentation does not constitute an offer to sell or the solicitation of an offer to buy any security or other financial instrument, including the Series 2021 Bonds, or to adopt any investment strategy. Any offer or solicitation with respect to the Series 2021 Bonds will be made solely by means of the Preliminary Official Statement or Official Statement, which describe the actual terms of the Series 2021 Bonds. The Underwriter makes no representations as to the legal, tax, credit, or accounting treatment of any transactions mentioned herein, or any other effects such transactions may have on you and your affiliates or any other parties to such transactions and its respective affiliates. In no event shall the Underwriter, the Issuer, or Hyatt be liable for any use by any party of, for any decision made or action taken by any party in reliance upon, or for any inaccuracies or errors in, or omissions from, the information contained herein and such information may not be relied upon by you in evaluating the merits of participating in any transaction mentioned herein. Nothing in these materials constitutes a commitment by the Underwriter or any of its affiliates to enter into any transaction. No assurance can be given that any transaction mentioned herein could in fact be executed.

Any investment decision regarding the Series 2021 Bonds should only be made after a careful review of the complete Preliminary Official Statement, including the appendices thereto. You are responsible for consulting with your own advisors and making your own independent investigation and appraisal of the risks, benefits, appropriateness, and suitability of the proposed transaction and any other transactions contemplated by this presentation, and neither the Issuer nor the Underwriter are making any recommendation (personal or otherwise) or giving any investment advice and will have any liability with respect thereto. Transactions involving the Series 2021 Bonds may not be suitable for all investors. You should consult with your own advisors as to the suitability of the Series 2021 Bonds for your particular circumstances.

Past performance is not indicative of future returns, which will vary. This Investor Presentation may contain “forward-looking” statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results may differ materially from those expressed or implied by such forward-looking statements. We caution you not to place undue reliance on these statements. All statements other than the statements of historical fact could be deemed forward-looking. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative, and are subject to change without notice.

Capitalized terms not defined herein are defined in the Preliminary Official Statement.

The Series 2021 Second-Lien Bonds are being offered only to institutional “accredited investors” (“Accredited Investor”) as that term is defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the “Securities Act”) or a “qualified institutional buyer” (“Qualified Institutional Buyer”) as that term is defined under Rule 144A of the Securities Act.

Financing Team and Agenda

Financing Team

Issuer:	City of Conroe, TX / Conroe Local Government Corporation Steve Williams, <i>Assistant City Administrator / CFO</i> Collin Boothe, <i>Assistant Finance Director</i>
Developer:	Garfield Public/Private LLC Raymond Garfield, Jr., <i>Chairman</i> Stephen Galbreath, <i>Chief Development Officer</i> Daniel Hennessy, <i>Principal and General Counsel</i>
Design/Builder:	DPR Construction Nicholas Hull, <i>Senior Project Manager</i>
Construction Monitor:	Broaddus & Associates Sam Sprouse, <i>Vice President</i>
Manager:	Hyatt Corporation Kimo Bertram, <i>Vice President</i>
Market Consultant:	CBRE Hotels Advisory Jeff Binford, <i>Executive Vice President and Advisory Leader</i>
Bond Counsel:	Orrick Herrington & Sutcliffe LLP Marcus Deitz, <i>Partner</i> Tanya Fischer, <i>Partner</i>
Municipal Advisor:	BOK Financial Securities John H. Robuck, <i>Managing Director</i>
Underwriter:	Citigroup Bill Corrado, <i>Director</i> Will DiRe, <i>Assistant Vice President</i> Kathryn Bullen, <i>Assistant Vice President</i>

Presentation Agenda

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1. Transaction Summary

Executive Summary

The City of Conroe, Texas has identified a need for upscale lodging and public meeting space to complement its recent growth in population and commercial activity.

- The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within Conroe, Texas (the “City”) and is expected to promote tourism and the convention industry
- The City created the Conroe Local Government Corporation (the “Issuer”) for the purpose of financing, developing, constructing, and equipping the Convention Center and Hotel Project
- The Convention Center and Hotel Project will be planned, designed, and constructed pursuant to a Professional Services Agreement between the Issuer and Garfield Public/Private LLC (the “Development Manager”) and a Design-Build Agreement with a final GMP between the Issuer and DPR Construction (the “Design/Builder”)
- The Convention Center and Hotel Project will include both the [Hotel Facilities](#) and the [City Facilities](#), both of which will be prepared for opening by Hyatt Corporation (“Hyatt”) and, after opening, managed and operated by Hyatt pursuant to a Hotel Services Agreement between the Issuer and Hyatt
- The Issuer will issue three series of its Series 2021 Bonds to finance the Hotel Facilities
 - Each lien of the Series 2021 Bonds will be primarily payable from Gross Operating Revenues
 - The Series 2021 Third-Lien Bonds will be additionally secured by the sales tax-derived “Contract Revenue”
 - Additional security features include various reserve funds and a Deed of Trust
- Separate from this transaction, the City will fund the City Facilities with (i) Certificates of Obligation and (ii) a contribution from the Conroe Industrial Development Corporation



Financing Overview – Series 2021 Bonds

Issuer	<ul style="list-style-type: none"> • Conroe Local Government Corporation
Description	<ul style="list-style-type: none"> • \$28,795,000* First-Lien Hotel Revenue Bonds (Conroe Convention Center Hotel), Series 2021A • \$27,160,000* Second-Lien Hotel Revenue Bonds (Conroe Convention Center Hotel), Series 2021B • \$21,240,000* Combination Third-Lien Hotel Revenue and Subordinate Contract Revenue Bonds (Conroe Convention Center Hotel), Series 2021C
Purpose	<ul style="list-style-type: none"> • The proceeds of the Series 2021 Bonds, together with other sources, will be used to (i) finance the costs required to design, acquire, construct, equip, furnish, and open the Hotel Facilities and City Facilities; (ii) fund capitalized interest; (iii) fund debt service reserve funds; (iv) fund an initial deposit to the Working Capital Reserve Fund; and (v) pay certain costs of issuing the Series 2021 Bonds
Security	<ul style="list-style-type: none"> • The Series 2021 Bonds are limited special obligations of the Issuer payable primarily from the Gross Operating Revenues (<i>secures all bonds</i>), certain Sales Tax-derived Contract Revenue to be contributed by the Conroe Industrial Development Corporation (<i>Third-Lien Bonds only</i>), and from certain amounts held by the Trustee under the Indenture
Bond Reserve Funds	<ul style="list-style-type: none"> • At Closing: <u>Bond Reserve Funds</u> will be funded from bond proceeds and sized separately at the “least of three” tax test • Following the Opening Date: The Debt Service Reserve Fund Requirements for the First-Lien Bonds and Second-Lien Bonds will increase to 1.5x MADS (sized separately), funded from cash flows
Supplemental Bond Reserve Funds	<ul style="list-style-type: none"> • A <u>Supplemental First-Lien Bond Reserve Fund</u> and <u>Supplemental Second-Lien Bond Reserve Fund</u> will each be sized to MADS and funded from cash flows after the Opening Date
Capitalized Interest	<ul style="list-style-type: none"> • Each series includes capitalized interest through 6 months following the Opening Date
Additional Bonds	<ul style="list-style-type: none"> • New Money Bonds, Refunding Bonds, and Completion Bonds are permitted – see page 28 herein
Optional Redemption*	<ul style="list-style-type: none"> • 10-year par call on 10/1/2031 for each series
Tax Status	<ul style="list-style-type: none"> • The Series 2021 Bonds will be federally tax-exempt
Ratings	<ul style="list-style-type: none"> • <u>First-Lien Bonds</u>: Preliminary “BBB- / Stable Outlook” rating (S&P) • <u>Second-Lien Bonds</u>: Preliminary “BB- / Stable Outlook” rating (S&P) • <u>Third-Lien Bonds</u>: <i>Moody’s rating pending</i>
Structure*	<ul style="list-style-type: none"> • <u>First-Lien and Second-Lien Bonds</u>: Term bonds due on 10/1/2031 and 10/1/2050, with amortization beginning on 10/1/2025 • <u>Third-Lien Bonds</u>: Serial bonds due between 10/1/2028 and 10/1/2041, and term bonds due on 10/1/2046 and 10/1/2050

2. Overview of the City and the Issuer

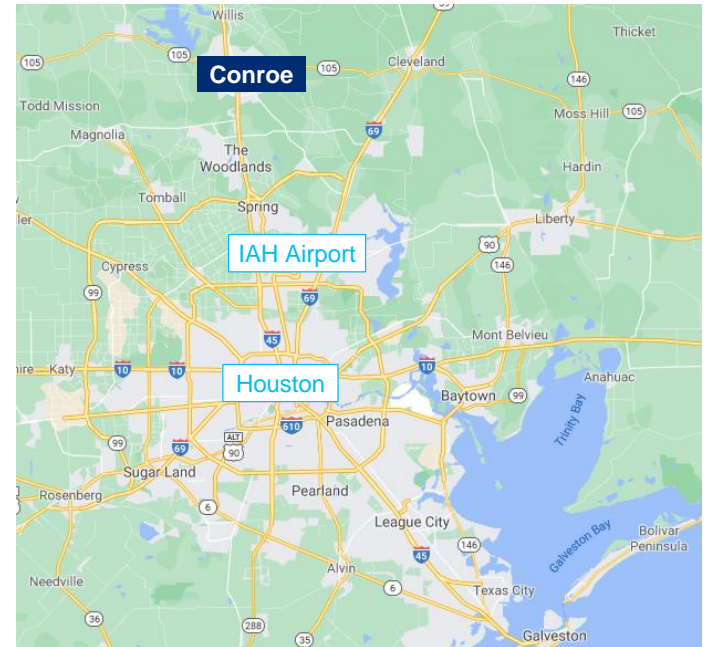
The City of Conroe, Texas

Conroe, Texas is the county seat of Montgomery County, a southeast Texas county, and is a principal city in the Houston-The Woodlands-Sugar Land metropolitan area. As of 2019, the City had an estimated population of 91,079.

- Conroe is located 40 miles north of downtown Houston, within 35 minutes of Houston George Bush Intercontinental Airport, and less than an hour from Houston Hobby Airport
- The City encompasses an area of approximately 75 square miles and is easily accessible via U.S. Interstate 45, a major thoroughfare running through the middle of the City
- Commercial activity in Conroe is centered primarily on manufacturing, oil production, medical research, and government / services
- Montgomery County’s population grew by 55% between 2000 and 2010, which was the 24th fastest rate of growth of any county in the U.S., and is currently among the top 10 nationwide counties when ranked by percentage growth
- Conroe’s general obligation credit is rated Aa1 by Moody’s and AA+ by S&P

Top 10 Principal Employers	
Principal Employers	2020 Number of Employees
Conroe Independent School District	7,310
Montgomery County	2,211
HCA Conroe	1,200
NOV Downhole	647
City of Conroe	639
Community Pathology Associates	424
Cantel Medical	400
NOV Wellbore Technologies	400
NOV Fluid Control	375
Professional Directional	300
Total	13,906

Population Trends					
Municipality	1970	1980	1990	2000	2010
City of Conroe	11,969	18,034	27,610	39,338	56,207
City of Houston	1,233,535	1,595,138	1,630,553	1,953,631	2,099,451
Montgomery County	49,479	128,487	182,201	293,768	455,746



The Need for the Convention Center and Hotel Project

The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within the City and is expected to promote tourism and the convention industry.

- Conroe’s explosive growth over the last two decades has led the City to consistently explore unique opportunities that maximize available land and cater to a diversifying economy
- The City and the Conroe Industrial Development Corporation (“CIDC”) began the process of researching the feasibility of developing a full-service convention center and hotel in October 2015
- The City and CIDC commissioned CBRE Hotels to conduct market and economic feasibility studies to determine if such a facility could be developed and sustained, its ideal location, and the amount of convention space required
- It was quickly recognized that this type of development is a natural fit at this stage of the City’s growth process and that there is a substantial demand for such a facility given the strategic location and connectivity to Houston
- Following this affirmation and the selection of an ideal location, the City sought proposals from potential hotel development companies through a request for proposal process
 - The City and CIDC selected Garfield Public/Private LLC as the Development Manager
- In March of 2017, following an in-depth evaluation of Garfield’s proposal and the preferred location, planning began between the City, Garfield, and Johnson Development, the developers of Grand Central Park
- A 7.55-acre site located in Grand Central Park next to the new Sam Houston State University College of Osteopathic Medicine was selected and purchased from Johnson Development



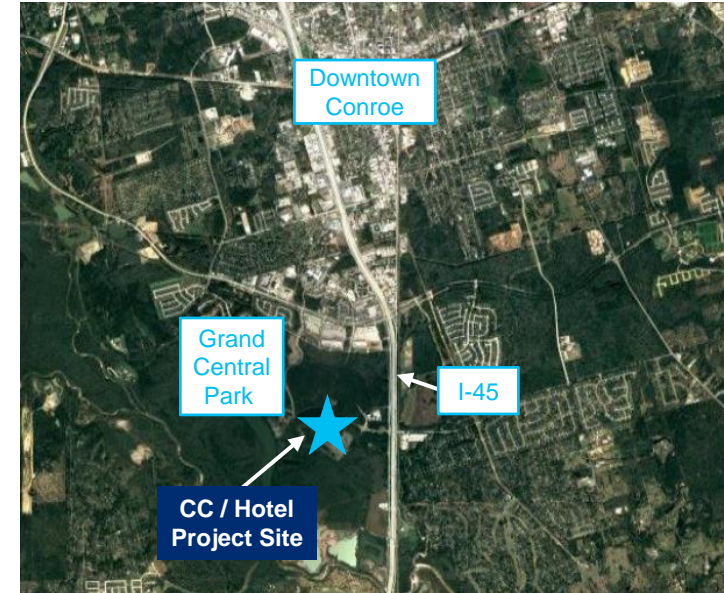
3. The Convention Center and Hotel Project

Location and Site

The Convention Center and Hotel Project will address the hotel and meeting facilities needs identified by residents and businesses within the City and is expected to promote tourism and the convention industry.

Overview

- The proposed Convention Center and Hotel Project will be well-located in the Montgomery County area near corporate, leisure and group demand as well as restaurants, shopping and other hotels
- The proposed site for the Convention Center and Hotel Project is located near the southern boundary of Conroe, Texas and is well-suited for hotel development
- The site is located on the west side of I-45, south of Loop 336 in the proposed Grand Central Park mixed-use development
- The Grand Central Park development, located just five miles north of The Woodlands, will further enable the Convention Center and Hotel Project to attract demand from the surrounding area by providing a desirable, urban locale complete with natural beauty and walkable features
- Increases in office space, retail offerings, residential projects, airport and medical expansions are creating an active environment for commercial, conference and tourist activity in Conroe and the surrounding area
- In addition, the consolidation of ExxonMobil from Houston to a large campus in Spring brought new demand of the area
- All these elements are combining to establish the area as a dynamic destination, which is expected to support lodging demand in this rapidly-growing area for years to come



Site Utility

- The topography of the site is generally flat, and the shape permits efficient use of the site for building and site improvements
- The site is served by all necessary utilities

Convention Center and Hotel Design and Key Elements

The Convention Center and Hotel Project, designed by BOKA Powell Architects, will be developed by Garfield Public/Private LLC, and constructed by DPR Construction.

