MINUTES OF MEETING
BOARD OF DIRECTORS
REGULAR MEETING
THE WOODLANDS TOWNSHIP
SEPTEMBER 24, 2008

THE STATE OF TEXAS §
COUNTIES OF HARRIS & MONTGOMERY §

The Board of Directors of The Woodlands Township, met in regular session, open to the public, on September 24, 2008, posted to begin at 9:00 a.m. The meeting was held in the Meeting Room at the Township's Office, 10001 Woodloch Forest Dr., Suite 600, The Woodlands, Texas, within the boundaries of the Township. 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
Bruce Tough	Second Vice-Chairman
Vicki D. Richmond	Treasurer/Assistant Secretary
Alex Sutton III	Secretary
Thomas Campbell	Director
Kemba DeGroot	Director
Peggy S. Hausman	Director
Claude Hunter	Director
Edmund W. Robb III	Director

Robert C. Kinnear Director

with all of said persons being present, excluding Director DeGroot, thus constituting a quorum. Also present for conducting business and assisting Board members were Bob Kinnear, Nick Wolda, Steve Sumner, Brian Pate, Mike Page, Don Norrell, Drew Masterson, Monique Sharp, Ron Bourbeau, Marina Valenzuela, and Kristin Freeman.

Chairman Blair called the meeting to order at 9:00 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. Treasurer Richmond moved to adopt the agenda. The motion was seconded by Director Campbell and passed unanimously.

Next, Chairman Blair called on names from the Public Comment Roster. The following people addressed the Board: Joe Michels, Kenny Speight, and Jill Liccioni. The Public Comment Roster is attached hereto as Exhibit "A".

Chairman Blair then asked the Board to recognize Montgomery county area Olympic athletes. Director Hunter was called on to present this item. Representing the U.S.A. at the 2008 Summer Olympic Games

in Beijing, China were: Laura Wilkinson, Nancilea Foster, and Kyle Bennett.

Chairman Blair then asked the Board to consider and act upon approval of the minutes of the August 27, 2008 regular meeting of the Board of Directors of the Township. Vice-Chairman Matthews moved to approve the minutes as written. Director Hunter seconded the motion and it passed unanimously. A copy of the August 27, 2008 minutes is attached hereto as Exhibit "B".

The Board was next asked to receive and consider a report from the Community Associations of The Woodlands. Chairman Blair introduced Don Norrell, General Manager of The Woodlands Community Associations, who addressed the Board. Mr. Norrell handed out a packet of information containing a written summary of the Community Associations' Board agenda matters for the past month, and a handout on Hurricane Ike recovery efforts. The Community Policing Report for August 2008 was also provided to the Board. Following the presentation, Chairman Blair thanked Mr. Norrell for his report. The Community Association reports are hereby attached collectively as Exhibit "C". No action was necessary.

Next, Chairman Blair called on the Board to receive and consider the Financial Report as of and for the eight months ended August 31, 2008. She called on Brian Pate, financial consultant, to present the Financial Report on behalf of the Township. 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 Township's sales tax collections. The amount deposited in the Township's operating account for the month of August 2008, collected during the month of June 2008 (less State retainage for adjustments), was $2,510,943. The report also included the City Sales and Use Tax Comparison Summary for August 2008.

Next, Mr. Pate reported on the Township's hotel occupancy tax collections. The amount deposited in the Township's hotel occupancy tax account for the month of August 2008, collected during the month of July 2008, was $293,587. The Board reviewed a year-to-date comparison of current year actual dollars received to prior year actual dollars received. Director Hunter moved to accept the Financial Report as of and for the eight months ended August 31, 2008, as presented. The motion

was seconded by Director Campbell and passed unanimously. The August 31, 2008, Financial Statements, which include the Monthly Investment Report, and the tax collection reports and graphs, are attached hereto as Exhibits "D" and "E".

Next the Board was asked to consider and act upon a recommendation to the Board of Directors regarding the engagement of Fulbright and Jaworski, L.L.P. as disclosure counsel in connection with the issuance, sale, and delivery of bonds to be sold by The Woodlands Township. Chairman Blair called on Bob Kinnear, interim President for The Woodlands Township, to make a few comments regarding proposals received. Following Mr. Kinnear's presentation, Secretary Sutton moved to approve Fulbright and Jaworski, L.L.P. as disclosure counsel. The motion was seconded by Vice-Chairman Matthews and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "F".

