MINUTES OF MEETING

BOARD OF DIRECTORS

REGULAR MEETING

THE WOODLANDS TOWNSHIP

JULY 22, 2009

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 July 22, 2009, 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 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
Robert C. Kinnear Director
Edmund W. Robb III Director

with all of said persons being present, excluding Director Hausman* and Vice-Chairman

*Indicates arrived late

Matthews, thus constituting a quorum. Also present for conducting business and assisting Board members were Don Norrell, Nick Wolda, Steve Sumner, Anjanette

Sauers, Mike Page, Renee Williford, and Kristin Freeman.

Chairman Blair then 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.

Next, Chairman Blair recognized Vanessa Kimball, with HUB International Personal Insurance, who helped facilitate a \$5,886 grant and John Meek with Fireman's Fund Insurance Company for providing the grant to The Woodlands Fire Department. The Chair noted that the grant will enable the Fire Department to purchase state-of-theart computer-based emergency simulation training programs. Bruce Tough, President of The Woodlands Fire Department, then made a few comments and also expressed his appreciation and thanks on behalf of The Woodlands Fire Department. Director Hausman arrived at this point in the meeting.

Following the presentation, Chairman Blair requested a motion to adopt the agenda. Director Campbell moved to adopt the agenda. The motion was seconded by Director Hunter and passed unanimously.

Next, Chairman Blair recognized public officials attending the meeting. No public officials were recognized.

Chairman Blair then called on names from the Public Comment Roster. The following individuals addressed the Board:

- Jim Stiffler-Diamond Star Ranch/teen suicide (handout)
- Mark Morgan-Triathlon
- Mary Magee-Triathlon

Copies of the Public Comment Roster and handout are attached hereto collectively as Exhibit "A".

The Board was then asked to consider and act upon approval of the minutes of the June 24, 2009 regular meeting and the June 24, 2009 special meeting of the Board of Directors for The Woodlands Township. Director Hunter moved to approve the minutes. The motion was seconded by Director Campbell and passed unanimously. Copies of the June 24, 2009 regular meeting minutes and the June 24, 2009 special meeting minutes are attached hereto as Exhibits "B" and "C", respectively.

Chairman Blair next asked the Board to receive and act upon the Financial Report as of and for the six months ended June 30, 2009. The Chair called on Anjanette Sauers, Financial Services Manager for The Woodlands Township, to present this item. Ms. Sauers referred the Board to the Financial Statements in their meeting books. Following Ms. Sauers' presentation, Director Campbell moved to accept the Financial Report as presented. The motion was seconded by Treasurer Richmond and passed unanimously. A copy of the Financial Report as of and for the six months ended June 30, 2009 is attached hereto as Exhibit "D".

The Chair next recessed the regular meeting of the Board of Directors at 9:25 a.m. to convene and conduct a public hearing on the repeal of Resolution No. 007-08 regarding the temporary and conditional exclusion of certain territory from the boundaries and taxing jurisdiction of The Woodlands Township Economic Development Zone. Chairman Blair called on Mike Page, legal counsel for The Woodlands Township, to present this item. Following Mr. Page's presentation, the Chair called for public comment. As there was no public comment, the public hearing was ended.

The regular meeting of the Board of Directors then reconvened at 9:28 a.m. Chairman Blair then asked Board members to consider and act upon repealing Resolution No. 007-08 and restoring, adding, and including certain territory to and within the boundaries and taxing jurisdiction of The Woodlands Township Economic Development Zone. Director Hunter moved to approve the repeal of Resolution No. 007-08. The motion was seconded by Director Kinnear and passed unanimously. Resolution No. 011-09, repealing Resolution No. 007-08, is attached hereto as Exhibit "E".

Next, Chairman Blair asked Board members to receive and consider a report from the Community Associations of The Woodlands. John Powers, Co-Interim General Manager of The Woodlands Community Associations, presented the report. Packets of information containing a written summary of the Community Associations' Board agenda matters, Monthly Report for June 2009, and The Woodlands Community

Policing Report for June 2009 were distributed to Board members. Additionally, a report on Media Coverage for the dates June 21-July 20, 2009 was presented. The Community Associations' reports are attached hereto collectively as Exhibit "F". No action was necessary on this item.

Board members were then asked to receive and consider a quarterly update from The Woodlands Convention & Visitors Bureau (CVB). Nick Wolda, President of The Woodlands Convention & Visitors Bureau, was called on to present this item. Mr. Wolda used a PowerPoint presentation and updated the Board on CVB activities. Additionally, a quarterly financial report was given to the Board. Copies of the Executive Summary and the CVB's Financial Statements for June 30, 2009 are attached hereto as Exhibits "G" and "H", respectively. No action was necessary on this item.

