

**MINUTES OF MEETING  
BOARD OF DIRECTORS  
TOWN CENTER IMPROVEMENT DISTRICT  
OF MONTGOMERY COUNTY, TEXAS  
July 25, 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 July 25, 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:

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, Barry Goodman, Carolyn Pennell, and Kristin Freeman.

Chairman Blair called the meeting to order at 7:32 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 regular and supplemental agendas. Director Sutton moved that the agendas be adopted. The motion was seconded by Treasurer O/Connor and carried by unanimous vote.

Chairman Blair then called on names from the Public Comment Roster. Aaron Stryk, representing Town Center Theatre and Ted Stanley, representing the Village of College Park, addressed the Board. Attached hereto as Exhibit "A" is the Public Comment Roster.

Chairman Blair next asked the Board to consider and act upon approval of the minutes of the June 27, 2007, Regular meeting of the Board of Directors of the District. Director Sutton moved to approve the minutes of the June 27, 2007 meeting. The motion was seconded by Secretary DeGroot and passed unanimously. A copy of the meeting minutes is attached hereto as Exhibit "B".

Chairman Blair then asked the Board to receive and act upon the Financial Report as of and for the six months ended June 30, 2007. The Chairman called on Brian Pate, Vice President of Finance & Administration for the District, to present the Financial Report. Mr. Pate referred the Board to the Financial Statements in the meeting books for his presentation and then presented the Monthly Investment Report, which was followed by a report of Budget vs. Actual.

Mr. Pate then reported on the District's sales tax collections. The amount deposited in the District's operating account for the month of June 2007, collected during the month of April 2007 (less State retainage for adjustments) was \$834,831. The report also included the City Sales and Use Tax comparison Summary for June 2007.

Next, Mr. Pate reported on the District's hotel occupancy tax account for the month of June 2007, collected during the month of May 2007, was \$328,258. The Board reviewed a year-to-date comparison of current year actual dollars received to prior year actual dollars received. Following the presentation, Director Kinnear moved to accept the Financial Report as

of and for the six months ended June 30, 2007, as presented. The motion was seconded by Secretary DeGroot and passed unanimously. The June 30, 2007, financial Statements, which include the Monthly Investment Report, and the tax collection reports and graphs, are attached hereto as Exhibits "C" and "D".

Next, the Board was asked to receive and act upon the Hotel Occupancy Tax (HOT) 2006 Agreed Upon Procedures (AUP) report performed by UHY, LLP. Chairman Blair called on Brian Pate to present the report. Following the presentation, Treasurer O'Connor moved to act upon a recommendation from the Audit Committee to accept UHY's AUP report of two hotels (Drury Inn and Fairfield Inn & Suites) located in TCID. Vice-Chairman Matthews seconded the motion and it carried unanimously. A copy of the Executive Summary is attached hereto as Exhibit "E".

Chairman Blair then asked the Board to consider and act upon authorizing the Audit Committee of the District to solicit proposals for qualified CPA firms for a multiyear audit services contract. Brian Pate was called to present this item. Following the presentation, Director Richmond moved to authorize the Audit Committee of the District to solicit proposals from qualified CPA firms for a multiyear audit services contract. Director Kinnear seconded the motion and it passed unanimously. Copies of the Executive Summary, a list of prospective CPA firms, and the Request for Proposal are attached as Exhibits "F," "G," and "H," respectively.

The Board was then asked to consider and act upon a recommendation from the Executive Committee concerning the balance of unused funds provided by the District to the Governance Steering Committee (GSC). Chairman Blair presented this item. The District's prorated share of \$15,516 of the unused funds (\$90,000) would be used to educate The Woodlands residents on the issues of the November 6, 2007, election. Following the Chairman's comments, Secretary DeGroot moved to approve using the funds as presented. The motion was seconded by Treasurer O'Connor and passed with Vice-Chairman Matthews

abstaining. Copies of the Executive Summary and a letter received from the Community Associations of The Woodlands are attached hereto as Exhibits "I" and "J", respectively.

Next, the Board was asked to consider and act upon a recommendation from the Special Projects Committee to contract with The Goodman Corporation for transportation consulting services and authorize an amendment to the 2007 Operating Budget in connection therewith. Vice-Chairman Matthews, Chair of the Special Projects Committee, was called to present this item. Following the presentation, Vice-Chairman Matthews moved to accept the recommendation from the Special Projects Committee to contract with The Goodman Corporation for an amount not to exceed \$103,000 and amend the 2007 Operating Budget for such amount. Director Kinnear seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "K".

