

**MINUTES OF MEETING  
BOARD OF DIRECTORS  
TOWN CENTER IMPROVEMENT DISTRICT  
OF MONTGOMERY COUNTY, TEXAS  
October 15, 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 October 15, 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 |
| Les R. Tarrance, Sr. | Director |

with all of said persons being present, excluding Directors Robb and Tarrance, thus constituting a quorum. Also present for conducting business and assisting Board members were Frank Robinson, Brian Pate, Nick Wolda, Steve Sumner, Mike Page, Carolyn Pennell, and Kristin Freeman.

Chairman Blair called the meeting to order at 9:04 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 Sutton and carried by unanimous vote.

At 9:05 a.m. the Board of Directors recessed to Executive Session to discuss matters relating to real property and prospective gifts or donations pursuant to §551.072 and §551.073, Texas Government Code, and to discuss or deliberate commercial or financial information received from a business prospect to be relocated, retained or expanded in or near

the District with which the District is conducting economic development negotiations, or to deliberate an offer of financial or other incentive to the prospect pursuant to §551.087, Texas Government Code.

The Board reconvened in Public Session at 9:18 a.m. Chairman Blair announced that it would not be necessary to take action on real property matters, prospective gifts, donations, economic development negotiations, or financial or other economic development incentives.

Next, Chairman Blair asked the Board to consider and act upon a recommendation from the District's Governance Transition Team to approve a Memorandum of Understanding (MOU) among Town Center Improvement District of Montgomery County, Texas (the "District"), The Woodlands Community Association, Inc. ("WCA), The Woodlands Association, Inc. (TWA), The Woodlands Commercial Owners Association, Inc. ("WCOA"), The Woodlands Fire Department, Inc. ("WFD"), and The Woodlands Recreation Centers, Inc. ("WRC") and authorize the Chairman for the Board of Directors of the District to execute the MOU document in connection therewith. She called on Mike Page, Legal Counsel for the District, to present this item.

Mr. Page used a PowerPoint in connection with his discussion of the MOU. He explained that the PowerPoint presentation was the same one previously presented to the three association boards who subsequently voted in favor of authorizing the execution of the agreement on October 2, 2007. Mr. Page informed the Board that the purpose of the MOU was multifold. It expresses the parties' intentions for the benefit of the voters so that they know what to expect in the upcoming election and provides a framework for the development of a more definitive agreement that all parties anticipate executing by February 1, 2008. Following Mr. Page's presentation, Director Kinnear moved to approve the MOU as recommended by TCID's Governance Transition Team. The motion was seconded by Vice-Chairman Matthews and passed with Director Hausman abstaining. Copies of the Executive Summary and MOU are attached hereto as Exhibits "A" and "B", respectively.

Chairman Blair then asked the Board to consider and act upon calling a public hearing for the creation of proposed Town Center Economic Development Zone (EDZ) No. 5. She called on Mike Page to present this item. Mr. Page explained the purpose of the Zone was to act

as the mechanism needed to allow for the collection of the incremental penny of sales tax throughout the newly expanded boundaries. Mr. Page then informed the Board that a meeting date between November 14 and 19 needed to be selected in order to call a special meeting to conduct the public hearing on the creation of Town Center EDZ No. 5. Frank Robinson, President for the District, recommended the Board consider November 16 at 9:00 a.m. which coincided with a previously scheduled Board budget workshop. Director Kinnear moved to accept November 16, 2007 as the date to hold the public hearing related to the creation of EDZ No. 5. Director Sutton seconded the motion and it passed unanimously. Director Robb arrived at this point. A copy of the Executive Summary is attached hereto as Exhibit "C".

Chairman Blair then asked the Board to consider items to be placed on the agenda for the next meeting. As there were none, Director Hausman moved to adjourn and Director Smith seconded the motion. The motion passed unanimously and the meeting adjourned at 9:33 a.m.

DeGroot

(SEAL )

Kemba D.

Secretary