

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

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 Treasurer O'Connor and Directors Hausman and Tarrance, thus constituting a quorum. Following the roll call, Chairman Blair informed the Board that Director Tarrance had resigned from the TCID Board of

Directors effective immediately. Also present for conducting business and assisting Board members were Frank Robinson, Brian Pate, Nick Wolda, Steve Sumner, Mike Page, Robin Fadal, Walter Cooke, Jeff Moseley, Dan Seal, Juliana Marek, Renee Williford, and Kristin Freeman.

Chairman Blair called the meeting to order at 7:30 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 moved to have agenda items #8-13 follow agenda item #3. The motion was seconded by Director Robb and passed unanimously. In a separate motion, Vice-Chairman Matthews moved to adopt the amended agenda. The motion was seconded by Secretary DeGroot and passed unanimously.

Chairman Blair then called on names from the Public Comment Roster. There were no names on the roster.

Next, the Board was asked to consider and act upon ratifying the addition of an exhibit to the minutes of the August 29, 2007, regular meeting, approve the minutes of the September 25, 2007, special meeting, approve the minutes of the September 26, 2007, regular meeting, and approve the minutes of the October 15, 2007, special meeting of the Board of Directors of the District. Vice-Chairman Matthews moved to accept the minutes as written. The motion was seconded by Director Richmond and passed unanimously. Copies of the September 25, 2007, September 26, 2007, and October 15, 2007 meeting minutes are attached hereto as Exhibits "A", "B", and "C", respectively.

The Board was then asked to consider and act upon approving and authorizing execution of a Regional Participation Agreement (RPA) with the City of Houston.

Chairman Blair called on Mike Page, legal counsel for the District, to present this item. Mr. Page explained that the final copy of the agreement tracks the principle terms of the original RPA announcement made in December 2006 with changes being only administrative in nature. A brief question and answer period followed Mr. Page's presentation. Chairman Blair thanked Mr. Page for his service and expressed the Board's appreciation for his efforts. Director Kinnear then moved to approve the RPA with the City of Houston. The motion was seconded by Vice-Chairman Matthews and passed unanimously. Copies of the Executive Summary and final draft of the RPA are attached hereto as Exhibits "D" and "E", respectively.

Chairman Blair asked the Board to consider and act upon a recommendation from the Audit Committee concerning the results of an Agreed Upon Procedures (AUP) audit for the Convention Center Booking and Blocking Agreement. She called on Frank Robinson, President for the District, to present this item. Mr. Robinson stated that the Audit Committee had reviewed the findings of the Convention Center Booking and Blocking Agreement AUP, which spoke to the discovery of non-compliance with one of the booking rules in the agreement. Upon further investigation, it was determined that this non-compliance did not affect the hotel's ability to achieve its performance standards as established in the agreement. Therefore, it was being recommended by the Audit Committee that the non-compliance of the booking rule be waived for the 2006 performance year only. Mr. Walter Cooke, legal counsel for the District, was called on to highlight the contents of a letter that had been drafted to communicate TCID's waiver of the non-compliance to the Marriott, the current booking agent of the Convention Center. Director Richmond moved to accept the recommendation of the Audit

Committee. The motion was seconded by Director Kinnear and passed unanimously. A copy of the letter is attached hereto as Exhibit "F".

The Board was next asked to consider and act upon a recommendation to authorize the President for the District to execute estoppels approved by the District's legal counsel in connection with the sale of The Woodlands Waterway Marriott Hotel. Mike Page was called on to present this item. Following Mr. Page's comments, Director Robb moved to authorize the President for the District to execute the estoppels in connection with the sale of the Marriott Hotel. The motion was seconded by Director Richmond and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "G".

Chairman Blair then asked the Board to consider and act upon a proposed third amendment to the Common Area Driveway Access Agreement. She called on Frank Robinson to present this item. Mr. Robinson explained the premise of the amendment to the agreement which would permit installation of a parking/traffic control kiosk and related signage at the front driveway to the Marriott Hotel & Convention Center. Director Smith moved to approve the proposed third amendment to the Common Access Driveway Agreement. It was seconded by Secretary DeGroot and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "H".

