

**MINUTES OF MEETING
BOARD OF DIRECTORS
REGULAR MEETING
THE WOODLANDS TOWNSHIP
AUGUST 27, 2008**

**THE STATE OF TEXAS §
COUNTIES OF HARRIS & MONTGOMERY §**

The Board of Directors of The Woodlands Township, met in regular session, open to the public, on August 27, 2008, posted to begin at 7:30 a.m. The meeting was held in the Meeting Room at the Township's Office, 10001 Woodloch Forest Dr., Suite 600, The Woodlands, Texas, within the boundaries of the Township. The roll was called of the duly elected and appointed members of the Board of Directors, to wit:

Nelda Luce Blair	Chairman
Lloyd W. Matthews	Vice-Chairman
Vicki D. Richmond	Treasurer/Assistant Secretary
Alex Sutton III	Secretary
Thomas Campbell	Director
Kemba DeGroot	Director
Peggy S. Hausman	Director
Claude Hunter	Director
Edmund W. Robb III	Director
Bruce Tough	Director

Robert C. Kinnear

Director

with all of said persons being present, excluding Director Robb, thus constituting a quorum. Also present for conducting business and assisting Board members were Bob Kinnear, Nick Wolda, Steve Sumner, Brian Pate, Mike Page, Robin Fadal, Don Norrell, Drew Masterson, Marcy Hicks, Renee Williford, and Kristin Freeman.

Chairman Blair called the meeting to order at 7:30 a.m. She announced that a quorum was present and that sufficient notice of this meeting had been duly posted as required by law. Chairman Blair then requested a motion to adopt the agenda. Director DeGroot moved to adopt the agenda. The motion was seconded by Director Hunter and passed unanimously.

Next, Chairman Blair called on names from the Public Comment Roster. The following people addressed the Board: Clyde Parker and Kenny Speight. The Public Comment Roster is attached hereto as Exhibit "A".

Chairman Blair then asked the Board to consider and act upon approval of the minutes of the July 23, 2008 regular meeting and the August 6, 2008 special meeting of the Board of Directors of the Township.

Director Campbell moved to approve the minutes as written. Director Hunter seconded the motion and it passed unanimously. Copies of the July 23, 2008 and August 6, 2008 meeting minutes are attached hereto as Exhibits "B" and "C", respectively.

Chairman Blair next asked the Board to receive and act upon the Financial Report as of and for the seven months ended July 31, 2008. The Chairman called on Brian Pate, financial consultant, to present the Financial Report on behalf of the Township. Mr. Pate addressed specific variances and then answered questions from the Board. Following the presentation, Mr. Pate introduced Drew Masterson, of First Southwest and financial advisor related to the bonds, to give an update on the bond process and answer questions related to the bonds. Mr. Masterson circulated two handouts to the Board and explained each. The Board was informed that action on several items related to the bonds would be taken at the September Board meeting. A period of discussion followed and then the Chairman called for a motion and second to accept the financial report. Treasurer Richmond moved to accept the Financial Report. The motion was seconded by Director Hunter and passed unanimously. A copy of the Financial Report for July 31, 2008 is

attached hereto as Exhibit "D". Copies of the handouts distributed by Mr. Masterson are attached hereto as Exhibit "E".

Next, the Board was asked to receive and consider a report from the Community Associations of The Woodlands. Chairman Blair introduced Don Norrell, General Manager of The Woodlands Community Associations, who addressed the Board. Mr. Norrell handed out a packet of information containing a written summary of the Associations' Board agenda matters for the past month, the Community Associations' Monthly Report for July 2008, and Community Policing Report for July 2008. Following the presentation, Chairman Blair thanked Mr. Norrell for his report. The Community Association reports are attached collectively as Exhibit "F". No action was necessary.

Next the Board was asked to consider and act upon approval of proposed dates for budget meetings in connection with development of the 2009 Operating Budget of The Woodlands Township. Chairman Blair referred the Board to their meeting books to review the proposed dates and then called for a motion and second. Director Campbell moved to approve the proposed dates for budget meetings. The motion was

seconded by Vice-Chairman Matthews and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "G".