Certain Convention Center and Hotel Project Facilities

Guestroom Configuration	Guestrooms
Total	250

Indoor Meeting & Banquet Facilities	Combined Sq. Ft.
Ballroom	15,000
Junior Ballrooms	8,000
Breakout Rooms	6,000
Boardroom	2,000
Total Square Feet of Meeting Space	31,000

Food & Beverage Facilities
Three-meal Restaurant
Lounge and Lobby
Room Service

Amenities & Services
Outdoor Pool
Business Center
Fitness Center
High Speed Internet

Preliminary Site Plan Details and Exterior Rendering



City Facilities Overview As-Planned

- Consists of 31,000 sq. ft. of public conference rooms and meeting space, including a 15,000 sq. ft. main ballroom, an 8,000 sq. ft. junior ballroom, 8,000 sq. ft. of additional meeting space, and public facilities / infrastructure ancillary to the conference rooms and meeting space, surface parking for ~90 vehicles plus a structured parking garage for ~484 vehicles

Development Budget and FF&E Agreement

\$98,862,805 Development Budget

- The development budget consists of the Hotel Facilities (\$68,862,805) and the City Facilities (\$30,000,000)

	Hotel	Convention Center	Garage	Total Project
Hard Costs				
Construction				
Construction - General Contractor	\$ 38,825,954	\$ 14,653,564	\$ 5,300,313	\$ 58,779,831
Site Work & Landscaping	3,225,535	1,096,658	-	4,322,193
Design Builders Fee	1,452,911	537,378	-	1,990,289
CGL Insurance & Builders Risk	1,232,506	528,217	-	1,760,723
Payment & Performance Bond	485,024	207,867	-	692,891
Subtotal Construction Costs	\$ 45,221,930	\$ 17,023,684	\$ 5,300,313	\$ 67,545,927
Model Room Construction (During Pre-Construction)	120,000	-	-	120,000
Construction Contingency	1,660,000	-	-	1,660,000
FF&E / OS&E / IT / Equipment				
FF&E	6,168,045	1,846,069	-	8,014,114
OS&E	1,840,160	1,206,295	50,000	3,096,455
IT	1,050,000	550,000	118,750	1,718,750
Kitchen / Laundry Equipment	1,000,000	908,609	-	1,908,609
Subtotal Hard Costs	\$ 57,060,135	\$ 21,534,657	\$ 5,469,063	\$ 84,063,855
Soft Costs (Net of Financing / Working Capital)				
Site				
Survey, Geotech, etc.	\$ 27,300	\$ 10,500	\$ 4,200	\$ 42,000
Design Fees				
Architectural and Engineering Fees	2,320,445	754,075	240,401	3,314,921
DPR - Design Management Fee (1.2%)	27,845	9,049	2,885	39,779
DPR Pre-IGMP to Final GMP	80,000	45,000	15,000	140,000
Fee Contingency	503,263	-	-	503,263
DBC	80,000	-	-	80,000
KPFF	120,000	-	-	120,000
Surepod	50,000	-	-	50,000
Inspections				
3rd Party Testing & Inspection	183,150	82,750	25,100	291,000
Fire/Life Safety Review and Inspection	40,000	30,000	10,000	80,000
Fire/Life Safety Commissioning	40,000	40,000	20,000	100,000
Other Soft Costs				
Brand, Technical Service, & Construction Services Fees	175,000	75,000	-	250,000
Brand Application Fee	75,000	-	-	75,000
Pre-Opening Budget	1,824,508	290,720	50,000	2,165,228
Legal Fees	222,200	77,000	30,800	330,000
GPP Developer Fees	2,778,508	650,681	150,391	3,579,580
GPP Developer Success / Incentive Fee	400,000	150,000	50,000	600,000
Construction Manager	348,159	98,260	44,918	491,337
Developer's Insurance / Indemnity	75,000	28,250	11,300	114,550
Project Contingency	2,432,292	-	-	2,432,292
Subtotal Soft Costs	\$ 11,802,670	\$ 2,341,285	\$ 654,995	\$ 14,798,950
Total Development Budget				
Total Development Budget	\$ 68,862,805	\$ 23,875,942	\$ 6,124,058	\$ 98,862,805

Development Budget / FF&E Agreement

- The Development Manager has prepared the development plan for the Hotel Facilities and the City Facilities
- The development plan includes a schedule setting forth by category the types of furniture, fixtures, and equipment ("FF&E") for the Hotel Facilities and the City Facilities
- The Development Manager, along with Looney & Associates, LLC (a leading interior designer firm with extensive Hyatt experience) has secured design and quality approval for the FF&E from Hyatt
- The specifications for the FF&E for both the Hotel Facilities and the City Facilities are in compliance with the hotel design, quality, and operating standards of Hyatt
- The Development Manager, with the approval of the Issuer, has retained BW Dallas LLC ("Benjamin West"), the world's leading FF&E procurement firm, for the purchase of all FF&E for the Hotel Facilities and the City Facilities
- Benjamin West is highly qualified and experienced in equipping upper-upscale full-service hotels in the Houston, Texas region consistent with the highest industry standards

Development Schedule

The development schedule below results in a May 1, 2023 Convention Center and Hotel Project opening date.

Activity	Start	Finish
Mobilization for Construction	9/27/2021	-
Deep Foundations	11/18/2021	1/18/2022
Foundations	12/27/2021	2/14/2022
Superstructure	1/4/2022	3/28/2022
Exterior Framing	3/28/2022	5/3/2022
Interior Framing	2/9/2022	7/11/2022
MEP Rough-in	4/21/2022	6/27/2022
Building Dry-in	-	8/3/2022
Permanent Power	9/27/2021	3/22/2022
Equipment Start-up	8/4/2022	9/6/2022
Contractor Punch	8/29/2022	2/8/2023
Certificate of Occupancy	-	4/1/2023
Substantial Completion	-	4/1/2023
Final Completion	-	5/1/2023
Opening	-	5/1/2023

4. Construction of the Convention Center and Hotel Project

DPR's Involvement to Date: Site, Budget, Schedule Discussion

DPR Construction has been involved with the Convention Center and Hotel Project since January of 2020.

Construction-Related Activities to Date

- The project team has yet to commence with any on-site construction activities, but DPR Construction has been coordinating the details and resolving potential issues through the use of an offsite, full-scale mockup
 - Currently, the mockup of both a king and queen guestroom is in the final coordination & permitting stages, and its construction will be a vital asset and instrumental in assisting in the collaboration between the project team and end-user team

Site, No Construction Issues

- The Convention Center and Hotel Project is located on a wooded site within an existing master-planned development
- The road package immediately surrounding the site was recently completed and work on that is ongoing – the recent installation of the surrounding road package is a huge benefit to the project as it drastically simplifies the locating of all utilities
- Challenges of the site include the storm-prone area it sits in; this necessitates an expeditious start to dry-in period to ensure the Convention Center and Hotel Project does not have prolonged exposure to the elements
- DPR Construction has leveraged its prefabrication expertise and resources to prefabricate the Convention Center and Hotel Project structure, which will dramatically reduce the exposure time of material to the elements as well as reduce the overall timeline of construction

Development Budget and Schedule are Appropriate

- With over \$1 billion of completed hotel projects in Texas alone over the last 3 years, DPR Construction brings a deep understanding of the hospitality market
- This allowed DPR Construction to focus on collaborating with all stakeholders to understand the desired end-product and subsequently develop a budget and schedule that balances the realities/challenges of the local construction market with the stakeholders end-product expectations

Houston Area Construction Market – COVID-19, Material Costs, and Labor/Subcontractors

- The search for qualified skilled labor remains extremely challenging in the midst of a local construction market that is recovering from the global pandemic
 - This is one of the reasons that DPR Construction leveraged its prefabrication resources to help mitigate the impact of this issue on this project

Design-Build Agreement

The proposed Design-Build Agreement is summarized below.

Guaranteed Maximum Price (GMP)

- The Design/Builder has agreed to design and construct the Convention Center and Hotel Project within the GMP

Substantial Completion Date

- The Design/Builder has covenanted to sufficiently complete construction of the Convention Center and Hotel Project on or before the Substantial Completion Date as set forth in the Design Build Agreement
- [Subject to Excusable Delays, the Design/Builder or its surety will pay Liquidated Damages for each day of delay equal to the daily interest expense](#) on the Series 2021 Bonds and the City's Certificate of Obligations; the total Liquidated Damages shall not exceed the 15% of the guaranteed maximum price

Warranty

- The Design/Builder warrants that all materials and equipment furnished under the Construction Phase of the Design Build Agreement will be new, of good quality, in conformance with the Contract Documents, and free from defective workmanship and materials; warranties shall commence on the Substantial Completion Date of the Project and end 1 year after the Substantial Completion Date
- The Design/Builder agrees to correct any breach of this warranty and to correct all construction performed under the Design Build Agreement which proves to be defective in workmanship and materials prior to or within a period of 1 year from the Substantial Completion Date, including, without limitation, the mechanical, electrical, or plumbing workmanship and materials

Other Requirements

- The Design/Builder is required to furnish a payment and performance bond that meets all statutory requirements for payment bonds under Texas law in an amount not less than the GMP under the Construction Contract
- Under the GMP, retainage equals 5% of all amounts to be paid by the Design/Builder to subcontractors and contingency is the maximum sum available to the Design/Builder to cover the cost of the work not included in the GMP with is incurred by the Design/Builder as a result of unforeseeable causes and exigencies
- The Design/Builder has agreed to obtain and maintain liability insurance coverage for projects of this size and type, including commercial general liability insurance, workers' compensation/employer's liability insurance, commercial auto liability insurance, pollution liability insurance, contractor's professional liability insurance, construction equipment insurance, hazardous materials insurance and excess liability coverage

5. Convention Center and Hotel Project Operations

Hyatt and Hyatt Regency

There are over 200 Hyatt Regency urban and resort locations in 30 countries around the world that serve as the go-to gathering space for every occasion – from family vacations to efficient business meetings.

Hyatt Overview

- Hyatt Hotels Corporation (NYSE:H) is a leading global hospitality company offering a portfolio of 20 premier brands
- As of March 31, 2021, Hyatt’s portfolio included more than 1,000 hotel, all-inclusive, and wellness resort properties in 68 countries across 6 continents
- Hyatt's subsidiaries develop, own, operate, manage, franchise, license, or provide services to hotels, resorts, branded residences and vacation ownership properties
- Hyatt’s best-in-class revenue delivery system will support the proposed Convention Center and Hotel Project including, the World of Hyatt guest loyalty program, Hyatt’s Global Sales organization, Hyatt’s proprietary Envision sales database and PRIO revenue management system, and Hyatt’s central reservation platform
- Hyatt manages over 400 hotels globally, providing Hyatt a depth of knowledge, bench strength, and management experience second to none in the industry

Hyatt Regency

- There are over 200 Hyatt Regency urban and resort locations in 30 countries around the world that serve as the go-to gathering space for family vacations to efficient business meetings
- Hyatt Regency hotels and resorts offer a wide range of services and amenities, including memorable culinary experiences, technology-enabled ways to collaborate, the space to work, engage or relax, and expert planners



Why a Full Service Hyatt Regency in Conroe

The Convention Center and Hotel Project is anticipated to cater to executives and groups doing business in the area, as well as weekend leisure travel. Leisure travelers will be attracted by the high quality of the new hotel, its location along I-45, and the amenities of the Grand Central Park master-planned community.

Hotel Positioning and Programming

- The Convention Center and Hotel Project will be well-located within the master-planned development of Grand Central Park, within the city limits of Conroe, in Montgomery County, Texas
- The Convention Center and Hotel Project will be proximate to corporate, leisure, and group demand generators as well as restaurants, shopping, and leisure amenities
 - Grand Central Park is a 2,046-acre master-planned community which offers walkable neighborhoods, retail, dining, medical, and Class-A office space
 - Just 5 miles north of The Woodlands along I-45 and Loop 336, Grand Central Park is centrally located near the growing Montgomery County energy corridor, regional Medical Centers, and world-class entertainment
 - Adding to the community's appeal is the over 1 million square feet of planned office, retail, and restaurant offerings of Grand Central Park, all of which will be surrounded by a pristine wooded environment
- Guests will be attracted to the Convention Center and Hotel Project's location given the surrounding retail and restaurants coupled with the excellent access to the area's stunning natural amenities of hiking and biking trails and three lakes within walking distance of the Hotel
- The Convention Center and Hotel Project will be developed, designed, and furnished with appropriate, high-quality facilities and amenities and programming consistent with the Hyatt Regency brand
- The Convention Center and Hotel Project will cater to executives and groups doing business in the area, as well as serve as the only full-service hotel for the City of Conroe
- The location within the master-planned Grand Central Park and the surrounding amenities will help differentiate the facilities from the existing select service hotels in the area

Hotel Services Agreement

The following summarizes certain provisions of the Hotel Services Agreement, which provides the terms and conditions regarding Hyatt's operational services for the Hotel Facilities and the City Facilities.

Term, Key Money, and Fees

- The Hotel Services Agreement has an initial operating term of 30 years commencing on the opening date of the Convention Center and Hotel Project (the "Operating Term")
- Hyatt will provide \$650,000 to the Issuer by payment into the Working Capital Reserve Fund in the form of key money ("Key Money") on the date which is the later of (A) 30 days after the Opening Date or (B) the date all of the Funding Conditions have been satisfied
- **Base Management Fee:** 3.0%, 4.0%, and 5.0% of the Revenue of the Hotel in operating years 1, 2, and 3 / thereafter (respectively)
- **Subordinate Management Fee Fund:** 1.0% of the Revenue of the Hotel

Summary of Responsibilities under the Hotel Services Agreement

- Determining the terms of guest admittance, use of the facilities for customary purposes, and charges for rooms and services
- The planning, supervision, and implementation of (a) all aspects of the promotion, publicity, marketing, sales, and public relations activity of the facilities and (b) all aspects of the booking and reservations process
- Implementing policies concerning the purchase of inventories, supplies, FF&E, Operating Equipment, utilities, equipment maintenance, communications services, security protection, and other goods and services necessary for the operation of the facilities
- Collection of Revenue and payment of Operating Expenses
- Overseeing routine repair and maintenance programs and coordinating with the Corporation the implementation of Capital Budgets and other capital expenditures contemplated under the terms of the Hotel Services Agreement

Performance Termination

- Owner shall have the right to issue a Termination Notice if the Hotel does not meet the requirements of the Performance Test (both the RevPAR Test and the GOP Test) applicable to the most recently concluded Performance Test Period
 - "Performance Test Period" means any 2 consecutive Fiscal Years beginning with the 4th full Fiscal Year of the Operating Term
- **RevPAR Test:** The Hotel would not meet the RevPAR Test in a given Fiscal Year if the Hotel RevPAR for the Fiscal Year in question was less than 80% of the Average RevPAR of the Competitive Set for the same Fiscal Year
- **GOP Test:** The Hotel would not meet the requirements of the GOP Test in a given Fiscal Year if the Hotel's annual Gross Operating Profit, as set forth in the applicable Annual Financial Statement, is less than 88% of the projected Gross Operating Profit for the same Fiscal Year set forth in the applicable Annual Plan

6. CBRE Market Study

Overview of Market Study

CBRE prepared a Market Study dated October 28, 2020 and an addendum to that study on July 25, 2021. In preparing the Market Study, CBRE completed the below research and analysis.

