

**MINUTES OF MEETING  
BOARD OF DIRECTORS  
SPECIAL MEETING  
THE WOODLANDS TOWNSHIP  
FEBRUARY 6, 2008**

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

The Board of Directors of The Woodlands Township, met in special session, open to the public, on February 6, 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                 |
| Fred R. O'Connor   | Treasurer/Assistant Secretary |
| Kemba D. DeGroot   | Secretary                     |
| Edmund W. Robb III | Director                      |
| Vicki D. Richmond  | Director                      |
| Peggy S. Hausman   | Director                      |
| Robert C. Kinnear  | Director                      |
| Ken Smith          | Director                      |
| Alex Sutton III    | Director                      |

with all of said persons being present, excluding Treasurer O'Connor, thus constituting a quorum. Also present for conducting business and assisting Board members were Frank Robinson, Brian Pate, Nick Wolda, Steve Sumner, Mike Page, Robin Fadal, David Walker Renee Williford, and Carolyn Pennell.

Chairman Blair called the meeting to order at 7:35 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 Kinnear moved to adopt the agenda. The motion was seconded by Director Robb and carried by unanimous vote.

Chairman Blair then called on names from the Public Comment Roster. Claude Hunter, representing the Village of Alden Bridge, addressed the Board. Attached hereto as Exhibit "A" is the Public Comment Roster.

Chairman Blair then asked the Board to consider and act upon approval of the minutes of the December 5, 2007, regular meeting and the minutes of the December 12, 2007, special meeting of the Board of

Directors of the Township. Director Hausman moved to approve the minutes as written. Secretary DeGroot seconded the motion and it passed unanimously. Copies of the December 5, 2007 and December 12, 2007 minutes are attached hereto as Exhibits "B" and "C", respectively.

Next, Chairman Blair asked the Board to receive and act upon the Financial Report as of and for the year ended December 31, 2007. The Chairman called on Brian Pate, Vice President of Finance & Administration for the Township, to present the Financial Report. Mr. Pate stated that the financial report was not in final form due to the processing of last minute accruals. After a review of the Financial Statements, Mr. Pate referred the Board to the Monthly Investment Report in their meeting books. A period of questions and answers followed.

Mr. Pate next disclosed that the Federal Guaranty Insurance Company (FGIC) that insures the Township's bonds had filed for protection. Mr. Pate stated that although this had downgraded FGIC's insured rating, it had not impacted the Township's underlying bond rating. Upon future approval by the Board, the Township will seek assistance from its financial advisor, Fulbright & Jaworski, to retain

First Southwest Bank to monitor future disclosures regarding the Township's bonds.

Following a review of the sales tax data and graph, the hotel occupancy tax data and graph, and the December 2007 City Sales and Use Tax Comparison Summary, Director Richmond moved to accept the Financial Report as presented and the motion was seconded by Director Hausman. The motion carried unanimously and a copy of the December 31, 2007 Financial Report is attached hereto as Exhibit "D".

Chairman Blair then requested that agenda item #7 be moved to follow the Financial Report. Director Kinnear moved to have agenda item #7 follow the Financial Report. The motion was seconded by Vice-Chairman Matthews and carried unanimously. The Board

was then asked to receive and consider a presentation from County Attorney David Walker on a proposed underground waste injection facility in Montgomery County, and act upon a proposed resolution in connection therewith. Mr. Walker provided background information on the proposed underground waste injection facility. Director Robb commented that he was uncomfortable voting with having heard from only one side. Additional comments were expressed by Mike Page, legal

counsel for the Township. Following discussion, Vice-Chairman Matthews moved to adopt a resolution in opposition to the Texas Commission on Environmental Quality (TCEQ) issuing waste injection well permits in Montgomery County. The motion was seconded by Director Hausman. Prior to voting, Mr. Page noted a minor correction to the resolution. The motion and second were changed to reflect the correction and then the Board unanimously voted to approve the resolution. A copy of the Executive Summary is attached hereto as Exhibit "E". A copy of the written briefs, provided by Mr. Walker, is attached hereto as Exhibit "F" and the amended resolution in opposition to the TCEQ issuing waste injection well permits in Montgomery County is attached hereto as Exhibit "G".

Next, the Board was asked to consider and act upon approval and execution of a Transition Agreement and related agreements by and among The Woodlands Township and The Woodlands Community Association, Inc., The Woodlands Association, Inc., The Woodlands Commercial Owners Association, Inc., The Woodlands Community Service Corporation, The Woodlands Recreation Centers, Inc., and The Woodlands Fire Department, Inc., and the adoption of a resolution in

connection therewith. Chairman Blair called on Mike Page to present this item. Mr. Page provided the Board with a detailed review of the Transition Agreement. Following Mr. Page's presentation, Director Kinnear moved to adopt a resolution approving all documents in substantially the form as presented and as such documents are finalized by the full transition teams in connection with the transition of governance from the community associations and related entities to The Woodlands Township and authorize the execution of all related documents by the Chairman of the Board of Directors. The motion was seconded by Secretary DeGroot and carried unanimously. A copy of the Executive Summary is attached hereto as Exhibit "H". A copy of the resolution is attached hereto as Exhibit "I".