Chairman Blair then asked the Board to consider and act upon approval of the Preliminary Official Statement (POS) and notice of sale related to the issuance, sale, and delivery of bonds to be sold by The Woodlands Township. Mike Page, legal counsel for The Woodlands

Township and Drew Masterson, of First Southwest Company and financial advisor related to the bonds, addressed the Board. Mr. Page noted that due to Hurricane Ike, more time was needed before the Board could act on this item. Mr. Masterson provided the Board with a draft of the POS and an updated financing schedule as of September 23, 2008. Following lengthy discussion, Secretary Sutton moved to table this item until a special meeting of the Board of Directors on October 1, 2008. The motion was seconded by Treasurer Richmond and passed unanimously. A draft of the POS and finance schedule are attached hereto as Exhibits "G" and "H", respectively.

The Board was next asked to consider and act upon the establishment of a pricing committee related to the issuance, sale, and delivery of bonds to be sold by The Woodlands Township. A motion was made by Secretary Sutton to also table this item until a special meeting of the Board of Directors on October 1, 2008. Treasurer Richmond seconded this motion and it passed unanimously.

Next, the Board was asked to receive a presentation from The Woodlands Fire Department concerning the 2009 Operating Budget. Chairman Blair called on Brian Pate to comment on this item. Mr. Pate

informed the Board that due to Hurricane Ike, a meeting to review The Woodlands Fire Department 2009 operating budget was cancelled. The presentation was rescheduled for the October regular meeting of the Board of Directors. It was noted that the final deadline for budget approval by all parties involved in the Transition Agreement is November 30, 2008. Monique Sharp, Assistant General Manager for the Community Associations of The Woodlands, stated that all departments are on schedule with their budget deadlines. Ms. Sharp also informed Board members that approval of The Woodlands Fire Department's 2009 Operating Budget is subject to prior review by The Woodlands Township's Board of Directors. No action was required on this item.

Chairman Blair then asked the Board to receive a report from the South County Woodlands Economic Development Partnership. Ron Bourbeau, Chief Executive Officer of the Economic Development Partnership (EDP), was called on to present this item. Mr. Bourbeau used a PowerPoint during his presentation of the EDP's 2007 Annual Report. Specific areas highlighted in the report included the following: Organizational Accomplishments, Business Recruitment Efforts, and Business Retention and Expansion Efforts. At the conclusion of Mr.

Bourbeau's presentation, Chairman Blair thanked him for an excellent report. No action was required on this item. A copy of Mr. Bourbeau's PowerPoint presentation is attached hereto as Exhibit "I".

The Board was then asked to consider and act upon a recommendation from the Audit Committee regarding proposed fees for audit services to be provided by Null-Lairson. Chairman Blair called on Brian Pate to present this item. Mr. Pate provided background information related to changes in the proposed fees for audit services for the 2008-2009 year. Treasurer Richmond, Chair of the Audit Committee, was then called on for additional comments. Treasurer Richmond informed the Board that the fees proposed by Null-Lairson were warranted due to additional work requirements and were in line with the next highest proposal. Following Board comments, Treasurer Richmond moved to approve the recommendation from the Audit Committee as presented. Director Hunter seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "J".

Next, the Chairman asked the Board to receive and act upon the Hotel Occupancy Tax 2007 Agreed Upon Procedures (AUP) Report. Brian

Pate was called on to present this item. Following Mr. Pate's presentation, Director Hunter moved to accept the 2007 AUP Report as presented. The motion was seconded by Vice-Chairman Matthews and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "K".

The Board was then asked to receive and act upon the Convention Center Booking and Blocking Compliance Report for fiscal year 2007. Chairman Blair called on Brian Pate to present this item. Mr. Pate provided the Board with an overview of the Convention Center Booking and Blocking Agreement and commented on the report findings made by Karlins & Ramey, L.L.C. Following Mr. Pate's presentation, Director Campbell moved to accept the report in regards to the compliance of the hotel operator with The Woodlands Township's Booking and Blocking Agreement. The motion was seconded by Director Hunter and passed with Directors Blair, Campbell, Hausman, Hunter, Matthews, Richmond, Robb, and Tough voting "yes" and Secretary Sutton abstaining. A copy of the Booking and Blocking Report is attached hereto as Exhibit "L".