The Board was then asked to consider and act upon recommendations from the Committee on Governance and Nominations regarding elections and terms of Board officers, qualifications for nomination and election as an officer of the Board, review of Board officers and role of the Executive Committee, time and place of future meetings of The Woodlands Township, public comment, and meeting packet information. Chairman Blair called on Secretary Sutton, a member of the Committee on Governance and Nominations, to present this item. Secretary Sutton referred the Board to a handout outlining the recommendations and nomination as offered by the Committee on Governance and Nominations. A brief summary and recommendation of each item was made by Secretary Sutton. Following the presentation, Secretary Sutton moved to approve the recommendations and nomination of Director Bruce Tough as Second Vice-Chairman. The motion was seconded by Director Hunter.

Next, Chairman Blair called for discussion. Following Board comments on the meeting time, Director Campbell moved to amend the

original motion and set the meeting time to 7:00 p.m. rather than 9:00 a.m. Director Hausman seconded the motion to amend. Chairman Blair asked Secretary Sutton if he would accept the amendment to his original motion. Secretary Sutton did not accept the amendment to his motion. Discussion continued with Chairman Blair voicing that there appeared to be a variety of opinions related to meeting times. The Chairman then called for a vote. The motion to amend the meeting time to 7:00 p.m. failed with Directors Blair, DeGroot, Matthews, Richmond, Sutton, and Tough voting "against" and Directors Campbell, Hausman, and Hunter voting "for" the amendment.

Chairman Blair next called for additional discussion on the Committee on Governance and Nominations' recommendations and nomination of Director Bruce Tough as Second Vice-Chairman. Director Hausman questioned the need for a fifth officer on the Board of Directors of The Woodlands Township with ten current voting members of the full Board. Director Hausman moved to amend the original motion by withdrawing the recommendation to add a fifth officer to the Board of Directors until there is a full Board of eleven members. The motion to amend died due to the lack of a second.

Following additional Board comments, Director Hunter called for the question. Chairman Blair called for a vote on Secretary Sutton's original motion to approve the recommendations and nomination from the Committee on Governance and Nominations. The motion passed with Directors Blair, DeGroot, Hunter, Matthews, Richmond, Sutton, and Tough voting "for" and Directors Campbell and Hausman voting "against" the motion. A copy of the recommendations and nomination from the Committee on Governance and Nominations is attached hereto as Exhibit "H". Handouts distributed to the Board are attached hereto as Exhibit "I".

Next, Chairman Blair asked the Board to consider and act upon election of an additional officer for the Board of Directors of The Woodlands Township. Chairman Blair reiterated that the Committee on Governance and Nominations had nominated Director Bruce Tough as Second Vice-Chairman. Mike Page, legal counsel for The Woodlands Township, was then called on to discuss the election process. Following Mr. Page's comments, ballots were distributed and Board members were instructed to vote for the nominated candidate or write-in an alternative choice for the position. The signed election ballots were then turned in to

Bob Kinnear, interim President for The Woodlands Township, to be tallied. Mr. Kinnear announced the results of the election as eight votes "for" Director Tough and one "no vote". The signed election ballots are attached hereto as Exhibit "J".

The Board was then asked to consider and act upon repealing the resolution granting The Woodlands Township Co-Managers the authority to exercise contractual, banking, and purchasing powers held by the previous President for The Woodlands Township. Chairman Blair called on Mike Page to present this item. Following Mr. Page's comments, Director Hunter moved to repeal the resolution. The motion was seconded by Director Campbell and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "K".

Chairman Blair then asked the Board to consider and act upon approval of investment training for The Woodlands Township interim President in accordance with the Investment Policy of The Woodlands Township. Director Campbell moved to approve investment training for The Woodlands Township interim President. The motion was seconded by Director Hunter and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "L".

Next, the Board was asked to consider and act upon a recommendation from the Executive Committee regarding adoption of a proposed change to the employee handbook. Chairman Blair called on Marcy Hicks, Human Resource Manager for The Woodlands Township, to present this item. Following Ms. Hick's presentation, Director Hunter moved to adopt the change to the employee handbook. The motion was seconded by Treasurer Richmond and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "M".