Director Kinnear, Chairman of the transition team, then expressed his appreciation on behalf of the transition teams to the many individuals who put so much time and effort into preparing the Transition Agreement. Chairman Blair and the Board expressed appreciation to Director Kinnear for his leadership in guiding the transition team and also thanked the Township staff and the Woodlands Service Corporation staff for all their hard work. Chairman Blair

encouraged Board members to attend the Associations' meeting this evening, February 6, 2008 at 6:00 p.m. in support of passage of the Transition Agreement.

The Board then recessed at 9:29 a.m. and reconvened at 9:35 a.m.

Following the recess, Director Robb did not return to the meeting.

Chairman Blair called for a motion to move agenda items out of order. Director Kinnear moved to have agenda item #8 follow agenda item #4. The motion was seconded by Secretary DeGroot and carried unanimously.

Next, Chairman Blair asked the Board to consider and act upon guidelines and a proposed budget for The Woodlands Township Logo Contest. She called on Nick Wolda, Vice President of Marketing & Public Relations, to present this item. Mr. Wolda deferred to Vice-Chairman Matthews, Chairman of the Special Projects Committee, who provided a brief overview of the logo contest and extended his appreciation to staff for the work they contributed to the project. Next, Mr. Wolda presented more specifics of the logo contest and unveiled the official display of the logo contest rules and regulations. Following the presentations, Vice-Chairman Matthews moved to recommend approval of The Woodlands

Township Logo Contest guidelines and budget as submitted. The motion was seconded by Director Kinnear and passed unanimously. Copies of the Executive Summary and logo contest guidelines and budget are attached hereto as Exhibits "J" and "K", respectively.

The Board then entered into discussion regarding lease of direct recording electronic voting machines for the election to be held May 10, 2008, and the taking of any action in connection therewith. Mike Page was called on to present this item. Action on this item will follow the supplemental agenda.

Next, the Board was asked to consider approval of an Election Services Agreement with Montgomery County, Texas, and a Joint Election Agreement with the Montgomery County Hospital District, relative to participation in joint elections to be held on May 10, 2008, and the taking of any other action in connection therewith. Mike Page was called on to present this item. Action on this item will follow the supplemental agenda.

Chairman Blair then moved to the supplemental agenda. The three agenda items were collectively presented by Mike Page and combined under one motion. The Board was asked to consider the following items:

- Calling Directors Election to be held on May 10, 2008, and determining the procedure for giving notice of same, and the adoption of an order in connection therewith;
- Appointing an agent for the Township in connection with the Directors Election; and
- Compensation to be paid to election officials.

Vice-Chairman Matthews then moved to call the May 10, 2008 election, appoint Frank Robinson, President for the Township, as the agent, and compensate paid election officials at the rate allowed by law. The motion was seconded by Director Richmond and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "L". The Order Calling Directors Election is attached hereto as Exhibit "M".

Chairman Blair returned to items #5 and #6 on the regular agenda. On agenda item #5, Director Sutton moved to authorize the President for the Township to lease electronic voting machines from Harris County for the May 10, 2008, election for voting precincts located in the Harris County portion of the Township. Director Smith seconded

the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "N".

On agenda item #6, Director Sutton moved to authorize the Township to execute an Election Services Agreement with Montgomery County and a Joint Election Agreement with the Montgomery County Hospital District for the May 10, 2008 election. The motion was seconded by Director Hausman and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "O".

Next, Chairman Blair asked the Board to consider and act upon approval and execution of license agreements with The Woodlands Land Development Company, L.P. and The Woodlands Commercial Properties Company, L.P. for the use of the names "The Woodlands" and "The Woodlands Waterway". Frank Robinson was called on to present this item. Following Mr. Robinson's comments, Director Kinnear moved to authorize the President for the Township to execute the license agreements as presented. The motion was seconded by Director Hausman and passed with Director Sutton abstaining. A copy of the Executive Summary is attached hereto as Exhibit "P".

The Chairman then asked the Board to consider and act upon appointments on the Booking and Blocking Committee. She called on Nick Wolda to present this item. Following Mr. Wolda's presentation, Director Hausman moved to recommend Nick Wolda of The Woodlands Township and Sandy Schoenbeck of Marriott to three and one year terms, respectively, on the Booking and Blocking Committee. Director Richmond seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "Q".

Next, Chairman Blair called for administrative reports. Due to time constraints, a brief update on Convention & Visitor Bureau (CVB) activities and upcoming community events was presented by the Nick Wolda. Mr. Wolda informed the Board about the meeting times for the Board of Directors for the CVB. The following community events were then highlighted:

- Public Safety Appreciation Dinner- March 28, 2008;
- Waterway Square Park grand opening- April 12, 2008;
- Waterway Arts Festival- April 12-13, 2008; and
- Cinco de Mayo to be held at Town Green Park- May 4, 2008

The Board was next asked to consider items to be placed on the agenda for the next meeting. Items to be placed on the agenda included:

- Recommendation to retain First Southwest to monitor FGIC and
- Approve an election judge for the May 10, 2008 Directors Election.

As there were no further matters to come before the Board, Chairman Blair called for a motion to adjourn. Director Kinnear moved to adjourn the meeting. The motion was seconded by Director Hausman and passed unanimously. The meeting was adjourned at 9:55 a.m.

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(SEAL )

Secretary

Kemba D. DeGroot