Chairman Blair next asked the Board to consider and act upon a recommendation from the Audit Committee to amend the Booking and

Blocking Agreement concerning The Woodlands Waterway Marriott Hotel and Convention Center. Brian Pate presented this item. As noted by Mr. Pate, The Woodlands Waterway Marriott Hotel requested a formal review of the rules contained in the Booking and Blocking Agreement. Following Mr. Pate's presentation and Board discussion, Vice-Chairman Matthews moved to accept the Audit Committee's recommendation for a second amendment to the Booking and Blocking Agreement, to be executed by the Chairman, and permanently waive the Marriott's instance of non-compliance for the 2007 performance year. The motion was seconded by Director Robb and passed with Directors Blair, Campbell, Hausman, Hunter, Matthews, Richmond, Robb, and Tough voting "yes" and Secretary Sutton abstaining. A copy of the Executive Summary is attached hereto as Exhibit "M".

At 10:45 a.m. the Board recessed to Executive Session to discuss matters relating to real property pursuant to §551.072, Texas Government Code; and to discuss personnel

matters pursuant to §551.074, Texas Government Code.

The Board reconvened in Public Session at 11:31 a.m. Chairman Blair announced that it would be necessary to take action on personnel

matters. Secretary Sutton was not present for the remainder of the meeting. Prior to taking action on personnel matters, Second Vice-Chairman Tough moved to take agenda item #20 out of order. The motion was seconded by Director Robb and passed unanimously.

Chairman Blair then referred the Board to agenda item #19. She asked the Board to consider and act upon the internal candidate search to fill the position of President of The Woodlands Township. Director Hunter moved to approve the negotiation of terms with candidate Don Norrell for President of The Woodlands Township, authorize Chairman Blair and Vice-Chairman Matthews to finalize the negotiation of terms, and enter into an employment agreement as approved by legal counsel, Mike Page. The motion was seconded by Director Campbell and passed unanimously.

The Board was then asked to consider and act upon a recommendation from the Executive Committee to amend a consulting agreement with Jefferson Wells as it relates to personnel needs in the finance department and a budget amendment in connection therewith. Chairman Blair called on Bob Kinnear to present this item. Following background information on this item, Vice-Chairman Matthews moved

to accept the recommendation from the Executive Committee to extend the use of Jefferson Wells through December 31, 2008 and amend the 2008 budget by approximately $125,000. The motion was seconded by Secretary Sutton and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "N".

Next, the Chairman called for Administrative Reports. Nick Wolda, Vice President of Marketing & Public Affairs for The Woodlands Township, was called to make a presentation. Mr. Wolda highlighted the following:

- Emergency Operations Center (EOC) activity before, during, and
  after Hurricane Ike
- Recognized Mary Connell, Director of Community Relations for the Community Associations of The Woodlands, for her efforts in setting up the Joint Information Center (JIC) which allowed distribution of public information
- Pinnacle Awards won by The Woodlands Convention & Visitors Bureau (CVB)
- Upcoming holiday events presented by The Woodlands CVB

Due to time constraints, Steve Sumner, Vice President of Operations & Public Safety for The Woodlands Township, asked to present his report at the October 1, 2008 special meeting of the Board of Directors. Bob

Kinnear formally introduced Andrea Medina as the new receptionist for The Woodlands Township.

The Board was then asked to consider items to be placed on the agenda for the next meeting. There were no items.

Chairman Blair next asked if there were any Board announcements. The following items were mentioned:

- The Woodlands Flea Market to be held October 11, 2008
- Taste of The Village to be held October 18, 2008
- Nelda Blair, Bob Kinnear, Chief Alan Benson, and Don Norrell met with Governor Rick Perry regarding Hurricane Ike

As there were no further matters to come before the Board, Chairman Blair called for a motion to adjourn. Treasurer Richmond moved to adjourn the meeting. The motion was seconded by Director Campbell and passed unanimously. The meeting was adjourned at 11:58 a.m.

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Alex Sutton III

(SEAL) Secretary, Board of Directors

EXHIBIT OMISSION

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

EXHIBIT "F"

EXHIBIT "G"

EXHIBIT "H"

EXHIBIT "I"

EXHIBIT "J"

EXHIBIT "K"

EXHIBIT "L"

EXHIBIT "M"

EXHIBIT "N"