CBRE's Market Study

- Inspected the subject site and the surrounding area to determine its impact on the proposed location relative to demand generators
- Assembled, reviewed, and analyzed economic, demographic, and real estate market data pertaining to the Houston MSA and, in particular, the City of Conroe to evaluate the economic climate and estimate future growth potential (particularly regarding lodging demand)
- Interviewed representatives of the City, the Conroe Economic Development Council, and the Conroe Convention & Visitors Bureau and local business representatives to gather data on current and future growth trends and the demand for lodging and meeting facilities
- Evaluated the existing supply of lodging in the market to determine the degree of potential competition
- Prepared and reviewed a summary of historic market performance, including available rooms, occupied rooms, market occupancy, market segmentation, and average daily room rate between (i) 2016-2020 and (ii) June 2021 year-to-date compared to June 2020
- Identified other proposed hotels to assess their probability of completion and the degree to which they might compete with the proposed Convention Center and Hotel Project
- Estimated future market performance for the competitive set for the period 2021 through 2024
- Assessed the appropriateness of the planned concept, services, facilities, and amenities for the proposed Hotel
- Estimated future competitive position and market performance of the proposed Hotel for the period 202 to 2025 (stabilized year)
- Based on the estimated future competitive position of the subject proposed Hotel, prepared a schedule of prospective cash flows before debt service for the fiscal periods 2022/23 to 2031/32

Summary of Conclusions

Programming	
Classification	Full-Service Convention Hotel
Branding	Hyatt Regency
Keys	250
Meeting Space	31,000 sq. ft.
Pool	Yes
Other Amenities	Three-meal restaurant, Lobby Lounge, Business Center, Fitness Center

Projected Hotel Performance			
Year	Annual Occupancy	Average Daily Rate*	Net Operating Income After Reserve
2022/23	61%	\$185	\$1,651,000
2023/24	66%	\$214	\$6,159,000
2024/25	70%	\$221	\$6,913,000
2025/26	71%	\$228	\$7,095,000
2026/27	71%	\$234	\$7,298,000

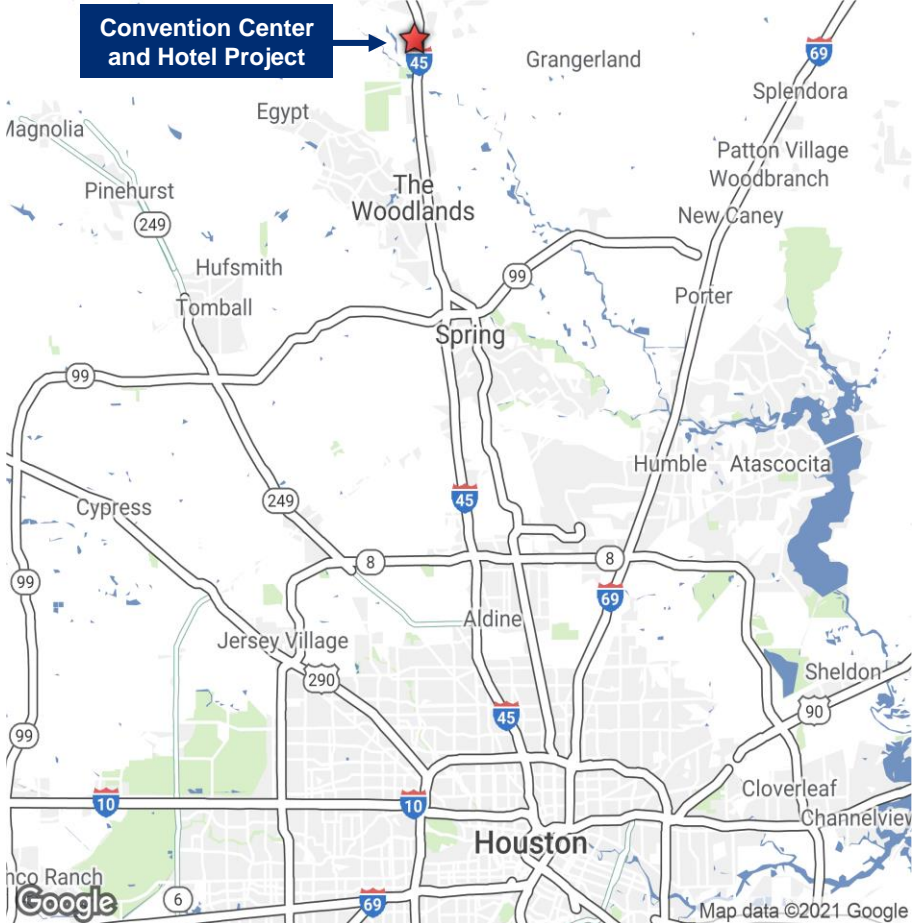
*Stated Year Dollars, rounded to the nearest dollar

Based on an ADR of \$198.00 in 2021 dollars. The hotel is estimated to open on May 1, 2023

Conroe Area Overview

Conroe is in Montgomery County and falls within the Houston MSA. As of September 2020, the graphic below depicts population, households, and household income for the City of Conroe and Montgomery County and includes current year estimates and projections according to ESRI.

	CONROE CITY, TX	MONTGOMERY COUNTY, TX
POPULATION		
2020 Population - Current Year Estimate	92,797	641,784
2025 Population - Five Year Projection	106,451	740,984
2010 Population - Census	65,187	455,746
2000 Population - Census	47,256	293,768
2010-2020 Annual Population Growth Rate	3.51%	3.40%
2020-2025 Annual Population Growth Rate	2.78%	2.92%
HOUSEHOLDS		
2020 Households - Current Year Estimate	34,442	227,935
2025 Households - Five Year Projection	39,596	262,834
2010 Households - Census	23,788	162,530
2000 Households - Census	17,277	103,296
2010-2020 Annual Household Growth Rate	3.68%	3.35%
2020-2025 Annual Household Growth Rate	2.83%	2.89%
2020 Average Household Size	2.63	2.80
HOUSEHOLD INCOME		
2020 Average Household Income	\$85,287	\$111,877
2025 Average Household Income	\$91,633	\$122,162
2020 Median Household Income	\$57,702	\$79,426
2025 Median Household Income	\$61,367	\$84,779
2020 Per Capita Income	\$31,876	\$39,771
2025 Per Capita Income	\$34,293	\$43,364



Conroe Area Overview (continued)

Site and Surroundings

- The site is well-suited for hotel development
- The Convention Center and Hotel Project will be located within the Town Center portion of Grand Central Park along the existing Deer Lake
 - Grand Central Park is home to the SHSU College of Osteopathic Medicine (across the street from the site) which should attract faculty and students on a regular basis into the proposed Hotel for food and beverage offerings as well as serve small groups and visitors to the campus
 - Grand Central Park has more than 1 million square feet of office, retail, and restaurant offerings planned

Conroe Office Submarket

Year Ending	Inventory (SF)	Completions (SF)	Occupied Stock (SF)	Occupancy	Asking Rent (\$/SF Gross)	Asking Rent Change	Net Absorption (SF)	Transaction Price Per Area (SF)
2010	2,336,584	0	2,132,788	91.3%	\$19.30	-3.63%	-29,969	\$249.60
2011	2,397,052	60,468	2,161,017	90.2%	\$19.78	2.45%	28,229	\$0.00
2012	2,567,062	170,010	2,241,075	87.3%	\$20.82	5.31%	80,058	\$0.00
2013	2,567,062	0	2,227,761	86.8%	\$21.77	4.55%	-13,314	\$0.00
2014	2,567,062	0	2,268,775	88.4%	\$22.90	5.18%	41,014	\$0.00
2015	2,613,118	46,056	2,365,399	90.5%	\$23.16	1.13%	96,624	\$67.44
2016	2,629,563	16,445	2,405,401	91.5%	\$23.19	0.14%	40,002	\$0.00
2017	2,667,703	38,140	2,443,420	91.6%	\$23.36	0.74%	34,969	\$390.69
2018	2,743,117	75,414	2,505,126	91.3%	\$23.97	2.57%	61,706	\$100.38
2019	2,747,617	4,500	2,440,501	88.8%	\$24.01	0.18%	-64,625	\$83.91
2020 Q1	2,750,904	3,287	2,470,860	89.8%	\$24.08	0.30%	30,359	\$77.31
2020 Q2	2,750,904	0	2,460,323	89.4%	\$24.02	-0.24%	-10,537	\$110.00
2020 Q3	2,755,404	4,500	2,435,947	88.4%	\$23.96	-0.27%	-24,376	\$187.10
2020 Q4	2,755,404	0	2,429,448	88.2%	\$23.96	-0.01%	-6,499	\$91.53
2021*	2,818,875	63,471	2,434,409	86.4%	\$23.97	0.07%	4,979	\$0.00
2022*	2,819,915	1,040	2,459,220	87.2%	\$25.24	5.29%	24,832	\$0.00
2023*	2,834,505	14,590	2,487,138	87.7%	\$26.54	5.14%	27,968	\$0.00
2024*	2,854,964	20,459	2,514,092	88.1%	\$27.59	3.94%	26,985	\$0.00
2025*	2,877,393	22,429	2,537,628	88.2%	\$28.40	2.94%	23,574	\$0.00

*Future Projected Data according to Costar

Source: Costar. 4th Quarter 2020

- The Convention Center and Hotel Project will be well-located in Montgomery County near corporate, leisure, and group demand generators as well as restaurants, shopping, and other amenities
- Its location along I-45 at the southern edge of Conroe would provide a needed alternative to the demand in the area currently using The Woodland's facilities
- The Grand Central Park development located less than ten miles north of The Woodlands, would further enable the hotel to attract demand from the surrounding area by providing a desirable, urban locale complete with natural beauty and walkable features

Office Market

- The Conroe office submarket consists of approximately 2,755,404 square feet of office space
 - The current submarket inventory represents approximately 0.8% of the overall market inventory
- As of 4th Quarter 2020, there was approximately 2,429,448 square feet of occupied office space (including sublet space), resulting in an occupancy rate of 88.2% for the submarket

Competitive Lodging Market Analysis

Overview

- Based on a review of the area, seven hotels containing 1,962 rooms were identified as the proposed Hotel's primary competitive set
- These properties were included in the competitive supply based upon their location, quality of facilities, brands, markets served and/or positioning through rate structures

Competitive Set Profile				
Primary Competition	Number of Rooms	Year Built	Meeting Space (sq. ft.)	
			Total	Per room
The Woodlands Resort	402	1974	60,000	149
Margaritaville Lake Resort	445	1985	72,000	162
Marriot The Woodlands Hotel & Convention Center	343	1992	66,532	194
Hyatt Centric The Woodlands	72	2009	3,735	52
Embassy Suites The Woodlands at Hughes Landing	205	2015	3,060	15
The Westin @ The Woodlands	302	2016	10,160	34
Houston CityPlace Marriot at Springwood Village	337	2019	24,979	74
Competitive Set Average	301	2001	34,352	114

Source: CBRE Hotels; individual property management and website

Historical Market Performance									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2015	467,565	N/A	271,655	N/A	58.1%	\$214	N/A	\$124	N/A
2016	628,530	34.4%	326,836	20.3%	52.0%	200	-6.6%	104	-16.4%
2017	645,685	2.7%	385,474	17.9%	59.7%	196	-1.9%	117	12.6%
2018	676,710	4.8%	382,341	-0.8%	56.5%	202	3.2%	114	-2.3%
2019	687,660	1.6%	425,662	11.3%	61.9%	203	0.3%	126	9.9%
CAAG	10.1%		11.9%			-1.3%		0.3%	
YTD 8/2019	458,440	N/A	281,024	N/A	61.3%	\$203	N/A	\$125	N/A
YTD 8/2020	385,075	-16.0%	158,266	-43.7%	41.1%	\$200	-1.9%	\$82	-34.2%

Source: CBRE Hotels, STR Global

Historical Market Performance									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2016	628,596	N/A	326,870	N/A	52.0%	\$200	N/A	\$104	N/A
2017	645,802	2.7%	385,544	18.0%	59.7%	196	-1.9%	117	12.6%
2018	676,750	4.8%	382,364	-0.8%	56.5%	202	3.2%	114	-2.3%
2019	687,540	1.6%	425,587	11.3%	61.9%	203	0.3%	126	9.9%
2020	585,460	-14.8%	222,475	-47.7%	38.0%	185	-8.8%	70	-44.0%
CAAG	-1.8%		-9.2%			-1.9%		-9.3%	
YTD 6/2020	292,730	N/A	125,874	N/A	43.0%	\$201	N/A	\$86	N/A
YTD 6/2021	364,635	24.6%	165,909	31.8%	45.5%	\$185	-7.8%	\$84	-2.5%

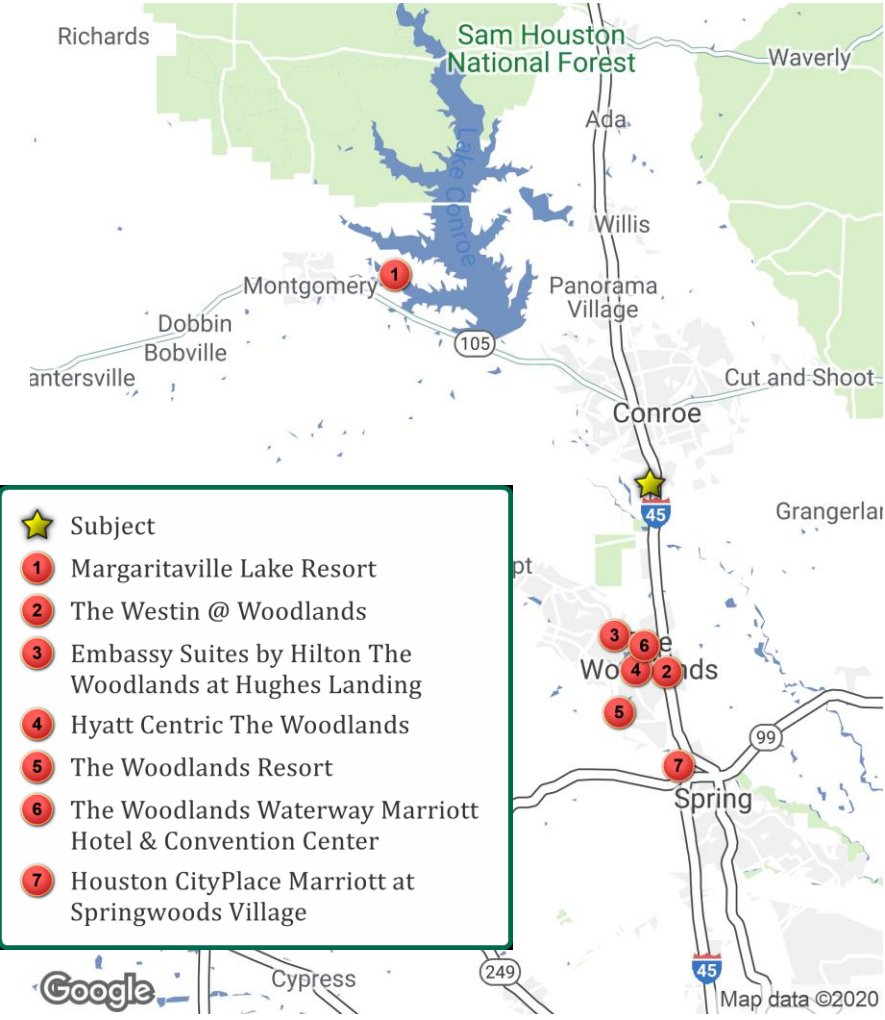
Source: CBRE Hotels, STR Global

Overview (continued)

- Supply.** The supply of rooms in the competitive market increased by a CAGR of 10.1% from 2015 through 2019. Occupied rooms, or the demand for those rooms increased at a similar rate of 11.9% annually. Occupancies over the past 5 years ranged from a low of 52.0% in 2016 to a high of 61.9% in 2019, while ADR ranged from a low of \$199.75 in 2016 to a high of \$213.77 in 2015. Occupancy and rate increases in 2017 are the result of the influx of temporary demand following and February 2017 Super Bowl LI and hurricane Harvey, which occurred in August 2017. In 2019 the supply of rooms increased slightly 1.6%. Market supply decreased in 2020 as a result of property closures during COVID-19.
- Occupancy.** Occupancy and rate declined in 2016 due to the opening of the Westin at The Woodlands in March 2016 and the decrease in oil prices leading to a decline in the overall energy industry, which is the primary demand generator for the area. Although market occupancy decreased in 2016, demand increased 20.3%, which is a positive indicator for the market. In late 2017, Hurricane Harvey and Super Bowl LI, resulted in citywide compression for hotel rooms throughout the Houston MSA, and a resulting increase in occupancy, which carried into 2018. According to market interviews, the bulk of the demand resulting from the hurricane left The Woodlands area by January and February of 2018. In 2019, market occupancy increased by 11.3%, caused by the closing of La Torretta Lake Resort in May of 2019. Occupied rooms experienced a steep decline of 47.7% in 2020 due to COVID-19.
- ADR.** The competitive market achieved a record high ADR of \$213.77 in 2015. The decline in the energy industry coupled with significant additions to supply suppressed ADR increases to a 1.3% decline, compounded annually since 2015, well below Houston's long run average of 1.5% and below inflation. RevPAR increased only slightly at 0.3% compounded annually from 2015 through 2019. In 2019, ADR for the market remained relatively flat compared to 2018. YTD through August, ADR only declined slightly at 1.9%. The stability in rate is attributed to the high summer rates achieved at The Margaritaville Resort opening in late June 2020, in time to capitalize on the 4th of July holiday. ADR in 2020 was \$184.84. Local hoteliers expect occupancy levels to return to 2019 levels by 2023-2024.

