

**MINUTES OF MEETING  
BOARD OF DIRECTORS  
TOWN CENTER IMPROVEMENT DISTRICT  
OF MONTGOMERY COUNTY, TEXAS  
May 30, 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 May 30, 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 Chairman Robb, Director DeGroot, and Director Hausman, 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, Chuck Yapple, Walter Cooke, Allen Johnson, Robert Heineman, Bob Stout, Renee Williford, and Kristin Freeman.

Vice-Chairman Richmond chaired the meeting and called it 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. Vice-Chairman Richmond then requested a motion to adopt the agenda. Director Blair moved that the agenda be adopted. The motion was seconded by Treasurer O'Connor and carried by unanimous vote.

Vice-Chairman Richmond then called on names from the Public Comment Roster. Tom Sifferman, Cheri Vallery, and Paul Armento addressed the Board. The Public Comment Roster is attached hereto as Exhibit "A".

Vice-Chairman Richmond next asked the Board to consider and act upon approval of the minutes of the April 25, 2007, Regular meeting of the Board of Directors of the District. Director Blair moved to approve the minutes of the April 25, 2007 meeting. The motion was seconded by Secretary Matthews and passed unanimously. A copy of the meeting minutes is attached hereto as Exhibit "B".

Vice-Chairman Richmond then asked the Board to receive and act upon the Financial Report as of and for the four months ended April 30, 2007. The Vice-Chairman called on Brian Pate, Vice President of Finance & Administration for the District, to present the Financial Report. Following the presentation, Director Blair moved to accept the Financial Report as presented and the motion was seconded by Director Kinnear. The motion carried unanimously and a copy of the April 30, 2007, Financial Report is attached hereto as Exhibit "C".

Next, the Board was asked to consider and act upon a recommendation from the District's Audit Committee to accept the 2006 Audit Report. Director Kinnear advised the Board that the Audit Committee had reviewed the Audit Report and recommended its adoption. He also commended TCID's financial staff for their exemplary work. Following these comments, Brian Pate introduced Chuck Yapple of Null-Lairson, who conducted the audit, to present the report. Following Mr. Yapple's report, Director Blair moved to adopt the Audit Report as

presented. The motion was seconded by Director Tarrance and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "D".

Vice-Chairman Richmond then asked the Board to consider and act upon accepting a three year reconciliation report on impact area spending. Mr. Pate informed the Board that they are required to reconcile and certify that the District is meeting a three year average 10% impact area spending obligation. Following Mr. Pate's report, Treasurer O'Connor moved that the Reconciliation Report be adopted. The motion was seconded by Secretary Matthews and passed unanimously. Copies of the Executive Summary and the Impact Area Spending Reconciliation Statement are attached hereto as Exhibits "E" and "F", respectively.

The Board was then asked to consider the Annual Review of Investment Policies and Strategies, and adoption of a resolution in connection therewith. Mr. Pate gave an overview of the item and following this, Director Blair moved to approve the resolution. The motion was seconded by Treasurer O'Connor and passed unanimously. A copy of the Executive Summary and the Resolution are attached hereto as Exhibits "G" and "H", respectively.

Next, the Board was asked to consider and act upon a Resolution Adopting a List of Qualified Brokers Authorized to Engage in Investment Transactions with the District. Mr. Pate presented this item and referred the Board to the List of Qualified Brokers in the meeting books. As there were no additions or deletions to the list, Director Kinnear moved to accept the resolution as written and the motion was seconded by Director Tarrance. The motion passed unanimously and a copy of the Executive Summary and the Resolution are attached hereto as Exhibits "I" and "J", respectively.

Vice-Chairman Richmond then asked the Board to consider and act upon acceptance of an audit report on compliance with the District's Booking and Blocking Agreement. Mr. Pate presented a brief overview of the Booking and Blocking Agreement to the Board and then introduced Walter Cooke, legal counsel for the District, to discuss the auditor's findings and the

impact these findings have on the agreement. Mr. Cooke provided a handout to the Board summarizing the Convention Center Booking & Blocking Agreement and then proceeded with his presentation. Following Mr. Cooke's report, Director Blair moved to send the item to the Audit Committee for review and a recommendation. The motion was seconded by Secretary Matthews and passed unanimously. A copy of the Executive Summary and handout are attached hereto as Exhibits "K" and "L", respectively.