Chairman Blair next asked the Board to consider and act upon a recommendation from the Executive Committee regarding an amendment to the existing Waterway Square Park and Fountain Maintenance Agreement between The Woodlands Township and The Woodlands Community Service Corporation Parks Department. Steve Sumner, Vice President of Operations & Public Safety for The Woodlands Township, was called on to present this item. Following Mr. Sumner's review of the extended scope of services to the existing agreement, Vice-Chairman Matthews moved to approve the First Amendment to the Waterway Square Maintenance Services Agreement. Director Campbell seconded the motion. Discussion continued and then Chairman Blair

called for a vote on the motion. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "N".

The Board was then asked to consider and act upon a recommendation from the Executive Committee regarding the contract with Right Management. Chairman Blair referred the Board to a handout and led the discussion. The Chairman presented the Board with background information on the scope of work completed by Right Management under Phase I of the original agreement. The Board was also informed that the agreement currently under discussion would be to contract services with Right Management on a per diem basis through December 31, 2008. Chairman Blair then called for a motion and second on the item. Secretary Sutton moved to act upon the recommendation from the Executive Committee to extend the services of Right Management through December 31, 2008; and approve the Chairman and/or President of The Woodlands Township be designated as the appropriate person to initiate any future work deemed necessary. The motion was seconded by Director Hunter for discussion purposes only. Director Hunter began by stating that he would like to see the motion amended to include full Board approval on any work before engaging

Right Management. Secretary Sutton did not accept this amendment. Following a lengthy period of discussion, Director Hausman offered to amend the motion to include a financial cap of \$10,000. Secretary Sutton accepted this amendment. Next, a vote was taken on the motion to amend. The motion passed with Directors Blair, Campbell, DeGroot, Hausman, Matthews, Richmond, Sutton, and Tough voting "for", and Director Hunter voting "against". A copy of the Executive Summary is attached hereto as Exhibit "O".

At 9:08 a.m. the Board recessed to Executive Session to discuss matters relating to real property pursuant to §551.072, Texas Government Code; and to discuss personnel matters pursuant to §551.074, Texas Government Code.

The Board reconvened in Public Session at 9:22 a.m. Chairman Blair announced that it would not be necessary to take action at this time on real estate or personnel matters.

Next, Chairman Blair asked the Board to consider a report on the status of the internal candidate search to fill the position of President for The Woodlands Township. The Chairman led this discussion and informed the Board that the Chairman and Vice-Chairman had been

given the authority to pursue the internal candidate search. Although the search had started, the Chairman stated that there were no results to report and that future updates would be forthcoming.

Chairman Blair then called for Administrative Reports. Nick Wolda, Vice President of Marketing & Public Relations for The Woodlands Township, reported on:

- Marketing statistics for The Woodlands Township and The Woodlands Convention & Visitors Bureau;
- Announced a new temporary location for the Ice Rink which will be located behind the Town Center Parking Garage and along the Waterway; and
- Thanked Secretary Sutton and The Woodlands Development Company for their help finding a suitable location for the Ice Rink

Next, Steve Sumner addressed the Board. Mr. Sumner reported on:

- Waterway Square and Town Green Park activities;
- The trolleys and Sam Shuttle Service;
- Alpha & Omega and bicycle and foot patrols; and
- Intern Ambassador Program

Chairman Blair then asked if any Board members had announcements they wished to make. Vice-Chairman Matthews informed the Board that Taste of the Village will be held October 13, 2008 from noon until 4:00 p.m. Director Campbell announced that the Fall Flea Market will be held October 11, 2008 at the Town Center Garage.

The Board was then asked to consider items to be placed on the agenda for the next

meeting. The following items were presented for placement on the next Board of Directors' meeting agenda:

- Discuss posting all Township meetings
- Discuss having a Town Hall meeting in January or February 2009
- Invite Sheriff Tommy Gage to speak about policing in The Woodlands
- Recognize Laura Wilkinson and other area Olympic athletes

As there were no further matters to come before the Board, Chairman Blair called for a motion to adjourn. Vice-Chairman Matthews moved to adjourn the meeting. The motion was seconded by Director Campbell and passed unanimously. The meeting was adjourned at 9:34 a.m.

(SEAL)
Directors

Alex Sutton III
Secretary, Board of