Competitive Lodging Market Analysis (continued)

Map of Competitive Supply



Market Mix

Competitive Market: 2019 Mix of Demand		
Market Segment	Room Nights	Ratio
Corp Individual	170,300	40%
Leisure	93,600	22%
Group	161,800	38%
Total	426,000	100%

Commercial travelers are defined as business travelers attracted by businesses in the area. Timing for this segment is generally between Monday through Thursday nights. The typical length of stay is two to three days and is characterized by single occupancy. This demand segment is less rate-sensitive than other segments. Among the competitive hotels, these travelers are often influenced by location, full-service amenities and brand loyalty. Corporate volume demand is generated by local firms and includes employees of the company or others doing business with the firm. Rates are often pre-negotiated with the hotel and frequently discounted in exchange for a high number of occupied rooms. Overall, the corporate segment is highly desirable, as it provides a solid base of business and tends to pay higher room rates.

Leisure hotel demand typically consists of families and couples visiting the area for a weekend, retail shopping, attending special events, participating in lake activities and attending social gatherings such as weddings. Demand from leisure transient travelers typically occurs during weekends, holidays and shoulder seasons. Leisure travelers tend to have a higher level of double occupancy and tend to be more price sensitive. Length of stay for these travelers is typically one or two nights.

Group demand consists of travelers gathering for a common purpose. This segment is attracted by a hotel's availability of meeting facilities and proximate area amenities. Corporate groups typically occur between Sunday and Thursday nights. Often, corporate groups pay high rates, especially incentive groups, where companies entertain and celebrate their top sales representatives at upscale or luxury hotels. Corporate groups tend to have a high level of single occupancy, while other social and leisure-related groups tend to have more double occupancy. Group travelers tend to stay at full-service hotels due to the availability of meeting facilities and utilize the hotel's food and beverage facilities. This segment has some seasonality, and annual repeat business is not guaranteed. Overall, the group segment is desirable as it provides for a better utilization of the entire hotel facilities.

Competitive Lodging Market Analysis (continued)

Projected Competitive Market Performance									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2023	782,499	7.3%	472,400	11.8%	60.4%	\$206	6.2%	\$124	10.7%
2024	807,380	3.2%	500,300	5.9%	62.0%	\$216	4.9%	\$134	7.6%
2025	807,380	0.0%	500,600	0.1%	62.0%	\$223	3.2%	\$138	3.3%
2026	807,380	0.0%	500,600	0.0%	62.0%	\$229	2.7%	\$142	2.7%
2027	807,380	0.0%	500,600	0.0%	62.0%	\$236	3.1%	\$146	3.1%
2028	807,380	0.0%	500,600	0.0%	62.0%	\$243	3.0%	\$151	3.0%
2029	807,380	0.0%	500,600	0.0%	62.0%	\$251	3.3%	\$156	3.3%
2030	807,380	0.0%	500,600	0.0%	62.0%	\$258	2.8%	\$160	2.8%
2031	807,380	0.0%	500,600	0.0%	62.0%	\$266	3.0%	\$165	3.1%
CAAG	3.4%		13.6%			5.3%		15.6%	

- The competitive market is projected to increase from 38% occupancy in 2020 to 47% in 2021 and 58% in 2022 as the market rebounds from COVID-19
 - As the Hotel's supply is absorbed, and the market continues to rebound, market occupancy is projected to increase to 60% in 2023 and 62% in 2024 when the Hotel is expected to stabilize
- In 2020 the market resulted in a 302 room decline in the supply of rooms, caused by La Torretta closing in 2019 and re-opening as The Margaritaville Resort in June 2020
 - Additionally, most of the hotels within the competitive-set temporarily closed during some of the March through May 2020 period, due to the impact of COVID-19

Estimated Performance

Occupancy

- The Hotel is expected to achieve an occupancy of 57.7% in 2023, its first partial year, increase to 68.5% in 2024 during the first full year of operation, increase to 70% in 2025, and stabilize in its third full year of operation in 2026 at 71.2%. Upon stabilization of both the market and Hotel, the Hotel is estimated to penetrate the market at 115% of its fair share in 2026.

ADR

- The Hotel's ADR was benchmarked at \$185.00 against the competitive set's \$184.94 ADR in 2020. This positions the proposed hotel above the existing hotels in the Conroe market, but below the hotels within the competitive set except the Woodlands Resort and La Torretta, before closing in 2019 for rebranding. Due to COVID-19, the market ADR declined 8.8% in 2020, but is expected remain flat in 2021, increase 5% in 2022, 6% in 2023, and 5% in 2024 before continuing with inflationary increases estimated at 3%. This rebound is consistent with projected ADR increases for the Houston market area. Projecting the Hotel's ADR, both the COVID-19 rebound and inflationary increases are the same. The hypothetical Representative Year ADR, which discounts the ADR over the projection period results in \$198.00.

RevPAR

- Overall, the Hotel is projected to achieve a stabilized Revenue Yield of 114%, which is reasonable given the attributes of the hotels within the competitive set.

Estimated Market Segmentation

- The Convention Center and Hotel Project is projected to receive more than its fair share of demand from the Group segment due to its location and the facilities offered. It is estimated to receive more than its fair share of demand from the Corporate Individual segment due to its product offering, as well as its emphasis on midweek Group bookings. The Hotel is projected to receive its fair share of demand from the Leisure segment due to its higher rate structure in comparison to local limited-service/select-service hotels in the area. Upon stabilization, the Hotel's mix of demand is comprised of the corporate individual segment at 100%, leisure segment at 100% and the group segment at 135%.

Estimated Market Performance of the Hotel

Year	Annual Supply	Percent Change	Occ. Rooms	Percent Change	Occ. %	Market Index	ADR	Percent Change	RevPAR	Percent Change
2023	53,229	N/A	30,700	N/A	57.7%	96%	206	6.0%	119	N/A
2024	91,250	71.4%	62,500	103.6%	68.5%	111%	216	5.0%	148	24.5%
2025	91,250	0.0%	64,400	3.0%	70.6%	114%	223	3.0%	157	6.4%
2026	91,250	0.0%	65,000	0.9%	71.2%	115%	229	3.0%	163	3.6%
2027	91,250	0.0%	65,000	0.0%	71.2%	115%	236	3.0%	168	3.1%
CAAG	14.4%		20.6%				3.5%		9%	

2025 Mix of Demand

Market Segment	Room Nights	Ratio	Penetration
Corp Individual	23,400	36%	100%
Leisure	11,500	18%	100%
Group	29,500	46%	135%
Total	64,400	100%	114%

Estimated Annual Cash Flows

Overview

- Based on the evaluation of market findings relative to the Convention Center and Hotel Project, schedules of estimated operating results were prepared which could reasonably be generated by the operation of a facility of the type, size, and caliber as described in the preceding sections of this report

Financial Comparables

- In estimating future operating results, historical 2019 operating statements of 9 hotels with similar room counts and facilities were analyzed
- The comparable hotels are not identified to protect the confidentiality of the sample; these properties ranged in size from 203 to 347 rooms with an average of 254
- Occupancy rates ranged from 56% to 80% with an average of 73%; ADR ranged from \$168 to \$187 with an average of \$177
- Meeting space at the comparable properties ranged from 12,000 to 60,000 square feet with an average of 26,700 square feet
- Revenue and expense estimates were based on the market analysis described herein, the performance of comparable properties, typical industry parameters and the premiums and efficiencies for an upper-upscale, full-service hotel
- In evaluating comparable financial statements, expenses were considered as a % of revenue as well as per occupied room (POR) and per available room (PAR)
- All dollar, POR, and PAR amounts are expressed in 2020 dollars

Departmental Expenses (Percent of Department Revenue)

Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Rooms Expense Per Occupied Room	\$37.25 - \$53.87	\$45.45	\$44.67	\$43.00
Food & Beverage Expense	0.0% - 83.2%	60.3%	65.2%	60.0%
Other Operated Departments Expense	9.7% - 95.1%	47.8%	42.1%	50.0%

Undistributed Operating Expenses (Dollars Per Available Room)

Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Administrative and General	\$4,564 - \$8,324	\$6,438	\$6,492	\$6,006
Marketing	4,750 - 11,133	8,261	8,591	8,000
Property Operation and Maintenance	2,166 - 4,391	3,329	3,310	3,000
Utility Costs	1,839 - 3,896	2,753	2,564	2,600
Information and Telecommunications System:	324 - 2,044	1,269	1,522	1,150

Fixed Expenses (Dollars Per Available Room)

Items	Comparable Hotels			Subject Hotel Projections Stabilized Year
	Range	Average	Median	
Base Management Fee	2.0% - 4.3%	3.1%	3.0%	3.0%
Property Taxes	36 - 1,436	1,037	1,244	0
Insurance	0 - 1,633	740	545	700

*Estimates for Property Taxes and Insurance are based on local area hotels.

Pro Forma Financial Projections (Operating Years 1 - 10)

Pro Forma Net Operating Income After Reserve ⁽¹⁾

	Partial Year: Hotel Opening 5/1/2023									
Operating Year #	1	2	3	4	5	6	7	8	9	10
Fiscal Year Beginning	9/30/22	9/30/23	9/30/24	9/30/25	9/30/26	9/30/27	9/30/28	9/30/29	9/30/30	9/30/31
Fiscal Year Ending	9/30/23	9/30/24	9/30/25	9/30/26	9/30/27	9/30/28	9/30/29	9/30/30	9/30/31	9/30/32
Number of Units	250	250	250	250	250	250	250	250	250	250
Annual Occupancy	61%	66%	70%	71%	71%	71%	71%	71%	71%	71%
Average Daily Rate	\$ 185.00	\$ 214.00	\$ 221.00	\$ 228.00	\$ 234.00	\$ 241.00	\$ 249.00	\$ 256.00	\$ 264.00	\$ 272.00
Revenue Per Available Room	\$ 112.85	\$ 140.79	\$ 154.82	\$ 162.04	\$ 166.68	\$ 171.67	\$ 177.37	\$ 182.36	\$ 188.05	\$ 193.75
Revenues										
Rooms	\$ 4,316,000	\$ 12,846,000	\$ 14,129,000	\$ 14,786,000	\$ 15,210,000	\$ 15,665,000	\$ 16,185,000	\$ 16,640,000	\$ 17,160,000	\$ 17,680,000
Food & Beverage	2,703,000	7,162,000	7,857,000	8,209,000	8,475,000	8,729,000	8,991,000	9,260,000	9,538,000	9,824,000
Other Operated Departments	246,000	651,000	714,000	746,000	770,000	794,000	817,000	842,000	867,000	893,000
Miscellaneous Income	123,000	326,000	357,000	373,000	385,000	397,000	409,000	421,000	434,000	447,000
Total Revenues	\$ 7,388,000	\$ 20,985,000	\$ 23,057,000	\$ 24,114,000	\$ 24,840,000	\$ 25,585,000	\$ 26,402,000	\$ 27,163,000	\$ 27,999,000	\$ 28,844,000
Departmental Expenses										
Rooms	\$ 1,168,000	\$ 2,984,000	\$ 3,169,000	\$ 3,287,000	\$ 3,390,000	\$ 3,492,000	\$ 3,596,000	\$ 3,704,000	\$ 3,815,000	\$ 3,930,000
Food & Beverage	1,726,000	4,440,000	4,746,000	4,930,000	5,085,000	5,237,000	5,394,000	5,556,000	5,723,000	5,895,000
Other Operated Departments	123,000	326,000	357,000	373,000	385,000	397,000	409,000	421,000	434,000	447,000
Total Departmental Expenses	\$ 3,017,000	\$ 7,750,000	\$ 8,272,000	\$ 8,590,000	\$ 8,860,000	\$ 9,126,000	\$ 9,399,000	\$ 9,681,000	\$ 9,972,000	\$ 10,272,000
Departmental Profit	\$ 4,371,000	\$ 13,235,000	\$ 14,785,000	\$ 15,524,000	\$ 15,980,000	\$ 16,459,000	\$ 17,003,000	\$ 17,482,000	\$ 18,027,000	\$ 18,572,000
Undistributed Expenses										
Administrative & General	\$ 634,000	\$ 1,635,000	\$ 1,723,000	\$ 1,785,000	\$ 1,839,000	\$ 1,894,000	\$ 1,952,000	\$ 2,010,000	\$ 2,071,000	\$ 2,133,000
Marketing	894,000	2,196,000	2,262,000	2,330,000	2,400,000	2,472,000	2,546,000	2,623,000	2,701,000	2,782,000
Property Operation and Maintenance	331,000	814,000	838,000	863,000	889,000	916,000	943,000	971,000	1,001,000	1,031,000
Utility Costs	287,000	705,000	726,000	748,000	770,000	794,000	817,000	842,000	867,000	893,000
Information and Telecommunications Systems	127,000	312,000	321,000	331,000	341,000	351,000	362,000	372,000	384,000	395,000
Total Undistributed Operating Expenses	\$ 2,273,000	\$ 5,662,000	\$ 5,870,000	\$ 6,057,000	\$ 6,239,000	\$ 6,427,000	\$ 6,620,000	\$ 6,818,000	\$ 7,024,000	\$ 7,234,000
Gross Operating Profit	\$ 2,098,000	\$ 7,573,000	\$ 8,915,000	\$ 9,467,000	\$ 9,741,000	\$ 10,032,000	\$ 10,383,000	\$ 10,664,000	\$ 11,003,000	\$ 11,338,000
Hyatt Base Management Fee (2)	222,000	717,000	1,018,000	1,206,000	1,242,000	1,279,000	1,320,000	1,358,000	1,400,000	1,442,000
Income Before Fixed Expenses	\$ 1,876,000	\$ 6,856,000	\$ 7,897,000	\$ 8,261,000	\$ 8,499,000	\$ 8,753,000	\$ 9,063,000	\$ 9,306,000	\$ 9,603,000	\$ 9,896,000
Fixed Expenses										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Insurance	\$ 77,000	\$ 190,000	\$ 196,000	\$ 201,000	\$ 207,000	\$ 214,000	\$ 220,000	\$ 227,000	\$ 233,000	\$ 240,000
Total Fixed Expenses	\$ 77,000	\$ 190,000	\$ 196,000	\$ 201,000	\$ 207,000	\$ 214,000	\$ 220,000	\$ 227,000	\$ 233,000	\$ 240,000
Net Operating Income	\$ 1,799,000	\$ 6,666,000	\$ 7,701,000	\$ 8,060,000	\$ 8,292,000	\$ 8,539,000	\$ 8,843,000	\$ 9,079,000	\$ 9,370,000	\$ 9,656,000
Senior FF&E Reserve Fund (3)	148,000	507,000	788,000	965,000	994,000	1,023,000	1,056,000	1,087,000	1,120,000	1,154,000
Net Operating Income After Reserve	\$ 1,651,000	\$ 6,159,000	\$ 6,913,000	\$ 7,095,000	\$ 7,298,000	\$ 7,516,000	\$ 7,787,000	\$ 7,992,000	\$ 8,250,000	\$ 8,502,000

(1) The first period only represents 152 days of operations (between 5/1/2023 and 9/30/2023) to align the bond year with the Opening Date. Operating years 2-10 represent 365 full days of operations per year.

