

**MINUTES OF MEETING
BOARD OF DIRECTORS
SPECIAL MEETING & BUDGET WORKSHOP
TOWN CENTER IMPROVEMENT DISTRICT
OF MONTGOMERY COUNTY, TEXAS
November 16, 2007**

**THE STATE OF TEXAS §
COUNTY OF MONTGOMERY §**

The Board of Directors of Town Center Improvement District (TCID) of Montgomery County, Texas, met in special session, open to the public, on November 16, 2007, posted to begin at 9:00 a.m. The meeting was held in the Board Room at 10001 Woodloch Forest Dr., Suite 600, The Woodlands, Montgomery County, Texas, within the boundaries of the District. 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, Senator Tommy Williams, Representative Rob Eissler, Nancy Harrington, Renee Williford, and Kristin Freeman.

Chairman Blair called the meeting to order at 9:05 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 supplemental and regular agendas. Director Robb moved to adopt the agendas. The motion was seconded by Secretary DeGroot and carried by unanimous vote.

Next, Chairman Blair asked the Board to consider and act upon canvassing the returns and declaring the results of the Confirmation and Tax Election held within the District on November 6, 2007, and the adoption of an Order in connection therewith. She called on Mike Page, legal counsel for the District, to present this item. Mr. Page noted that a

majority of the votes cast at the election were in favor of the adoption and passage of the three propositions on the ballot. He then briefly summarized the points covered in the Order. Following Mr. Page's presentation, Director Kinnear moved to adopt the Order declaring the results of the Confirmation and Tax Election. Director Robb seconded the motion and it passed unanimously. A copy of the Order and Certificate for Order are attached hereto as Exhibits "A" and "B", respectively. Copies of the final results for the Joint Election held in Montgomery County, Texas on November 6, 2007 are attached as Exhibit "C".

Chairman Blair then thanked several individuals including Michael Richmond, Bob Kinnear, and Ed Robb for their leadership as prior Chairmen of the Board of Directors for The Town Center Improvement District. Also acknowledged for their efforts were Mike Page, Senator Williams, and Representative Eissler. Chairman Blair invited these individuals to join her in a symbolic change of the District's logo to The Woodlands Township logo. Photos were taken and then Chairman Blair suggested involving the community in a logo contest to be considered at the next regularly scheduled meeting of the Township's Board of Directors.

The Board of Directors' next order of business was to attend to items on the regular agenda. She called on names from the Public Comment Roster. Lois Patton, a Woodlands resident, addressed the Board. The Public Comment Roster is attached hereto as Exhibit "D".

Next, Chairman Blair asked the Board to convene and conduct a public hearing on the creation of The Woodlands Township Economic Development Zone. No presentations were made by the public; therefore, Chairman Blair closed the public hearing and proceeded with the next agenda item. A copy of the Executive Summary is attached hereto as Exhibit "E".

The Board was asked to consider and act upon adoption of a Resolution Creating and Establishing The Woodlands Township Economic Development Zone, defining the boundaries of the zone and appointing the governing body of the zone, establishing a tax increment fund, delegating the power and authority to the governing body of The Woodlands Township Economic Development Zone to pledge the tax increment fund and impose an incremental sales and use tax of one percent (1%) for the use and benefit of The Woodlands Township Economic Development Zone. Mike Page presented this item. He

informed the Board that creating The Woodlands Township Economic Development Zone (TWT EDZ) absorbs and dissolves Economic Development Zones Nos. 1-4. It also provides more capability to provide funding assistance for community services. Following Mr. Page's directions, Vice-President Matthews moved to adopt the Resolution Creating and Establishing The Woodlands Township Economic Development Zone. The motion was seconded by Secretary DeGroot and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "F". The Resolution and Certificate for Resolution are attached hereto as Exhibits "G" and "H", respectively.

Next, the Board was asked to consider and act upon entering into an interlocal agreement with The Woodlands Township Economic Development Zone to provide administration, management, investment, accounting and other services for the zone. Frank Robinson, President for the Township, was called on to present this item. He advised the Board of the appropriateness to approve an agreement to manage the affairs of the newly created EDZ. Mr. Page added that the sales tax funding for the new EDZ had been included as part of this agreement. A motion was then made by Director Hausman to enter into an interlocal

agreement for sales tax funding and administrative services for The Woodlands Township Economic Development Zone. Director Kinnear seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "I".

The Board was then asked to consider and act upon authorizing the Chairman for the Board of Directors to execute a sales tax funding agreement with The Woodlands Fire Department for calendar year 2008 contingent upon final approval of the Township's Governance Transition Team and legal counsel. Mike Page was called on to present this item. He informed the Board that the interim funding agreement for fire services was still in draft form and had not changed materially. He also stated that the agreement provided \$6.1 million from the Township for fire services by The Woodlands Fire Department. Following Board discussions, Vice-Chairman Matthews moved to authorize the Chairman for the Board of Directors to execute a sales tax funding agreement with The Woodlands Fire Department contingent upon the approval of the Township's legal counsel and Governance Transition Team concerning the components of the \$6.1 million. The motion was seconded by Director

Kinnear and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "J".

Next, the Board was asked to consider and act upon adoption of the proposed 2008 Operating Budget for the Township. Introductory remarks were made by Frank Robinson followed by a presentation from Steve Sumner, Vice President of Operations & Public Safety for the Township, on the Friendship Center.

Nancy Harrington, President, Montgomery County Committee on Aging Inc. (dba The Friendship Center- TFC), was also available to answer questions. As part of the proposed 2008 Operating Budget, it was recommended that the Board of Directors authorize the President for The Woodlands Township to execute a service agreement between The Friendship Center and The Woodlands Township for funding of transportation services based on a Unit Cost Model of payment for service of \$7.30 per trip not to exceed \$47,267.50. A copy of the Executive Summary is attached hereto as Exhibit "K".

Next, Brian Pate, Vice President of Finance & Administration for the Township, provided closing remarks to the Board. His comments focused on the following items:

- Budget overview
- Significant changes
- Earmarked transition funds
- RPA funding overview
- Fund balance analysis
- CATW payment overview

Following Mr. Pate's presentation, a period of discussion was entered into by the Board. Director Smith left the meeting at this point due to a previous commitment. Secretary DeGroot next moved to adopt the proposed 2008 Operating Budget for The Woodlands Township, approve a 2007 budget amendment for related capital transfers, and authorize the President for the Township to execute all service agreements in connection therewith. The motion was seconded by Director Kinnear and passed unanimously. A copy of the proposed 2008 Operating Budget for The Woodlands Township is attached hereto as Exhibit "L".

Chairman Blair then called for administrative reports. She first asked Mike Page to comment on filling a vacancy on the Board by resignation. Mr. Page stated that enabling legislation provides specifically that vacancies of unexpired terms on the Board be filled exclusively by appointment by the Board. Nick Wolda, Vice President of

Marketing & Public Affairs for the Township, next reminded the Board that the 25th anniversary of Lighting of the Doves and the launch of International Winter on the Waterway would be held on Saturday, November 17, 2007. Mr. Wolda also gave the Board a preview of the new website for The Woodlands Township.

The Board was next asked to consider items to be placed on the agenda for the next meeting. The following items were requested to be placed on the next agenda:

1. Authorizing a logo contest for a new Township logo
and
2. Filling a vacancy for a Director's position

As there was no further business to come before the Board, the Chairman called for a motion to adjourn. Director Kinnear moved to adjourn the meeting. Director Sutton seconded the motion and it passed unanimously. The meeting was adjourned at 10:18 a.m.

(SEAL)

Secretary

Kemba D. DeGroot