Chairman Blair next asked the Board to consider and act upon a recommendation from the Committee on Governance and Nominations in regards to revising the guidelines for participation in public meetings. Don Norrell, President for The Woodlands Township, was called on to present this item. Mr. Norrell provided a brief overview of the recommended changes to the current Public Comment Policy which included:

- Each speaker will be limited to three (3) minutes and the total time for public comment will be 30 minutes.
- No more than three (3) speakers will be allowed per subject.
- Speakers will be taken in the order in which they sign up. Any speaker on a single subject may yield their time to another speaker on the list

but no more than nine (9) minutes per subject will be allowed.

Following Mr. Norrell's comments, Director Robb moved to adopt the revisions to the guidelines for participation in public meetings as recommended by the Committee on Governance and Nominations. The motion was seconded by Vice-Chairman Tough. The floor was then opened to discussion. Director Campbell suggested allowing public comment following Board discussion on any agenda item. Director Hausman amended the motion to include public comment at the beginning and end of public meetings. The amended motion died for lack of a second. Directors Hunter and Campbell asked that this item go back to the Committee for further discussion and reconsideration. Treasurer Richmond commented that policy changes could always be made in the future, but for now the recommended changes reflect thoughtful consideration on how to address public comment and should be adopted. Following discussion, the Chair called for a vote on the original motion. The motion passed with Directors Blair, DeGroot, Kinnear, Richmond, Robb, Sutton, and Tough voting "yes" and Directors Campbell, Hausman, and Hunter voting "no". Copies of the Executive Summary, Meeting Notes from the Committee on Governance and Nominations, and Revised Guidelines for Participating in Public Meeting are attached hereto as Exhibits "I", "J", and "K", respectively.

The Board was then asked to consider and act upon adopting a Resolution establishing guidelines and criteria for considering tax abatement agreements by The

Woodlands Township. Chairman Blair called on Mike Page to present this item. Mr. Page referred the Board to the Executive Summary found in their meeting books and then gave a brief overview of the item. The Board was informed that as part of the Transition Agreement between the Community Associations of The Woodlands and The Woodlands Township, seven (7) properties with existing tax abatements must first be offered a tax abatement before the Township can levy an ad valorem tax. Additionally, prior to the offer of tax abatements, guidelines and criteria for considering tax abatement applications must be adopted. Mr. Page recommended adopting, in arrears, the Montgomery County guidelines and criteria currently in place for the existing properties with tax abatements. The Board was informed that the Resolution under consideration would serve both purposes discussed above. Following Mr. Page's presentation, Vice-Chairman Tough moved to adopt a Resolution establishing guidelines and criteria for considering tax abatement agreements by The Woodlands Township. The motion was seconded by Director DeGroot. Chairman Blair then called for discussion wherein questions from Board members were answered. After discussion, the Chair called for a vote on the motion. The motion passed unanimously. Copies of the Executive Summary, Resolution, and 2006 Tax Abatement Policy Guidelines & Criteria, established and amended by Montgomery County, Texas, are attached hereto as Exhibits "L", "M", and "N", respectively.

Chairman Blair then asked the Board to consider and act upon approving the offer of tax abatement agreements to property owners with existing assessment abatements. Mike Page was called on to present this item and provided background information on the seven (7) properties that qualify to receive tax abatement offers from the Township. These properties include: US Oncology, FOX, Chevron, CB&I, Huntsman, Bruker, and Anadarko. A sample form of the tax abatement agreement was also provided for the Board's consideration. Following Mr. Page's presentation, Vice-Chairman Tough moved to approve the form of the tax abatement agreement, authorize the offer of tax abatement to the seven (7) companies listed above, and authorize the Chairman to execute and deliver the agreements to the qualified property owners. The motion was seconded by Secretary Sutton. Chairman Blair then called for discussion. Following a period of discussion, the Board voted on the motion and it passed unanimously. Copies of the Executive Summary, Summary of Terms of the Existing County Tax Abatement Agreements prepared by J.R. Moore, and a Sample Tax Abatement Agreement are attached hereto as Exhibits "O", "P", and "Q", respectively.

Next, the Board was asked to consider and act upon designating J.R. Moore, Montgomery County Tax Assessor-Collector, as The Woodlands Township's agent for administering and monitoring performance of tax abatement agreements of The Woodlands Township. Director Campbell moved to adopt a Resolution designating J.R. Moore as the Township's agent and representative for administering and monitoring

performance of tax abatement agreements of The Woodlands Township. Director Hunter seconded the motion. The floor was then opened to discussion. Director Hausman asked if there was a savings in having the County serve as the Township's tax collector rather than having the collection department of the Community Associations continue to do this function. Mr. Norrell responded that a staff savings was realized and that positions at the Community Associations formerly in charge of collections had either been shifted or eliminated in the upcoming budget plan. As there was no further discussion, the Board voted on the motion and it passed unanimously. Copies of the Executive Summary and Resolution are attached hereto as Exhibits "R" and "S", respectively.