(2) Equal to 3.0% of Gross Operating Revenues in the first full year of operations ending 4/30/2024, 4.0% in the second full year, and 5.0% in the third full year and thereafter. Rounded to the nearest \$1,000 per CBRE.

(3) Equal to 2.0% of Gross Operating Revenues in the first full year of operations ending 4/30/2024, 3.0% in the second full year, and 4.0% in the third full year and thereafter. Rounded to the nearest \$1,000 per CBRE.

7. Security and Sources of Payment

Security for the Series 2021 Bonds

The Series 2021 Bonds will be limited special obligations of the Issuer payable from the Trust Estate per the Indenture.

Overview

- The First-Lien Bonds and Second-Lien Bonds shall be secured equally and ratably with the assets held in the Trust Estate (including, but not limited to, [Gross Operating Revenue](#)) as established in the Indenture, the Second-Lien Bonds being subordinate to the First-Lien Bonds
- The Third-Lien Bonds shall be secured equally and ratably with the assets in the Trust Estate, subordinate to both the First-Lien Bonds and the Second-Lien Bonds; the Series 2021 Third-Lien Bonds [shall be additionally secured by the Contract Revenue](#) and funds to be held in the Contract Revenue Fund

Primary Components of the Trust Estate

1. All Gross Operating Revenues and all other amounts deposited in or credited to the Collection Account for the benefit of the Issuer and the Trustee, all in accordance with and subject to the terms of the Hotel Services Agreement and the Indenture, together with any investments and reinvestments made with such amounts and the proceeds thereof
2. All of the Issuer's right, title, and interest in all amounts deposited in or credited to the Funds and Accounts to be held by the Trustee under the Indenture (except as otherwise indicated in the Indenture), together with any investments and reinvestments made with such amounts and the proceeds thereof
3. All of the Issuer's rights, title and interest in all amounts on deposit in or from time to time required to be deposited in the Contract Revenue Fund and any investments and reinvestments made with such amounts and the proceeds thereof, with such funds to be used solely for the purpose of paying principal of and interest on the Series 2021 Third-Lien Bonds when due and owing

Leasehold Deed of Trust

- To secure repayments under the Trust Indenture, the Issuer has executed the Leasehold Deed of Trust, pursuant to which the Corporation has granted to the Trustee a security interest in property (the "Mortgaged Premises")

Sales Taxes and Contract Revenue

The Issuer has pledged to the Series 2021 Third-Lien Bonds the “Contract Revenue,” which is derived from the Sales Taxes levied on behalf of the Conroe Industrial Development Corporation.

The Sales Taxes

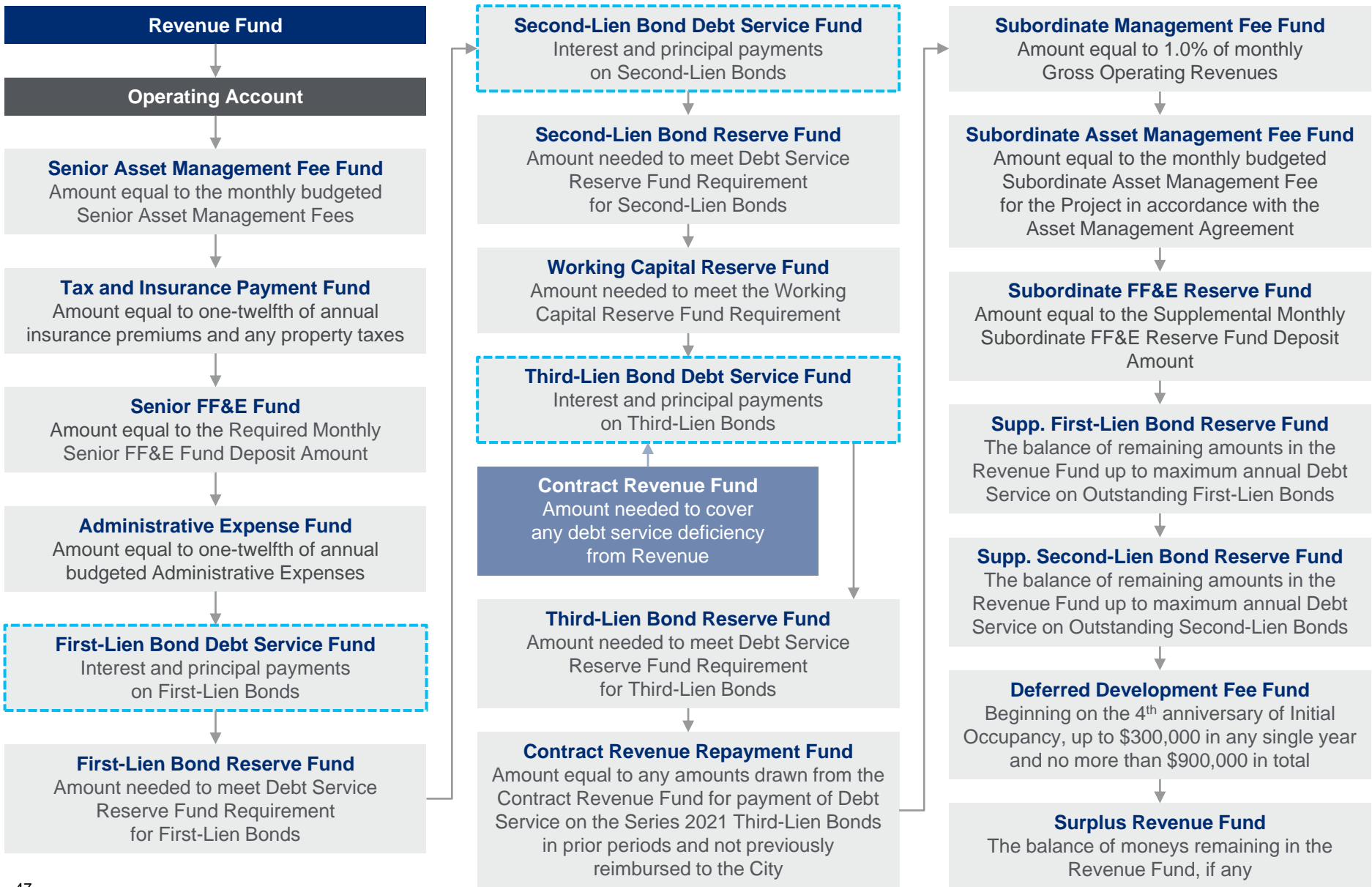
- In 1994, voters in the City approved a sales and use tax at a rate of 0.50% (the “Sales Tax”), the proceeds of which may be pledged to secure obligations of the CIDC for certain approved uses
 - The CIDC’s objective is to encourage economic development in the entire Conroe area
- The Sales Tax, together with all other State and local sales taxes, produces a total sales and use tax rate within the City of 8.25%, the maximum permitted by State law
 - Of this 8.25% total rate, 6.25% is levied by the State, 1.50% is levied by the City for its general fund, and 0.50% is levied by the City on behalf of the CIDC

The Funding Agreement and Existing CIDC Debt

- The City, the CIDC, and the Issuer entered into a Funding Agreement pursuant to which the City and the CIDC agreed to a plan of finance for the Hotel and City Facilities which, among other things, [includes a subordinate payment obligation of the CIDC to make semi-annual cash contributions of Contract Revenue derived from Sales Taxes for deposit into the Contract Revenue Coverage Account for the payment of the Series 2021 Third-Lien Bonds](#) (in the event of a debt service deficiency under the Indenture)
- The Contract Revenue provides debt service for, and is subject to, a senior pledge in favor of existing bonds issued by the CIDC

Flow of Funds

The graphic below highlights the monthly flow of funds pursuant to the Indenture.



Reserve Funds

A summary of the various reserves is provided below.

Bond Reserve Funds – Series 2021 Bonds

- At closing, each lien’s Bond Reserve Fund is initially sized to the least of (i) 10% of the stated principal amount of each lien, (ii) the maximum annual debt service of each lien (“MADS”), or (iii) 125% of the average annual principal and interest requirements of each lien
- After the Hotel opening date, the [First-Lien Bond Reserve Fund](#) and [Second-Lien Bond Reserve Fund](#) are funded up to 1.5x MADS from available cash flows; these increased Debt Service Reserve Fund Requirements are carried through the final maturity

Supplemental First-Lien and Second-Lien Bond Reserve Fund

- A [Supplemental First-Lien Bond Reserve Fund](#) and [Supplemental Second-Lien Bond Reserve Fund](#) will each be separately funded up to MADS from surplus cash flows after Hotel opening

Senior FF&E Fund / Subordinate FF&E Reserve Fund

- **Senior:** 2.0%, 3.0%, and 4.0% of the Revenue of the Hotel Facilities in operating years 1, 2, and 3+ (respectively)
- **Subordinate:** 2.0%, 3.0%, and 4.0% of the Revenue of the Hotel Facilities in operating years 1, 2, and 3+ (respectively)

Surplus Revenue Fund

- On each Annual Distribution Date and after making the necessary deposits and transfers per the Indenture, the Trustee shall transfer all amounts on deposit in the Surplus Fund to the Issuer; provided that:
 - i. A certificate of an Authorized Corporation Representative stating that there exists no Event of Default or event which would constitute an Event of Default upon notice and failure to cure pursuant to the Indenture;
 - ii. Delivery of a Certificate of the Issuer an Accountant or a Financial Advisor that as of the last day of the Year the Debt Service Coverage Ratio for all then Outstanding Bonds was greater than or equal to 1.25x for such Year; and
 - iii. Delivery of a Certificate of the Issuer or the Asset Manager that the forecasted budget of the Project's operations of revenues and operating expenses set forth in the approved Annual Plan demonstrates that the Debt Service Coverage Ratio for the ensuing year for all then Outstanding Bonds is projected to be greater than or equal to 1.25x for such Year

Additional Bonds Test

An overview of the Additional Bonds Test is shown below. Additionally, a rating confirmation is also required for new money, completion, or refunding bonds.

New Money

- If such bonds constitute First-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for each of the previous two years and a Hotel Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First-Lien Bonds: 3.00x
 - First and Second-Lien Bonds: 1.75x
 - First, Second, and Third-Lien Bonds: 1.25x
- If such bonds constitute Second-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for each of the previous two years and a Hotel Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First and Second-Lien Bonds: 1.75x
 - First, Second, and Third-Lien Bonds: 1.25x
- If such bonds constitute Third-Lien Bonds, existing bonds must have maintained not less than the following debt service coverage ratios for each of the previous two years and a Hotel Feasibility Consultant must predict the same, and not less than, coverage ratios for every year the bonds remain outstanding:
 - First, Second, and Third-Lien Bonds: 1.25x

Refunding Bonds

- Unless the Refunding Bonds are used to refund all Bonds then Outstanding, requirements for Refunding Bonds include (i) a Certificate of Reduction in Debt Service or (ii) minimum historical and projected debt service coverage ratios that meet the thresholds as set forth above

Completion Bonds

- The Issuer may issue Completion Bonds, the proceeds of which are required to complete the Hotel Facilities in the manner originally contemplated, so long as the aggregate principal amount of the Completion Bonds does not exceed 10% of the original aggregate principal amount of the applicable series (i.e. First, Second, or Third-Lien) of Series 2021 Bonds

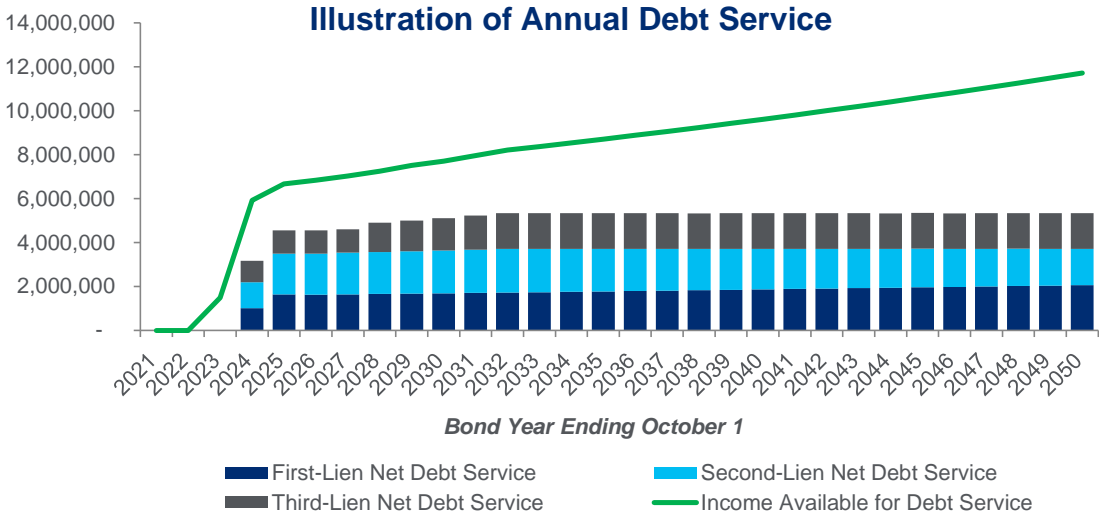
8. Plan of Finance

Sources and Uses of Funds / Illustration of Annual Debt Service

Sources and Uses of Funds

	Series 2021 Bonds			Total Series 2021 Bonds	Other Sources of Funds		Total
	Series 2021 First-Lien Bonds	Series 2021 Second-Lien Bonds	Series 2021 Third-Lien Bonds		Operator Key Money	CIDC Contribution, CIDC Loan, and Certificates of Obligation (2)	
SOURCES:							
Total Par Amount	\$ 28,795,000	\$ 27,160,000	\$ 21,240,000	\$ 77,195,000	-	\$ 16,540,000	\$ 93,735,000
Original Issue Premium / Discount	1,569,770	1,363,756	6,165,238	9,098,764	-	3,672,728	12,771,493
Subtotal Bond Proceeds	\$ 30,364,770	\$ 28,523,756	\$ 27,405,238	\$ 86,293,764	-	\$ 20,212,728	\$ 106,506,493
Other Funding Sources	-	-	-	-	\$ 650,000	10,000,000	10,650,000
Total Sources	\$ 30,364,770	\$ 28,523,756	\$ 27,405,238	\$ 86,293,764	\$ 650,000	\$ 30,212,728	\$ 117,156,493
USES:							
Hotel Facilities Budget	\$ 24,543,393	\$ 22,286,745	\$ 22,032,667	\$ 68,862,805	-	-	\$ 68,862,805
City Facilities Budget	-	-	-	-	-	\$ 30,000,000	30,000,000
Subtotal Project Fund	\$ 24,543,393	\$ 22,286,745	\$ 22,032,667	\$ 68,862,805	-	\$ 30,000,000	\$ 98,862,805
Construction Contingency Fund	-	-	480,000	480,000	-	-	480,000
Working Capital Reserve Fund	-	-	-	-	\$ 650,000	-	650,000
Capitalized Interest	2,382,836	2,816,346	2,303,950	7,503,132	-	-	7,503,132
Bond Reserve Fund	2,064,400	1,988,750	1,628,000	5,681,150	-	-	5,681,150
Costs of Issuance (1)	1,374,141	1,431,916	960,621	3,766,677	-	212,728	3,979,406
Total Uses	\$ 30,364,770	\$ 28,523,756	\$ 27,405,238	\$ 86,293,764	\$ 650,000	\$ 30,212,728	\$ 117,156,493

(1) Includes the underwriting discount, legal and accounting fees, initial Trustee fees, rating agency fees, printing costs, and other costs of issuance.
 (2) The City's separate issuance of Certificates of Obligation, together with a CIDC loan and cash contribution, will provide \$30,000,000 of net bond proceeds for the City Facilities.



