

**MINUTES OF MEETING
BOARD OF DIRECTORS
TOWN CENTER IMPROVEMENT DISTRICT
OF MONTGOMERY COUNTY, TEXAS
January 24, 2007**

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

The Board of Directors of Town Center Improvement District (TCID) of Montgomery County, Texas, met in regular session, open to the public, on January 24, 2007, posted to begin at 7:30 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:

Edmund W. Robb III	Chairman
Vicki D. Richmond	Vice-Chairman
Fred R. O'Connor	Treasurer/Assistant Secretary
Lloyd W. Matthews	Secretary
Nelda Luce Blair	Director
Kemba D. DeGroot	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 Treasurer O'Connor, thus constituting a quorum. Also present for conducting business and assisting Board members were Frank Robinson, Brian Pate, Nick Wolda, Kristin Freeman, Renee Williford, Mike Page, Fred Domenick, and Tom Early.

Chairman Robb called the meeting to order at 7:30 a.m. He announced that a quorum was present and that sufficient notice of this meeting had been duly posted as required by law.

Chairman Robb then requested a motion to adopt the agenda. Secretary Matthews moved that the agenda be adopted. The motion was seconded by Director Tarrance and carried by unanimous vote.

Chairman Robb then called on names from the Public Comment Roster. As there were none, the Chairman proceeded with the next agenda item.

Chairman Robb then asked the Board to consider and act upon approval of the minutes of the December 6, 2006, and December 27, 2006, meetings of the Board of Directors of the District. Frank Robinson, President for the District, noted a change to the December 6, 2006 minutes. Secretary Matthews moved to approve the minutes of the December 6, 2006 meeting, as amended, and December 27, 2006 meeting. The motion was seconded by Director Smith and passed unanimously. Copies of the minutes of the December 6, 2006 and December 27, 2006 meetings are attached hereto as Exhibits "A" and "B", respectively.

Next, Chairman Robb asked the Board to receive and act upon the Financial Report as of and for the year ended December 31, 2006. The Chairman called on Brian Pate, Vice President of Finance & Administration for the District, to present the Financial Report. Mr. Pate stated that he would be reporting on a revised set of Financial Statements which was handed out to the Board members. Mr. Pate noted that the only change made to the Financials was a \$2,000 accrual and that these Financial Statements would be the ones reported to the auditors. The Board referred to the revised Financial Statements during Mr. Pate's presentation. After a review of the Financial Statements, Mr. Pate referred the Board to the Monthly Investment Report in their meeting books. Following a review of the sales tax data and graph, the hotel occupancy tax data and graph, and the December 2006 City Sales and Use Tax Comparison Summary, Director Sutton moved to accept the Financial Report as presented and the motion was seconded by Director Blair. The motion carried unanimously and a revised copy of the December 31, 2006, Financial Report is attached hereto as Exhibit "C".

The Board was then asked to consider and act upon an amendment to the Town Center Improvement District's 2006 Operating Budget to actual and the final approval of expenditures in connection therewith. Mr. Pate explained that historically, the Operating Budget is amended at the end of each operating year to the actual numbers to eliminate variances. Vice-Chairman Richmond moved to amend the 2006 Operating Budget to actual and it was seconded by Director Blair. The motion passed unanimously and copies of the Executive Summary and Proposed Final Amendment to the 2006 Operating Budget are attached hereto as Exhibits "D" and "E", respectively.

Next, Chairman Robb asked the Board to receive and consider a report on Convention Center activity. Mr. Fred Domenick, General Manager for the Waterway Marriott and Convention Center, presented the activity report. Mr. Domenick's opening comments were, "It's a very favorable time to be in the hotel business in The Woodlands." He stated that an increase in revenue of four million dollars was reported by the Hotel in 2006 and 2007 was forecasted to be another favorable year. No action was required on this agenda item.

Chairman Robb then asked the Board to consider and act upon a recommendation from the Executive Committee to appoint a permanent Board of Directors for The Woodlands Convention and Visitors Bureau, approve a proposed organizational structure, and appoint a President. Director Kinnear moved to approve the Executive Committee's recommendations on appointments to the Board of Directors for The Woodlands Convention & Visitors Bureau, the proposed organizational structure, and appointment of a President for the Convention & Visitors Bureau. Director Tarrance seconded the motion and it passed unanimously. A copy of the Executive Summary and Organizational Chart are attached hereto as Exhibits "F" and "G", respectively.

Next, the Board was asked to consider and act upon a recommendation from the Executive Committee to designate a voting representative for Town Center Improvement District

in accordance with the covenants of The Woodlands Commercial Owners Association. Director Blair moved to approve the Executive Committee's recommendation to appoint the position of Board Chairman to be the voting representative for Town Center Improvement District. The motion was seconded by Secretary Matthews and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "H".