Chairman Blair next asked the Board to consider and act upon a recommendation to reallocate expenses in the District's 2007 Operating Budget related to The Woodlands Waterway Boat Parade. Nick Wolda, Vice President of Marketing and Public Affairs, presented this item. Following Mr. Wolda's presentation, Secretary DeGroot moved to accept the recommendation to reallocate the Boat Parade line item to a new line item called International Winter on the Waterway. The motion was seconded by Vice-Chairman Matthews and passed unanimously. Copies of the Executive Summary and a handout depicting a draft logo for the International Winter on the Waterway are attached hereto as Exhibits "L" and "M", respectively.

The Board was then asked to receive a recommendation from the Governance and Nominations Committee (GNC) to consider, and if appropriate, act upon adopting a resolution changing the name of the District. Director Kinnear, Chairman of the GNC, presented this item. Director Kinnear began by stating that the Transition Team has been meeting on a regular basis. He then explained some of the reasons behind the GNC's new name choice for the District. Director Kinnear next moved to adopt the resolution changing the name of the District

to “The Woodlands Township” contingent upon successful passage of District referendums in the November 6, 2007, general election. The motion was seconded by Director Sutton. A period of discussion followed. Director Hausman expressed her concern that the word *Township* seems to put another label on an already complex governmental vision and may give the wrong impression about future governance. Following the discussion period, the Board was asked to vote. The motion passed with Director Hausman opposing the name change. Copies of the Executive Summary and Resolution Changing the Name of the District are attached hereto as Exhibits “N” and “O”, respectively.

At 8:15 a.m., the Board 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 9:10 a.m. Chairman Blair announced that it would be necessary to take action at this time on real property and gifts, grants and other economic development incentive matters.

Chairman Blair asked the Board to consider and act upon an economic development incentive grant for the Life Flight program of the Memorial-Hermann Hospital System, serving Montgomery County, and authorize an amendment to the District’s 2007 Operating Budget in connection therewith. Chairman Blair presented this item. Following her statement to the public, Director Smith moved to authorize the President for the District to execute the agreement in the amount of \$250,000 and amend the District’s 2007 Operating Budget in the same amount. The motion was seconded by Treasurer O’Connor and passed unanimously. Copies

of the Executive Summary and proposal for the Life Flight campaign are attached hereto as Exhibits "P" and "Q", respectively.

Chairman Blair then asked for the administrative reports. Frank Robinson, President for the District, informed the Board that a copier they authorized to be disposed could not be donated or sold. Instead, the copier will be salvaged and the Board can ratify the original motion at the next Board meeting. Mr. Robinson then called on Steve Sumner, Vice President of Operations & Public Safety, to make his report. Mr. Sumner updated the Board on the Waterway Square project and Town Green Park. Next, he reported on the new trolley service. Russell Davis, the new public facilities manager for the District, was then introduced to the Board. Lastly, Nick Wolda gave a Power Point presentation and showed a short video on the 2007 Red, Hot & Blue Festival.

Next, the Board was asked if there were any items to be placed on the agenda for the next meeting. As there were none, Chairman Blair referred the Board to the Supplemental Agenda found in their Board books.

The Board was asked to consider and act upon calling a public hearing on the addition of territory to the boundaries of the District on the Board's own motion, but subject to a confirmation election, as authorized by Section 7-a, Chapter 289, Acts of the 73<sup>rd</sup> Legislature, Regular Session, 1993, as added by H.B. 4109, Acts of the 80<sup>th</sup> Legislature, Regular Session, 2007. Chairman Blair called on Mike Page, Legal Counsel for the District, to present this item. Mr. Page directed the Board's attention to a draft copy of the expanded boundaries of Town Center and gave a map description. After Mr. Page's presentation, Chairman Blair called on Frank Robinson. Mr. Robinson recommended to the Board that a Public Hearing be held on Wednesday, August 29, 2007 at 9:00 a.m. at The Waterway Marriott Hotel & Convention Center. Treasurer O'Connor moved to accept the recommendation. The motion was seconded by Vice-Chairman Matthews and passed unanimously. The Order Calling a Hearing on the

Addition of Territory to Town Center Improvement District, Montgomery County, Texas is attached hereto as Exhibit "R". The Notice of Public Hearing is attached hereto as Exhibit "S".

Chairman Blair then called for a motion to adjourn. Director Smith moved to adjourn the meeting. The motion was seconded by Director Kinnear and passed unanimously. The meeting was adjourned at 9:25 a.m.

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Kemba D. DeGroot  
Secretary

(SEAL )