Financial Projections (\$000s, Years 1-14)

The table below summarizes the preliminary projected flow of funds based upon the CBRE pro forma.

Operating Year # Bond Year Ending Fiscal Year Ending	Partial Year: Hotel Opening 5/1/2023	1 10/1/23 9/30/23	2 10/1/24 9/30/24	3 10/1/25 9/30/25	4 10/1/26 9/30/26	5 10/1/27 9/30/27	6 10/1/28 9/30/28	7 10/1/29 9/30/29	8 10/1/30 9/30/30	9 10/1/31 9/30/31	10 10/1/32 9/30/32	11 10/1/33 9/30/33	12 10/1/34 9/30/34	13 10/1/35 9/30/35	14 10/1/36 9/30/36
Net Operating Income After Reserve (1)		\$1,651	\$6,159	\$6,913	\$7,095	\$7,298	\$7,516	\$7,787	\$7,992	\$8,250	\$8,502	\$8,672	\$8,845	\$9,022	\$9,203
Income Available for Debt Service															
Senior Asset Management Fee Fund: 0.50%		\$37	\$105	\$115	\$121	\$124	\$128	\$132	\$136	\$140	\$144	\$147	\$150	\$153	\$156
Administrative Expense Fund		125	128	130	133	135	138	141	144	146	149	152	155	159	162
Income Available for Debt Service		\$1,489	\$5,927	\$6,668	\$6,842	\$7,038	\$7,250	\$7,514	\$7,713	\$7,964	\$8,208	\$8,373	\$8,540	\$8,711	\$8,885
First-Lien Bond Debt Service															
First-Lien Bond Debt Service Fund		-	\$1,007	\$1,638	\$1,624	\$1,644	\$1,658	\$1,671	\$1,689	\$1,710	\$1,726	\$1,741	\$1,759	\$1,776	\$1,795
First-Lien Bond Reserve Fund (2)		\$1,032	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available After First-Lien Bonds		\$457	\$4,920	\$5,029	\$5,218	\$5,395	\$5,592	\$5,843	\$6,024	\$6,253	\$6,483	\$6,632	\$6,781	\$6,935	\$7,090
Second-Lien Bond Debt Service															
Second-Lien Bond Debt Service Fund		-	\$1,190	\$1,853	\$1,872	\$1,895	\$1,911	\$1,931	\$1,948	\$1,970	\$1,989	\$1,970	\$1,956	\$1,934	\$1,922
Second-Lien Bond Reserve Fund (2)		\$457	538	-	-	-	-	-	-	-	-	(28)	(22)	(32)	(19)
Cash Available After Second-Lien Bonds		-	\$3,192	\$3,176	\$3,346	\$3,500	\$3,681	\$3,912	\$4,075	\$4,284	\$4,494	\$4,689	\$4,847	\$5,033	\$5,187
Working Capital Reserve Fund															
Working Capital Reserve Fund (3)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available After Working Capital Reserve Fund		-	\$3,192	\$3,176	\$3,346	\$3,500	\$3,681	\$3,912	\$4,075	\$4,284	\$4,494	\$4,689	\$4,847	\$5,033	\$5,187
Third-Lien Bond Debt Service															
Third-Lien Bond Debt Service Fund		-	\$974	\$1,062	\$1,062	\$1,062	\$1,337	\$1,403	\$1,476	\$1,548	\$1,621	\$1,624	\$1,626	\$1,625	\$1,623
Third-Lien Bond Reserve Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available After Third-Lien Bonds		-	\$2,219	\$2,114	\$2,284	\$2,438	\$2,344	\$2,509	\$2,600	\$2,735	\$2,873	\$3,065	\$3,222	\$3,408	\$3,564
Subordinate Fees and Reserves															
Contract Revenue Repayment Fund		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate Management Fee Fund: 1.00%		-	\$210	\$231	\$241	\$248	\$256	\$264	\$272	\$280	\$288	\$294	\$300	\$306	\$312
Accrued Unpaid Deposits to the Subordinate Management Fee Fund (4)		-	78	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate Asset Management Fee Fund: 0.25%		-	52	58	60	62	64	66	68	70	72	74	75	77	78
Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (4)		-	19	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate FF&E Reserve Fund (5)		-	507	788	965	994	1,023	1,056	1,087	1,120	1,154	1,177	1,200	1,224	1,249
Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (6)		-	148	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental First-Lien Bond Reserve Fund (7)		-	1,204	860	-	-	-	-	-	-	-	-	-	-	-
Supplemental Second-Lien Bond Reserve Fund (7)		-	-	178	1,018	793	-	-	-	-	-	(19)	(15)	(21)	(13)
Deferred Development Fee Fund (up to \$900,000)		-	-	-	-	300	300	300	-	-	-	-	-	-	-
Surplus Revenue Fund		-	-	-	-	\$41	\$701	\$823	\$1,174	\$1,266	\$1,358	\$1,539	\$1,661	\$1,822	\$1,937
Cumulative Bond Reserve Fund Balances															
First-Lien Bond Reserve Fund (2)		\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097
Second-Lien Bond Reserve Fund (2)		2,446	2,983	2,983	2,983	2,983	2,983	2,983	2,983	2,983	2,983	2,955	2,933	2,901	2,883
Third-Lien Bond Reserve Fund		1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628
Supplemental First-Lien Bond Reserve Fund (7)		-	1,204	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064
Supplemental Second-Lien Bond Reserve Fund (7)		-	-	178	1,196	1,989	1,989	1,989	1,989	1,989	1,989	1,970	1,956	1,934	1,922
Total Debt Service															
First-Lien Bonds		-	\$1,007	\$1,638	\$1,624	\$1,644	\$1,658	\$1,671	\$1,689	\$1,710	\$1,726	\$1,741	\$1,759	\$1,776	\$1,795
First and Second-Lien Bonds		-	2,197	3,492	3,496	3,539	3,569	3,602	3,637	3,680	3,715	3,711	3,715	3,710	3,717
First, Second, and Third-Lien Bonds		-	3,170	4,554	4,558	4,601	4,906	5,005	5,113	5,228	5,336	5,336	5,340	5,335	5,340
Debt Service Coverage															
First-Lien Bonds		-	5.89x	4.07x	4.21x	4.28x	4.37x	4.50x	4.57x	4.66x	4.76x	4.81x	4.85x	4.91x	4.95x
First and Second-Lien Bonds		-	2.70x	1.91x	1.96x	1.99x	2.03x	2.09x	2.12x	2.16x	2.21x	2.26x	2.30x	2.35x	2.39x
First, Second, and Third-Lien Bonds (8)		-	1.87x	1.46x	1.50x	1.53x	1.48x	1.50x	1.51x	1.52x	1.54x	1.57x	1.60x	1.63x	1.66x

(1) Year 1 represents approximately 5 months of operations; the remaining periods assume 12 full months.

(2) The First-Lien and Second-Lien Debt Service Reserve Fund Requirements are equal to 150% of MADS after opening.

(3) Funded from Key Money.

(4) If applicable, unpaid balances accrue forward at the "Interest Rate" (assumed 3.25% prime rate + 2.00%).

(5) Equal to 2%, 3%, and 4% of Gross Operating Revenues in the first 3 full years of operations, respectively. 4% thereafter.

(6) Assumes no interest on any unpaid accrued balances.

(7) Sized separately by lien up to MADS. Includes annual releases in the event that MADS declines over time.

(8) Coverage ratios assume project-based revenues only; Sales Taxes / Contract Revenue not included.

Preliminary, subject to change

Financial Projections (\$000s, Years 15-28)

The table below summarizes the preliminary projected flow of funds based upon the CBRE pro forma.

Operating Year #	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Bond Year Ending	10/1/37	10/1/38	10/1/39	10/1/40	10/1/41	10/1/42	10/1/43	10/1/44	10/1/45	10/1/46	10/1/47	10/1/48	10/1/49	10/1/50
Fiscal Year Ending	9/30/37	9/30/38	9/30/39	9/30/40	9/30/41	9/30/42	9/30/43	9/30/44	9/30/45	9/30/46	9/30/47	9/30/48	9/30/49	9/30/50
Net Operating Income After Reserve (1)	\$9,387	\$9,575	\$9,766	\$9,961	\$10,161	\$10,364	\$10,571	\$10,783	\$10,998	\$11,218	\$11,443	\$11,671	\$11,905	\$12,143
Income Available for Debt Service														
Senior Asset Management Fee Fund: 0.50%	\$159	\$162	\$166	\$169	\$172	\$176	\$179	\$183	\$187	\$190	\$194	\$198	\$202	\$206
Administrative Expense Fund	165	168	172	175	179	182	186	189	193	197	201	205	209	213
Income Available for Debt Service	\$9,063	\$9,244	\$9,429	\$9,617	\$9,810	\$10,006	\$10,206	\$10,410	\$10,618	\$10,831	\$11,047	\$11,268	\$11,494	\$11,724
First-Lien Bond Debt Service														
First-Lien Bond Debt Service Fund	\$1,812	\$1,827	\$1,850	\$1,865	\$1,888	\$1,903	\$1,926	\$1,940	\$1,967	\$1,980	\$2,000	\$2,027	\$2,040	\$2,064
First-Lien Bond Reserve Fund (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,097)
Cash Available After First-Lien Bonds	\$7,250	\$7,417	\$7,579	\$7,752	\$7,922	\$8,103	\$8,281	\$8,470	\$8,652	\$8,851	\$9,047	\$9,242	\$9,454	\$12,756
Second-Lien Bond Debt Service														
Second-Lien Bond Debt Service Fund	\$1,898	\$1,882	\$1,865	\$1,846	\$1,830	\$1,807	\$1,788	\$1,771	\$1,753	\$1,732	\$1,708	\$1,693	\$1,670	\$1,654
Second-Lien Bond Reserve Fund (2)	(36)	(23)	(26)	(29)	(24)	(34)	(29)	(25)	(28)	(32)	(35)	(23)	(35)	(2,504)
Cash Available After Second-Lien Bonds	\$5,389	\$5,558	\$5,740	\$5,935	\$6,115	\$6,330	\$6,522	\$6,724	\$6,927	\$7,151	\$7,374	\$7,572	\$7,819	\$13,606
Working Capital Reserve Fund														
Working Capital Reserve Fund (3)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Available After Working Capital Reserve Fund	\$5,389	\$5,558	\$5,740	\$5,935	\$6,115	\$6,330	\$6,522	\$6,724	\$6,927	\$7,151	\$7,374	\$7,572	\$7,819	\$13,606
Third-Lien Bond Debt Service														
Third-Lien Bond Debt Service Fund	\$1,624	\$1,623	\$1,625	\$1,625	\$1,622	\$1,627	\$1,625	\$1,620	\$1,627	\$1,622	\$1,628	\$1,621	\$1,626	\$1,622
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,628)
Cash Available After Third-Lien Bonds	\$3,765	\$3,935	\$4,115	\$4,310	\$4,493	\$4,702	\$4,897	\$5,104	\$5,300	\$5,530	\$5,746	\$5,951	\$6,193	\$13,612
Subordinate Fees and Reserves														
Contract Revenue Repayment Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate Management Fee Fund: 1.00%	\$318	\$325	\$331	\$338	\$345	\$352	\$359	\$366	\$373	\$381	\$388	\$396	\$404	\$412
Accrued Unpaid Deposits to the Subordinate Management Fee Fund (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate Asset Management Fee Fund: 0.25%	80	81	83	84	86	88	90	91	93	95	97	99	101	103
Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subordinate FF&E Reserve Fund (5)	1,274	1,299	1,325	1,352	1,379	1,406	1,435	1,463	1,493	1,522	1,553	1,584	1,616	1,648
Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplemental First-Lien Bond Reserve Fund (7)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,064)
Supplemental Second-Lien Bond Reserve Fund (7)	(24)	(16)	(17)	(19)	(16)	(23)	(20)	(17)	(19)	(21)	(23)	(16)	(23)	(1,670)
Deferred Development Fee Fund (up to \$900,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Revenue Fund	\$2,118	\$2,245	\$2,393	\$2,555	\$2,699	\$2,879	\$3,034	\$3,200	\$3,360	\$3,552	\$3,731	\$3,888	\$4,096	\$15,183
Cumulative Bond Reserve Fund Balances														
First-Lien Bond Reserve Fund (2)	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	\$3,097	-
Second-Lien Bond Reserve Fund (2)	2,846	2,823	2,797	2,769	2,745	2,711	2,682	2,657	2,629	2,597	2,562	2,539	2,504	-
Third-Lien Bond Reserve Fund	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	1,628	-
Supplemental First-Lien Bond Reserve Fund (7)	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	2,064	-
Supplemental Second-Lien Bond Reserve Fund (7)	1,898	1,882	1,865	1,846	1,830	1,807	1,788	1,771	1,753	1,732	1,708	1,693	1,670	-
Total Debt Service														
First-Lien Bonds	\$1,812	\$1,827	\$1,850	\$1,865	\$1,888	\$1,903	\$1,926	\$1,940	\$1,967	\$1,980	\$2,000	\$2,027	\$2,040	\$2,064
First and Second-Lien Bonds	3,710	3,709	3,715	3,711	3,718	3,710	3,713	3,711	3,719	3,711	3,708	3,720	3,709	3,718
First, Second, and Third-Lien Bonds	5,334	5,332	5,340	5,336	5,340	5,338	5,338	5,331	5,346	5,333	5,336	5,341	5,335	5,340
Debt Service Coverage														
First-Lien Bonds	5.00x	5.06x	5.10x	5.16x	5.20x	5.26x	5.30x	5.37x	5.40x	5.47x	5.52x	5.56x	5.63x	5.68x
First and Second-Lien Bonds	2.44x	2.49x	2.54x	2.59x	2.64x	2.70x	2.75x	2.81x	2.86x	2.92x	2.98x	3.03x	3.10x	3.15x
First, Second, and Third-Lien Bonds (8)	1.70x	1.73x	1.77x	1.80x	1.84x	1.87x	1.91x	1.95x	1.99x	2.03x	2.07x	2.11x	2.15x	2.20x

(1) Year 1 represents approximately 5 months of operations; the remaining periods assume 12 full months.

(2) The First-Lien and Second-Lien Debt Service Reserve Fund Requirements are equal to 150% of MADS after opening.

(3) Funded from Key Money.

(4) If applicable, unpaid balances accrue forward at the "Interest Rate" (assumed 3.25% prime rate + 2.00%).

(5) Equal to 2%, 3%, and 4% of Gross Operating Revenues in the first 3 full years of operations, respectively. 4% thereafter.

(6) Assumes no interest on any unpaid accrued balances.

(7) Sized separately by lien up to MADS. Includes annual releases in the event that MADS declines over time.

(8) Coverage ratios assume project-based revenues only; Sales Taxes / Contract Revenue not included.

Preliminary, subject to change

Series 2021 Third-Lien Bonds: Coverage from Sales Taxes

The table below summarizes the preliminary projected coverage ratios for the Series 2021 Third-Lien Bonds.