Chairman Robb then asked the Board to consider and act upon a recommendation from the Executive Committee to adopt a District policy on responding to open records requests in accordance with state law. Mike Page, Legal Counsel for the District, referred the Board to several options listed in the Executive Summary in their meeting book. After a brief explanation on practices, Mr. Page informed the Board that they could choose an inspection or response type policy with regard to open record requests. Director Kinnear moved to authorize Mr. Page to develop policy choices on open records requests for Board consideration. Director Blair seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "I".

The Board was next asked to consider and act upon a recommendation from the Executive Committee to establish a professional certification pay program for District employees and to add the recommended program to the benefit's section of the District's Employee Handbook. Director Blair moved to implement a professional certification pay program for District employees administered by the District's President and to add the recommended program to the benefit's section of the District's Employee Handbook. The motion was seconded by Director Tarrance and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "J".

Chairman Robb then asked the Board to consider and act upon a recommendation from the Cultural Arts Task Force on the placement of a sculpture in Town Green Park. Vice-Chairman Richmond presented this item. As Chair of the Cultural Arts Task Force, Vice-

Chairman Richmond provided the Board with some background information regarding certain criteria that must be met in order to have an artist's art or sculpture considered for placement in Town Green Park. Following her presentation, Vice-Chairman Richmond, introduced Mr. Tom Early, representing The Texas Marines Medal of Honor Fund. Mr. Early recognized members of his fire team and then spoke about the Texas Medal of Honor and the seventeen Texas Medal of Honor recipients. Following Mr. Early's presentation, Director Blair moved to approve a recommendation from the Cultural Arts Task force on the placement of a sculpture in Town Green Park. The motion was seconded by Director Sutton and carried unanimously. A copy of the Executive Summary is attached hereto as Exhibit "K" and an artist's rendering of the sculpture is attached hereto as Exhibit "L".

Next, the Board was asked to consider and act upon approval of a report and recommendation from the Committee on Governance and Nominations on proposed legislation relating to Town Center Improvement District. Director Kinnear, Chair of the Committee on Governance and Nominations, provided a committee report to the Board. Following discussion by the Board, Director Sutton moved to approve the report and preliminary recommendations from the Committee on Governance and Nominations. The motion was seconded by Director Blair and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "M". The Report and Preliminary Recommendations from the Governance and Nominations Committee is attached hereto as Exhibit "N".

Chairman Robb then asked the Board to consider and act upon a contract for additional governmental affairs consulting services with HillCo Partners, LLC and approval of an amendment to the 2007 Operating Budget in connection therewith. Director Blair moved to approve a contract for additional governmental affairs consulting services with HillCo Partners, LLC at a cost not to exceed \$100,000 and approve a budget amendment in connection therewith. The motion was seconded by Director Tarrance and passed unanimously. An

executed copy of A Professional Services Agreement between Town Center Improvement District and HillCo Partners, LLC is attached hereto as Exhibit "O".

The Board was next asked to consider and act upon a recommendation from the Special Projects Committee to adopt an order related to cleanup and disposal of animal waste in Town Green Park. Secretary Matthews, Chair of the Special Projects Committee, referenced Order No. 001-06 and then called on Steve Sumner, Vice President of Operations and Public Safety, to elaborate. Mr. Sumner gave the Board background information and noted the proposed revisions to be made to the current order. Following Mr. Sumner's review, Director Blair moved to repeal Order No. 001-06 and adopt Order No. 001-07 as recommended by the Special Projects Committee. Director Smith seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "P" and Order No. 001-07 is attached hereto as Exhibit "Q".

Next, Chairman Robb asked the Board to consider and act upon approving the disposal of one Sharp copier in accordance with the District's policy on disposal of assets. Director Kinnear moved to approve the disposal of one Sharp copier and authorize the District's President to dispose of it in accordance to District policy. The motion was seconded by Director Blair and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "R".

The Board was asked to consider and act upon approval of an amendment to the Interlocal agreement between Town Center Improvement District and the Montgomery County Sheriff's Department, adjusting compensation requirements. Steve Sumner presented this item. Following his presentation, Director Blair moved to approve the amendment to the Interlocal agreement between TCID and the Montgomery County Sheriff's Department. The motion was seconded by Director Hausman and passed unanimously. The Interlocal agreement between TCID and the Montgomery County Sheriff's Department, adjusting compensation requirements

is attached hereto as Exhibit "S".

Chairman Robb then asked the Board to receive and consider the Administrative Reports. Nick Wolda, Vice President for Marketing & Public Affairs, gave a report on the Ice Rink. He stated there were 143,133 skaters which surpassed the number of skaters from the previous year. A handout with information on the 2006-2007 Ice Rink Season is attached hereto as Exhibit "T".

The Board was then asked to consider and act upon any old or new business. Secretary Matthews had a question about the budget change addressed in agenda item #12. Mr. Pate stated an additional \$100,000 was added by the approved budget amendment in addition to the existing \$50,000.

Next, Chairman Robb asked if there were any other matters to come before the Board. As there were no further matters to come before the Board, the meeting was adjourned at 9:03 a.m.

(SEAL)

Lloyd W. Matthews
Secretary