The Board was asked to consider and act upon an update to the District's Official Statement as it relates to the District's 2001 Bond Issue. After Mr. Pate addressed the Board, Director Blair moved to approve the Update to the Official Statement as presented. The motion was seconded by Secretary Matthews and passed unanimously. Copies of the Executive Summary, Resolution, and Official Statement are attached hereto as Exhibits "M", "N", and "O", respectively.

Next, the Board was asked to receive a presentation from the Montgomery County Hospital District. Allen Johnson, Chief Administrative Officer of the Montgomery County Hospital District (MCHD), made a Power Point presentation to the Board. Following Mr. Johnson's presentation, he thanked the Board for the special tribute given to Mark Roach, MCHD paramedic, during the 12<sup>th</sup> Annual Public Safety Banquet hosted by TCID. No action was necessary on this item.

Vice-Chairman Richmond then asked the Board to consider and act upon a recommendation from the Cultural Arts Task Force in connection with the placement of a sculpture in Town Green Park. As Chair of the Cultural Arts Task Force, Vice-Chairman Richmond informed the Board that The Woodlands Development Company had applied to place a sculpture of Mr. George P. Mitchell in Town Green Park. Robert Heineman, Vice President of Planning for The Woodlands Development Company, was then introduced to the Board. Mr. Heineman made a Power Point presentation in regard to the statue commemorating Mr.

Mitchell. Following this presentation, Director Blair moved to approve the placement of a sculpture of Mr. Mitchell in Town Green Park as recommended by the Cultural Arts Task Force. The motion was seconded by Director Tarrance and passed unanimously. Copies of the Executive Summary and art/sculpture display application are attached hereto as Exhibits "P" and "Q", respectively.

The Board was next asked to receive and consider a legislative report from the Committee on Governance and Nominations. Director Kinnear, Chairman of the Committee on Governance and Nominations, was pleased to report to the Board that Senate Bill 1012 had been signed by Governor Perry and the related House Bill is awaiting the Governor's signature. Further, the new "transition team" had met once and is setting a regular meeting schedule. Director Kinnear then asked Bob Stout, consultant, to make some additional comments. Mr. Stout expounded on the excellent "teamwork" displayed by everyone involved with the legislative efforts. He also thanked HillCo Partners, LLC for their services. No action was necessary on this item.

Vice-Chairman Richmond then asked the Board to consider and act upon a recommendation from the Committee on Governance and Nominations to adopt a policy in response to open records requests. Director Kinnear presented this item. Following his comments, Director Kinnear asked Mike Page, legal counsel for the District, to explain the District's policy for obtaining public information. Additionally, Frank Robinson, President for the District, provided further insight into the District's policy on open records requests. Secretary Matthews then moved to adopt a resolution establishing an official policy for responding to open records requests as recommended by the Committee on Governance and Nominations. The motion was seconded by Director Blair and passed unanimously. Copies of the Executive Summary, Resolution, and related Memorandum are attached hereto as Exhibits "R", "S", and "T", respectively.

At 8:55 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 9:34 a.m. Vice-Chairman Richmond announced that it would be necessary to take action at this time on real property and gifts, grants and other economic development incentive matters. Director Blair moved to authorize the District's legal counsel to prepare a regional participation agreement with the city of Houston for consideration by the Board. The motion was seconded by Director Kinnear and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "U".

Next, Vice-Chairman Richmond asked the Board to consider and act upon the election of Officers for the Board of Directors. Director Kinnear asked Frank Robinson to outline the process for election of officers. After voting, the ballots were returned to Mr. Robinson who tallied the votes. The slate carried as nominated with no write-in votes. The following officers for the Town Center Improvement District Board of Directors were elected by signed ballots:

- Chairman—Nelda Luce Blair
- Vice-Chairman—Lloyd Matthews
- Treasurer—Fred O'Connor
- Secretary—Kemba D. DeGroot

The Executive Summary and election ballots are attached hereto as Exhibits "V" and "W", respectively.

Vice-Chairman Richmond then asked the Board to consider and act upon any old or new business. The Board received an Annual Report on Crime and Police Visibility prepared by

Steve Sumner, Vice President of Operations and Public Safety for the District, and Marian Leck, TCID Security Manager. Also, outgoing Board of Director officers were thanked for their service to the District.

Next, the Board was asked if there were any items to be placed on the agenda for the next meeting. Mr. Page suggested that an item to consider terms and conditions to accept art/sculpture be placed on the agenda for the next meeting. As there were no further matters to come before the Board, Director Smith moved to adjourn the meeting. The motion was seconded by Director Blair and passed unanimously. The meeting was adjourned at 9:40 a.m.

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Lloyd W. Matthews  
Secretary

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