Historical Revenues		Preliminary Debt Service Coverage: Series 2021 Third-Lien Bonds						
Year Ending Oct. 1	Historical Sales Taxes*	Year Ending Oct. 1	Historical 2020 Sales Taxes*	Existing Debt Service Secured by Sales Taxes	Existing Coverage from Sales Taxes	Net Series 2021 Third-Lien Debt Service	Total Debt Service Secured by Sales Taxes	Total Coverage from Sales Taxes
2010	\$ 6,403,018	2021	\$ 12,783,392	\$ 6,446,736	1.98x	-	\$ 6,446,736	1.98x
2011	7,116,988	2022	12,783,392	6,446,067	1.98x	-	6,446,067	1.98x
2012	7,475,443	2023	12,783,392	6,446,956	1.98x	-	6,446,956	1.98x
2013	9,160,165	2024	12,783,392	6,448,714	1.98x	\$ 973,500	7,422,214	1.72x
2014	10,065,385	2025	12,783,392	6,445,897	1.98x	1,062,000	7,507,897	1.70x
2015	10,671,020	2026	12,783,392	6,448,540	1.98x	1,062,000	7,510,540	1.70x
2016	10,426,666	2027	12,783,392	6,446,221	1.98x	1,062,000	7,508,221	1.70x
2017	10,717,053	2028	12,783,392	6,449,116	1.98x	1,337,000	7,786,116	1.64x
2018	12,240,160	2029	12,783,392	6,451,724	1.98x	1,403,250	7,854,974	1.63x
2019	12,030,638	2030	12,783,392	6,447,179	1.98x	1,475,500	7,922,679	1.61x
2020	12,783,392	2031	12,783,392	5,880,463	2.17x	1,548,250	7,428,713	1.72x
		2032	12,783,392	5,880,014	2.17x	1,621,250	7,501,264	1.70x
		2033	12,783,392	4,999,000	2.56x	1,624,250	6,623,250	1.93x
		2034	12,783,392	1,695,800	7.54x	1,625,500	3,321,300	3.85x
		2035	12,783,392	1,697,200	7.53x	1,625,000	3,322,200	3.85x
		2036	12,783,392	1,696,400	7.54x	1,622,750	3,319,150	3.85x
		2037	12,783,392	1,698,400	7.53x	1,623,750	3,322,150	3.85x
		2038	12,783,392	1,698,000	7.53x	1,622,750	3,320,750	3.85x
		2039	12,783,392	1,695,200	7.54x	1,624,750	3,319,950	3.85x
		2040	12,783,392	-	-	1,624,500	1,624,500	7.87x
		2041	12,783,392	-	-	1,622,000	1,622,000	7.88x
		2042	12,783,392	-	-	1,627,250	1,627,250	7.86x
		2043	12,783,392	-	-	1,624,750	1,624,750	7.87x
		2044	12,783,392	-	-	1,619,750	1,619,750	7.89x
		2045	12,783,392	-	-	1,627,250	1,627,250	7.86x
		2046	12,783,392	-	-	1,621,500	1,621,500	7.88x
		2047	12,783,392	-	-	1,628,000	1,628,000	7.85x
		2048	12,783,392	-	-	1,621,000	1,621,000	7.89x
		2049	12,783,392	-	-	1,626,000	1,626,000	7.86x
		2050	12,783,392	-	-	1,622,250	1,622,250	7.88x
Total:	\$ 383,501,760			\$ 91,417,625		\$ 40,777,750	\$ 132,195,375	

* Represents a one-half cent sales tax levied by the City for the benefit of the CIDC. Source: City of Conroe, Texas.

Preliminary, subject to change

9. Financing Schedule and Contact Information

Financing Schedule and Contact Information

Financing Schedule:

July 2021						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

August 2021						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Date*	Event
7/30/2021	<ul style="list-style-type: none"> Post POS
8/12/2021	<ul style="list-style-type: none"> Pricing
8/31/2021	<ul style="list-style-type: none"> Close Transaction

Contact Information:



Contact	Email	Phone
Bill Corrado	william.m.corrado@citi.com	(212) 723-4879
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*Schedule is preliminary and subject to change.

ATTACHMENT 2
Net Operating Income After Reserve

**Conroe Local Government Corporation:
Convention Center and Hotel Project
Series 2021 Bonds - 8/12/2021 (Final)**

Net Operating Income After Reserve ⁽¹⁾

	Partial Year: Hotel Opening 5/1/2023									
Operating Year #	1	2	3	4	5	6	7	8	9	10
Bond Year Ending	10/1/23	10/1/24	10/1/25	10/1/26	10/1/27	10/1/28	10/1/29	10/1/30	10/1/31	10/1/32
Fiscal Year Ending	9/30/23	9/30/24	9/30/25	9/30/26	9/30/27	9/30/28	9/30/29	9/30/30	9/30/31	9/30/32
Revenues										
Rooms	\$4,316,000	\$12,846,000	\$14,129,000	\$14,786,000	\$15,210,000	\$15,665,000	\$16,185,000	\$16,640,000	\$17,160,000	\$17,680,000
Food & Beverage	2,703,000	7,162,000	7,857,000	8,209,000	8,475,000	8,729,000	8,991,000	9,260,000	9,538,000	9,824,000
Other Operated Departments	246,000	651,000	714,000	746,000	770,000	794,000	817,000	842,000	867,000	893,000
Miscellaneous Income	123,000	326,000	357,000	373,000	385,000	397,000	409,000	421,000	434,000	447,000
Total Revenues	\$7,388,000	\$20,985,000	\$23,057,000	\$24,114,000	\$24,840,000	\$25,585,000	\$26,402,000	\$27,163,000	\$27,999,000	\$28,844,000
Departmental Expenses										
Rooms	\$1,168,000	\$2,984,000	\$3,169,000	\$3,287,000	\$3,390,000	\$3,492,000	\$3,596,000	\$3,704,000	\$3,815,000	\$3,930,000
Food & Beverage	1,726,000	4,440,000	4,746,000	4,930,000	5,085,000	5,237,000	5,394,000	5,556,000	5,723,000	5,895,000
Other Operated Departments	123,000	326,000	357,000	373,000	385,000	397,000	409,000	421,000	434,000	447,000
Total Departmental Expenses	\$3,017,000	\$7,750,000	\$8,272,000	\$8,590,000	\$8,860,000	\$9,126,000	\$9,399,000	\$9,681,000	\$9,972,000	\$10,272,000
Departmental Profit	\$4,371,000	\$13,235,000	\$14,785,000	\$15,524,000	\$15,980,000	\$16,459,000	\$17,003,000	\$17,482,000	\$18,027,000	\$18,572,000
Undistributed Expenses										
Administrative & General	\$634,000	\$1,635,000	\$1,723,000	\$1,785,000	\$1,839,000	\$1,894,000	\$1,952,000	\$2,010,000	\$2,071,000	\$2,133,000
Marketing	894,000	2,196,000	2,262,000	2,330,000	2,400,000	2,472,000	2,546,000	2,623,000	2,701,000	2,782,000
Property Operation and Maintenance	331,000	814,000	838,000	863,000	889,000	916,000	943,000	971,000	1,001,000	1,031,000
Utility Costs	287,000	705,000	726,000	748,000	770,000	794,000	817,000	842,000	867,000	893,000
Information and Telecommunications Systems	127,000	312,000	321,000	331,000	341,000	351,000	362,000	372,000	384,000	395,000
Total Undistributed Operating Expenses	\$2,273,000	\$5,662,000	\$5,870,000	\$6,057,000	\$6,239,000	\$6,427,000	\$6,620,000	\$6,818,000	\$7,024,000	\$7,234,000
Gross Operating Profit	\$2,098,000	\$7,573,000	\$8,915,000	\$9,467,000	\$9,741,000	\$10,032,000	\$10,383,000	\$10,664,000	\$11,003,000	\$11,338,000
Hyatt Base Management Fee (2)	222,000	717,000	1,018,000	1,206,000	1,242,000	1,279,000	1,320,000	1,358,000	1,400,000	1,442,000
Income Before Fixed Expenses	\$1,876,000	\$6,856,000	\$7,897,000	\$8,261,000	\$8,499,000	\$8,753,000	\$9,063,000	\$9,306,000	\$9,603,000	\$9,896,000
Fixed Expenses										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Insurance	77,000	190,000	196,000	201,000	207,000	214,000	220,000	227,000	233,000	240,000
Total Fixed Expenses	\$77,000	\$190,000	\$196,000	\$201,000	\$207,000	\$214,000	\$220,000	\$227,000	\$233,000	\$240,000
Net Operating Income	\$1,799,000	\$6,666,000	\$7,701,000	\$8,060,000	\$8,292,000	\$8,539,000	\$8,843,000	\$9,079,000	\$9,370,000	\$9,656,000
Senior FF&E Reserve Fund (3)	148,000	507,000	788,000	965,000	994,000	1,023,000	1,056,000	1,087,000	1,120,000	1,154,000
Net Operating Income After Reserve	\$1,651,000	\$6,159,000	\$6,913,000	\$7,095,000	\$7,298,000	\$7,516,000	\$7,787,000	\$7,992,000	\$8,250,000	\$8,502,000

(1) Provided by CBRE. The first period only represents approximately 5 months of operations (between 5/1/2023 and 9/30/2023) to align the bond year with the Opening Date. Operating years 2-10 represent 12 full months per year.

(2) Equal to 3.0% of Gross Operating Revenues (GOR) in the first year of operations ending 4/30/2024, 4.0% in the second year, and 5.0% in the third year and thereafter. Rounded to the nearest \$1,000 per CBRE.

(3) Equal to 2.0% of Gross Operating Revenues (GOR) in the first year of operations ending 4/30/2024, 3.0% in the second year, and 4.0% in the third year and thereafter. Rounded to the nearest \$1,000 per CBRE.

ATTACHMENT 3

Flow of Funds

**Conroe Local Government Corporation:
Convention Center and Hotel Project
Series 2021 Bonds - 8/12/2021 (Final)**

Flow of Funds

	Partial Year: Hotel Opening 5/1/2023									
Operating Year #	1	2	3	4	5	6	7	8	9	10
Bond Year Ending	10/1/23	10/1/24	10/1/25	10/1/26	10/1/27	10/1/28	10/1/29	10/1/30	10/1/31	10/1/32
Fiscal Year Ending	9/30/23	9/30/24	9/30/25	9/30/26	9/30/27	9/30/28	9/30/29	9/30/30	9/30/31	9/30/32
Net Operating Income After Reserve (1)	\$1,651,000	\$6,159,000	\$6,913,000	\$7,095,000	\$7,298,000	\$7,516,000	\$7,787,000	\$7,992,000	\$8,250,000	\$8,502,000
Income Available for Debt Service										
Senior Asset Management Fee Fund: 0.50%	\$36,940	\$104,925	\$115,285	\$120,570	\$124,200	\$127,925	\$132,010	\$135,815	\$139,995	\$144,220
Administrative Expense Fund	125,000	127,500	130,050	132,651	135,304	138,010	140,770	143,586	146,457	149,387
Income Available for Debt Service	\$1,489,060	\$5,926,575	\$6,667,665	\$6,841,779	\$7,038,496	\$7,250,065	\$7,514,220	\$7,712,599	\$7,963,548	\$8,208,393
First-Lien Bond Debt Service										
First-Lien Bond Debt Service Fund	-	\$993,758	\$1,634,100	\$1,615,350	\$1,636,725	\$1,647,225	\$1,667,100	\$1,681,100	\$1,704,350	\$1,716,600
First-Lien Bond Reserve Fund (2)	\$1,027,000	-	-	-	-	-	-	-	-	-
Cash Available After First-Lien Bonds	\$462,060	\$4,932,817	\$5,033,565	\$5,226,429	\$5,401,771	\$5,602,840	\$5,847,120	\$6,031,499	\$6,259,198	\$6,491,793
Second-Lien Bond Debt Service										
Second-Lien Bond Debt Service Fund	-	\$1,178,558	\$1,850,700	\$1,870,925	\$1,889,750	\$1,907,175	\$1,923,200	\$1,947,825	\$1,965,700	\$1,987,000
Second-Lien Bond Reserve Fund (2)	\$462,060	531,440	-	-	-	-	-	-	-	-
Cash Available After Second-Lien Bonds	-	\$3,222,818	\$3,182,865	\$3,355,504	\$3,512,021	\$3,695,665	\$3,923,920	\$4,083,674	\$4,293,498	\$4,504,793
Working Capital Reserve Fund										
Working Capital Reserve Fund (3)	-	-	-	-	-	-	-	-	-	-
Cash Available After Working Capital Reserve Fund	-	\$3,222,818	\$3,182,865	\$3,355,504	\$3,512,021	\$3,695,665	\$3,923,920	\$4,083,674	\$4,293,498	\$4,504,793
Third-Lien Bond Debt Service										
Third-Lien Bond Debt Service Fund	-	\$828,300	\$903,600	\$903,600	\$903,600	\$1,228,600	\$1,287,350	\$1,352,350	\$1,413,100	\$1,489,600
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-
Cash Available After Third-Lien Bonds	-	\$2,394,518	\$2,279,265	\$2,451,904	\$2,608,421	\$2,467,065	\$2,636,570	\$2,731,324	\$2,880,398	\$3,015,193
Subordinate Fees and Reserves										
Contract Revenue Repayment Fund	-	-	-	-	-	-	-	-	-	-
Subordinate Management Fee Fund: 1.00%	-	\$209,850	\$230,570	\$241,140	\$248,400	\$255,850	\$264,020	\$271,630	\$279,990	\$288,440
Accrued Unpaid Deposits to the Subordinate Management Fee Fund (4)	-	77,759	-	-	-	-	-	-	-	-
Subordinate Asset Management Fee Fund: 0.25%	-	52,463	57,643	60,285	62,100	63,963	66,005	67,908	69,998	72,110
Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (4)	-	19,440	-	-	-	-	-	-	-	-
Subordinate FF&E Reserve Fund (5)	-	507,090	787,728	964,560	993,600	1,023,400	1,056,080	1,086,520	1,119,960	1,153,760
Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (6)	-	147,760	-	-	-	-	-	-	-	-
Supplemental First-Lien Bond Reserve Fund (7)	-	1,380,158	673,842	-	-	-	-	-	-	-
Supplemental Second-Lien Bond Reserve Fund (7)	-	-	529,482	1,185,919	271,599	-	-	-	-	-
Deferred Development Fee Fund (Beginning in 2027; up to \$900,000)	-	-	-	-	300,000	300,000	300,000	-	-	-
Surplus Revenue Fund	-	-	-	-	\$732,722	\$823,852	\$950,465	\$1,305,267	\$1,410,450	\$1,500,883
Cumulative Surplus Revenue Fund	-	-	-	-	\$732,722	\$1,556,575	\$2,507,039	\$3,812,306	\$5,222,756	\$6,723,640
Cumulative Bond Reserve Fund Balances										
First-Lien Bond Reserve Fund (2)	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000
Second-Lien Bond Reserve Fund (2)	2,449,060	2,980,500	2,980,500	2,980,500	2,980,500	2,980,500	2,980,500	2,980,500	2,980,500	2,980,500
Third-Lien Bond Reserve Fund	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400
Supplemental First-Lien Bond Reserve Fund (7)	-	1,380,158	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000
Supplemental Second-Lien Bond Reserve Fund (7)	-	-	529,482	1,715,401	1,987,000	1,987,000	1,987,000	1,987,000	1,987,000	1,987,000
Total Debt Service										
First-Lien Bonds	-	\$993,758	\$1,634,100	\$1,615,350	\$1,636,725	\$1,647,225	\$1,667,100	\$1,681,100	\$1,704,350	\$1,716,600
First and Second-Lien Bonds	-	2,172,317	3,484,800	3,486,275	3,526,475	3,554,400	3,590,300	3,628,925	3,670,050	3,703,600
First, Second, and Third-Lien Bonds	-	3,000,617	4,388,400	4,389,875	4,430,075	4,783,000	4,877,650	4,981,275	5,083,150	5,193,200
Debt Service Coverage										
First-Lien Bonds	-	5.96x	4.08x	4.24x	4.30x	4.40x	4.51x	4.59x	4.67x	4.78x
First and Second-Lien Bonds	-	2.73x	1.91x	1.96x	2.00x	2.04x	2.09x	2.13x	2.17x	2.22x
First, Second, and Third-Lien Bonds (8)	-	1.98x	1.52x	1.56x	1.59x	1.52x	1.54x	1.55x	1.57x	1.58x

(1) The first period represents approximately 5 months; the remaining periods assume 12 full months.
(2) Funded to 1.5x maximum annual debt service (MADS) on both the First- and Second-Lien Bonds from cash flows. Includes releases in the event MADS declines over time.
(3) Funded from Key Money.
(4) Any unpaid balances accrue forward at the Interest Rate: 3.25% prime rate + 2.00%.
(5) 2%, 3%, and 4% of GOR in the first 3 years of operations ending 4/30, respectively. 4% thereafter.
(6) Assumes no interest on any unpaid accrued balances.
(7) Sized separately by lien to MADS. Includes releases in the event MADS declines over time.
(8) Coverage ratios use project-based revenues only; Sales Tax / Contract Revenue not included.