Chairman Blair then asked the Board to consider and act upon a recommendation from the Executive Committee regarding employee retirement plan options related to the consolidation of The Woodlands Township and the Community Associations of The Woodlands in 2010. The Chair called on Susan Welbes, Director of Human Resources for The Woodlands Community Associations, to present this item. Ms. Welbes used a PowerPoint presentation and began by reviewing the current retirement plans offered for employees of The Woodlands Township, The Woodlands Community Service Corporation and The Woodlands Fire Department. Next, Ms. Welbes discussed the reasons to change from the current plans and what other options are available. Board members were shown a matrix that outlined the pros and cons of

the Texas County and District Retirement System (TCDRS) and combination 401a/457b retirement plan. Ms. Welbes informed the Board that Request for Proposals (RFPs) would be sent out later in the month to vendors for the recommended retirement plans. Gary Nagler, of Nagler and Associates, was also called on to provide additional clarification to the Board. Following Ms. Welbes' presentation, Secretary Sutton moved to implement a 401a/457b retirement plan and begin participation in Social Security for The Woodlands Township employees effective January 1, 2010, with a review of contributions and total compensation. The motion was seconded by Treasurer Richmond. A period of discussion followed wherein some Board members expressed the desire to see analysis of the compensation and benefit plans offered by the private sector. It was the understanding of the Board that the actual employer matching percentage would be determined when the Board considers the final compensation and benefit program. Following lengthy discussion, the Chair called for a vote on the motion. The motion passed unanimously. Copies of the Executive Summary and a matrix of the pros and cons for The Woodlands Township retirement options for 2010 are attached hereto as Exhibits "T" and "U", respectively.

Next, the Board was asked to consider and act upon a recommendation from the Executive Committee in regards to a Debt Management Plan for The Woodlands Township. Chairman Blair called on Don Norrell to present this item. Mr. Norrell used a PowerPoint presentation and discussed General Obligation bonds ("GO bonds") used to

help with long term financing of future projects. The Board was informed that "GO bonds" would be the most viable financing option and would require voter approval and therefore, notification to the Montgomery County and Harris County Election's Clerks of the Township's intent to seek voter approval on the November 2009 ballot. Mr. Norrell then reviewed three debt categories to consider as part of a "GO bond" offering in 2009 which included: refinancing of existing debt, The Woodlands Fire Department projects, and capital projects needed over the next three to four years. Following Mr. Norrell's presentation, Secretary Sutton moved to give notification to the Montgomery County and Harris County Election's Clerks of the Township's intent to seek voter approval on the November 2009 ballot for the authority to issue General Obligation bonds with said final determination of projects and refinancing to be determined by the Board of Directors in late August. The motion was seconded by Vice-Chairman Tough. A brief period of discussion followed and then a vote on the motion was taken. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibits "V" and "W", respectively.

Chairman Blair then announced that there was no need for Executive Session.

The Chair next called for Administrative Reports. Steve Sumner, Vice President of Operations and Public Safety reported on the following:

• Signage to be placed at the Waterway Square fountains indicating that the water used is recycled

 Advised people to be aware of their surroundings due to recent purse thefts

• Recognized Ambassadors

 Informed the Board that this is the last year of funding for the trolleys, however, the "District" will continue its funding as long as the Township matches funds

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

Next, Chairman Blair asked for Board announcements. As there were none, the Chair called for a motion to adjourn. Director Hunter moved to adjourn the meeting. The motion was seconded by Director Kinnear and passed unanimously. The meeting was adjourned at 11:28 a.m.

Alex Sutton III

(SEAL)

Secretary, Board of Directors

EXHIBIT OMISSIONS*

EXHIBI7	Γ"Δ"	EXHIBIT "M"
LAIIDI	_	LVIIIDII IVI

EXHIBIT "B" EXHIBIT "N"

EXHIBIT "C" EXHIBIT "O"

EXHIBIT "D" EXHIBIT "P"

EXHIBIT "E" EXHIBIT "Q"

EXHIBIT "F" EXHIBIT "R"

EXHIBIT "G" EXHIBIT "S"

EXHIBIT "H" EXHIBIT "T"

EXHIBIT "I" EXHIBIT "U"

EXHIBIT "J" EXHIBIT "V"

EXHIBIT "K" EXHIBIT "W"

EXHIBIT "L"

^{*}To view Exhibits, please contact the Record Management Officer at 281-363-2447.