At 7:48 a.m., the Board recessed to Executive Session to discuss personnel matters pursuant to §551.074, Texas Government Code, 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 8:10 a.m. Chairman Blair announced that it would be necessary to take action on personnel matters. Director Kinnear moved to approve compensation adjustments for the President of the District. The motion was seconded by Director Smith and passed unanimously.

Chairman Blair next congratulated Frank Robinson on his election to a three year term on the Board of Directors of the International Downtown Association. Due to a previous commitment, Chairman Blair asked Vice-Chairman Matthews to conduct the remainder of the meeting.

Vice-Chairman Matthews then asked the Board to receive and act upon the Financial Report as of and for the nine months ended September 30, 2007. He 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 September 2007, collected during the month of July 2007 (less State retainage for adjustments), was \$935,697. The report also included the City Sales and Use Tax Comparison Summary for September 2007.

Next, Mr. Pate reported on the District's hotel occupancy tax collections. The amount deposited in the District's hotel occupancy tax account for the month of September 2007, collected during the month of August 2007, was \$363,755. 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 nine months ended September 30, 2007, as presented. The motion was seconded by Director Robb and passed unanimously. The September 30, 2007, Financial Statements, including the Monthly Investment Report, and the tax collection reports and graphs, are attached hereto as Exhibits "I" and "J".

The Board was asked to receive and consider a report from the Greater Houston Partnership (GHP) and act upon a recommendation to authorize the President for the District to renew a service agreement in connection therewith. Vice-Chairman Matthews invited Jeff Moseley, President and CEO of the Greater Houston Partnership, to make a presentation. Mr. Moseley introduced Dan Seal, Vice President of Economic Development for the GHP, and then proceeded to give the Board an update of activities and benefits the GHP has provided to South Montgomery County. Following his presentation, Director Richmond moved to authorize the District to renew its service agreement with the Greater Houston Partnership at a participation level of \$25,000. Director Kinnear seconded the motion and it passed unanimously. Copies of the Executive Summary and GHP report are attached hereto as Exhibits "K" and "L".

Vice-Chairman Matthews then asked the Board to receive a presentation on a bid analysis for the District's new wayfinding system, consider and act upon approving a recommended contractor for sign fabrication and installation, and authorize the

President for the District to execute necessary contracts and related documents in connection therewith. Steve Sumner, Vice President of Operations & Public Safety, was called on to present this item. Mr. Sumner gave a brief summary of the item and then called on Juliana Marek, with Marek-Hill Design Studio, to present a report on the bid results and fabricator recommendation for the Town Center wayfinding system. Following the presentation, Director Smith moved to authorize the President for the District to execute a contract and related documents with Intex United for fabrication and installation of the Town Center wayfinding system at a cost not to exceed \$150,000. The motion was seconded by Director Robb and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "M".

Next, Vice-Chairman Matthews asked the Board to consider and act upon the reallocation of marketing dollars within the 2007 Operating Budget for funding of the Board approved Perryman Market Research study. He called on Nick Wolda, Vice President of Marketing & Public Affairs, to present this item. Following Mr. Wolda's presentation, Director Richmond moved to allocate budget dollars for The Perryman Study by reclassifying budget dollars not utilized in the 2007 Waterway Square Grand Opening line item to the Marketing Contingency line. Director Kinnear seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "N".

Vice-Chairman Matthews then asked for the administrative reports. The Marketing department reported that Continental Airlines will bring their Mexico sales conference to The Woodlands the last week of November. Some of Mexico's top travel agents and various corporations will be represented at this conference. Holiday

destination marketing efforts are very active for the 25<sup>th</sup> Anniversary of Lighting of the Doves, Winter Wonderland, and iWOW. Frank Robinson read a thank you note received from Dan Seal, with Opportunity Houston and the Greater Houston Partnership, regarding a recent tour of The Woodlands. No reports were received from Operations & Public Safety.

Next, the Board was asked if there were any items to be placed on the agenda for the next meeting. As there were none, Vice-Chairman Matthews reminded the Board about a Budget Workshop on Friday, October 26, 2007 at 9:00 a.m. He also encouraged everyone to get out and vote during the November 6, 2007 election.

As there were no further matters to come before the Board, the meeting was adjourned at 8:42 a.m.

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Kemba D. DeGroot  
Secretary

(SEAL )