**Conroe Local Government Corporation:
Convention Center and Hotel Project
Series 2021 Bonds - 8/12/2021 (Final)**

Flow of Funds

Assumes All Revenues and Expenses Grow at 2.00% Annually After Bond Year Ending 10/1/2032

Operating Year #	11	12	13	14	15	16	17	18	19	20
Bond Year Ending	10/1/33	10/1/34	10/1/35	10/1/36	10/1/37	10/1/38	10/1/39	10/1/40	10/1/41	10/1/42
Fiscal Year Ending	9/30/33	9/30/34	9/30/35	9/30/36	9/30/37	9/30/38	9/30/39	9/30/40	9/30/41	9/30/42
Net Operating Income After Reserve (1)	\$8,672,040	\$8,845,481	\$9,022,390	\$9,202,838	\$9,386,895	\$9,574,633	\$9,766,126	\$9,961,448	\$10,160,677	\$10,363,891
Income Available for Debt Service										
Senior Asset Management Fee Fund: 0.50%	\$147,104	\$150,046	\$153,047	\$156,108	\$159,231	\$162,415	\$165,663	\$168,977	\$172,356	\$175,803
Administrative Expense Fund	152,374	155,422	158,530	161,701	164,935	168,234	171,598	175,030	178,531	182,101
Income Available for Debt Service	\$8,372,561	\$8,540,013	\$8,710,813	\$8,885,029	\$9,062,730	\$9,243,984	\$9,428,864	\$9,617,441	\$9,809,790	\$10,005,986
First-Lien Bond Debt Service										
First-Lien Bond Debt Service Fund	\$1,732,000	\$1,750,600	\$1,772,200	\$1,786,600	\$1,804,000	\$1,824,200	\$1,842,000	\$1,857,400	\$1,875,400	\$1,900,800
First-Lien Bond Reserve Fund (2)	-	-	-	-	-	-	-	-	-	-
Cash Available After First-Lien Bonds	\$6,640,561	\$6,789,413	\$6,938,613	\$7,098,429	\$7,258,730	\$7,419,784	\$7,586,864	\$7,760,041	\$7,934,390	\$8,105,186
Second-Lien Bond Debt Service										
Second-Lien Bond Debt Service Fund	\$1,968,500	\$1,948,750	\$1,932,750	\$1,915,250	\$1,901,250	\$1,875,500	\$1,863,500	\$1,844,500	\$1,823,750	\$1,806,250
Second-Lien Bond Reserve Fund (2)	(27,750)	(29,625)	(24,000)	(26,250)	(21,000)	(38,625)	(18,000)	(28,500)	(31,125)	(26,250)
Cash Available After Second-Lien Bonds	\$4,699,811	\$4,870,288	\$5,029,863	\$5,209,429	\$5,378,480	\$5,582,909	\$5,741,364	\$5,944,041	\$6,141,765	\$6,325,186
Working Capital Reserve Fund										
Working Capital Reserve Fund (3)	-	-	-	-	-	-	-	-	-	-
Cash Available After Working Capital Reserve Fund	\$4,699,811	\$4,870,288	\$5,029,863	\$5,209,429	\$5,378,480	\$5,582,909	\$5,741,364	\$5,944,041	\$6,141,765	\$6,325,186
Third-Lien Bond Debt Service										
Third-Lien Bond Debt Service Fund	\$1,485,850	\$1,490,600	\$1,488,350	\$1,484,350	\$1,488,600	\$1,489,200	\$1,483,400	\$1,491,400	\$1,487,600	\$1,487,400
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	-	-	-
Cash Available After Third-Lien Bonds	\$3,213,961	\$3,379,688	\$3,541,513	\$3,725,079	\$3,889,880	\$4,093,709	\$4,257,964	\$4,452,641	\$4,654,165	\$4,837,786
Subordinate Fees and Reserves										
Contract Revenue Repayment Fund	-	-	-	-	-	-	-	-	-	-
Subordinate Management Fee Fund: 1.00%	\$294,209	\$300,093	\$306,095	\$312,217	\$318,461	\$324,830	\$331,327	\$337,953	\$344,713	\$351,607
Accrued Unpaid Deposits to the Subordinate Management Fee Fund (4)	-	-	-	-	-	-	-	-	-	-
Subordinate Asset Management Fee Fund: 0.25%	73,552	75,023	76,524	78,054	79,615	81,208	82,832	84,488	86,178	87,902
Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (4)	-	-	-	-	-	-	-	-	-	-
Subordinate FF&E Reserve Fund (5)	1,176,835	1,200,372	1,224,379	1,248,867	1,273,844	1,299,321	1,325,308	1,351,814	1,378,850	1,406,427
Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (6)	-	-	-	-	-	-	-	-	-	-
Supplemental First-Lien Bond Reserve Fund (7)	-	-	-	-	-	-	-	-	-	-
Supplemental Second-Lien Bond Reserve Fund (7)	(18,500)	(19,750)	(16,000)	(17,500)	(14,000)	(25,750)	(12,000)	(19,000)	(20,750)	(17,500)
Deferred Development Fee Fund (Beginning in 2027; up to \$900,000)	-	-	-	-	-	-	-	-	-	-
Surplus Revenue Fund	\$1,687,865	\$1,823,949	\$1,950,515	\$2,103,441	\$2,231,959	\$2,414,100	\$2,530,498	\$2,697,386	\$2,865,174	\$3,009,350
Cumulative Surplus Revenue Fund	\$8,411,505	\$10,235,454	\$12,185,969	\$14,289,410	\$16,521,369	\$18,935,469	\$21,465,967	\$24,163,353	\$27,028,527	\$30,037,877
Cumulative Bond Reserve Fund Balances										
First-Lien Bond Reserve Fund (2)	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000
Second-Lien Bond Reserve Fund (2)	2,952,750	2,923,125	2,899,125	2,872,875	2,851,875	2,813,250	2,795,250	2,766,750	2,735,625	2,709,375
Third-Lien Bond Reserve Fund	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400
Supplemental First-Lien Bond Reserve Fund (7)	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000
Supplemental Second-Lien Bond Reserve Fund (7)	1,968,500	1,948,750	1,932,750	1,915,250	1,901,250	1,875,500	1,863,500	1,844,500	1,823,750	1,806,250
Total Debt Service										
First-Lien Bonds	\$1,732,000	\$1,750,600	\$1,772,200	\$1,786,600	\$1,804,000	\$1,824,200	\$1,842,000	\$1,857,400	\$1,875,400	\$1,900,800
First and Second-Lien Bonds	3,700,500	3,699,350	3,704,950	3,701,850	3,705,250	3,699,700	3,705,500	3,701,900	3,699,150	3,707,050
First, Second, and Third-Lien Bonds	5,186,350	5,189,950	5,193,300	5,186,200	5,193,850	5,188,900	5,188,900	5,193,300	5,186,750	5,194,450
Debt Service Coverage										
First-Lien Bonds	4.83x	4.88x	4.92x	4.97x	5.02x	5.07x	5.12x	5.18x	5.23x	5.26x
First and Second-Lien Bonds	2.26x	2.31x	2.35x	2.40x	2.45x	2.50x	2.54x	2.60x	2.65x	2.70x
First, Second, and Third-Lien Bonds (8)	1.61x	1.65x	1.68x	1.71x	1.74x	1.78x	1.82x	1.85x	1.89x	1.93x

(1) The first period represents approximately 5 months; the remaining periods assume 12 full months.
(2) Funded to 1.5x maximum annual debt service (MADS) on both the First- and Second-Lien Bonds from cash flows. Includes releases in the event MADS declines over time.
(3) Funded from Key Money.
(4) Any unpaid balances accrue forward at the Interest Rate: 3.25% prime rate + 2.00%.
(5) 2%, 3%, and 4% of GOR in the first 3 years of operations ending 4/30, respectively. 4% thereafter.
(6) Assumes no interest on any unpaid accrued balances.
(7) Sized separately by lien to MADS. Includes releases in the event MADS declines over time.
(8) Coverage ratios use project-based revenues only; Sales Tax / Contract Revenue not included.

**Conroe Local Government Corporation:
Convention Center and Hotel Project
Series 2021 Bonds - 8/12/2021 (Final)**

Flow of Funds

Assumes All Revenues and Expenses Grow at 2.00% Annually After Bond Year Ending 10/1/2032

Operating Year #	21	22	23	24	25	26	27	28
Bond Year Ending	10/1/43	10/1/44	10/1/45	10/1/46	10/1/47	10/1/48	10/1/49	10/1/50
Fiscal Year Ending	9/30/43	9/30/44	9/30/45	9/30/46	9/30/47	9/30/48	9/30/49	9/30/50
Net Operating Income After Reserve (1)	\$10,571,168	\$10,782,592	\$10,998,244	\$11,218,208	\$11,442,573	\$11,671,424	\$11,904,853	\$12,142,950
Income Available for Debt Service								
Senior Asset Management Fee Fund: 0.50%	\$179,319	\$182,906	\$186,564	\$190,295	\$194,101	\$197,983	\$201,943	\$205,982
Administrative Expense Fund	185,743	189,458	193,247	197,112	201,055	205,076	209,177	213,361
Income Available for Debt Service	\$10,206,105	\$10,410,228	\$10,618,432	\$10,830,801	\$11,047,417	\$11,268,365	\$11,493,732	\$11,723,607
First-Lien Bond Debt Service								
First-Lien Bond Debt Service Fund	\$1,913,200	\$1,938,000	\$1,949,600	\$1,978,400	\$1,993,600	\$2,010,600	\$2,034,200	\$2,054,000
First-Lien Bond Reserve Fund (2)	-	-	-	-	-	-	-	(3,081,000)
Cash Available After First-Lien Bonds	\$8,292,905	\$8,472,228	\$8,668,832	\$8,852,401	\$9,053,817	\$9,257,765	\$9,459,532	\$12,750,607
Second-Lien Bond Debt Service								
Second-Lien Bond Debt Service Fund	\$1,786,750	\$1,765,250	\$1,746,750	\$1,731,000	\$1,707,750	\$1,692,250	\$1,664,000	\$1,648,500
Second-Lien Bond Reserve Fund (2)	(29,250)	(32,250)	(27,750)	(23,625)	(34,875)	(23,250)	(42,375)	(2,496,000)
Cash Available After Second-Lien Bonds	\$6,535,405	\$6,739,228	\$6,949,832	\$7,145,026	\$7,380,942	\$7,588,765	\$7,837,907	\$13,598,107
Working Capital Reserve Fund								
Working Capital Reserve Fund (3)	-	-	-	-	-	-	-	-
Cash Available After Working Capital Reserve Fund	\$6,535,405	\$6,739,228	\$6,949,832	\$7,145,026	\$7,380,942	\$7,588,765	\$7,837,907	\$13,598,107
Third-Lien Bond Debt Service								
Third-Lien Bond Debt Service Fund	\$1,485,600	\$1,487,200	\$1,487,000	\$1,490,000	\$1,486,000	\$1,490,200	\$1,487,200	\$1,487,200
Third-Lien Bond Reserve Fund	-	-	-	-	-	-	-	(1,491,400)
Cash Available After Third-Lien Bonds	\$5,049,805	\$5,252,028	\$5,462,832	\$5,655,026	\$5,894,942	\$6,098,565	\$6,350,707	\$13,602,307
Subordinate Fees and Reserves								
Contract Revenue Repayment Fund	-	-	-	-	-	-	-	-
Subordinate Management Fee Fund: 1.00%	\$358,639	\$365,812	\$373,128	\$380,590	\$388,202	\$395,966	\$403,886	\$411,963
Accrued Unpaid Deposits to the Subordinate Management Fee Fund (4)	-	-	-	-	-	-	-	-
Subordinate Asset Management Fee Fund: 0.25%	89,660	91,453	93,282	95,148	97,051	98,992	100,971	102,991
Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (4)	-	-	-	-	-	-	-	-
Subordinate FF&E Reserve Fund (5)	1,434,556	1,463,247	1,492,512	1,522,362	1,552,809	1,583,865	1,615,543	1,647,853
Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (6)	-	-	-	-	-	-	-	-
Supplemental First-Lien Bond Reserve Fund (7)	-	-	-	-	-	-	-	(2,054,000)
Supplemental Second-Lien Bond Reserve Fund (7)	(19,500)	(21,500)	(18,500)	(15,750)	(23,250)	(15,500)	(28,250)	(1,664,000)
Deferred Development Fee Fund (Beginning in 2027; up to \$900,000)	-	-	-	-	-	-	-	-
Surplus Revenue Fund	\$3,186,451	\$3,353,016	\$3,522,411	\$3,672,676	\$3,880,130	\$4,035,242	\$4,258,558	\$15,157,500
Cumulative Surplus Revenue Fund	\$33,224,329	\$36,577,345	\$40,099,756	\$43,772,432	\$47,652,562	\$51,687,804	\$55,946,361	\$71,103,861
Cumulative Bond Reserve Fund Balances								
First-Lien Bond Reserve Fund (2)	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	\$3,081,000	-
Second-Lien Bond Reserve Fund (2)	2,680,125	2,647,875	2,620,125	2,596,500	2,561,625	2,538,375	2,496,000	-
Third-Lien Bond Reserve Fund	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	1,491,400	-
Supplemental First-Lien Bond Reserve Fund (7)	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	2,054,000	-
Supplemental Second-Lien Bond Reserve Fund (7)	1,786,750	1,765,250	1,746,750	1,731,000	1,707,750	1,692,250	1,664,000	-
Total Debt Service								
First-Lien Bonds	\$1,913,200	\$1,938,000	\$1,949,600	\$1,978,400	\$1,993,600	\$2,010,600	\$2,034,200	\$2,054,000
First and Second-Lien Bonds	3,699,950	3,703,250	3,696,350	3,709,400	3,701,350	3,702,850	3,698,200	3,702,500
First, Second, and Third-Lien Bonds	5,185,550	5,190,450	5,183,350	5,199,400	5,187,350	5,193,050	5,185,400	5,189,700
Debt Service Coverage								
First-Lien Bonds	5.33x	5.37x	5.45x	5.47x	5.54x	5.60x	5.65x	5.71x
First and Second-Lien Bonds	2.76x	2.81x	2.87x	2.92x	2.98x	3.04x	3.11x	3.17x
First, Second, and Third-Lien Bonds (8)	1.97x	2.01x	2.05x	2.08x	2.13x	2.17x	2.22x	2.26x

- (1) The first period represents approximately 5 months; the remaining periods assume 12 full months.
- (2) Funded to 1.5x maximum annual debt service (MADS) on both the First- and Second-Lien Bonds from cash flows. Includes releases in the event MADS declines over time.
- (3) Funded from Key Money.
- (4) Any unpaid balances accrue forward at the Interest Rate: 3.25% prime rate + 2.00%.
- (5) 2%, 3%, and 4% of GOR in the first 3 years of operations ending 4/30, respectively, 4% thereafter.
- (6) Assumes no interest on any unpaid accrued balances.
- (7) Sized separately by lien to MADS. Includes releases in the event MADS declines over time.
- (8) Coverage ratios use project-based revenues only; Sales Tax / Contract Revenue not included.