



NEWS RELEASE

For Immediate Release

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The Woodlands Township holds Board meeting; announces agreement with Costco

THE WOODLANDS, TEXAS (March 28, 2014) – The Woodlands Township Board of Directors held a regular Board of Directors meeting on Wednesday, March 26, 2014, at The Woodlands Township Town Hall, 2801 Technology Forest Boulevard, at 6 p.m. During the meeting, the Board announced that Costco Warehouse Corporation is proposing to construct a facility in The Woodlands at the northeast corner of I-45 and SH 242. This facility will provide both wholesale and retail sales and contain about 150,000 square feet and related parking.

The Economic Development Agreement between The Woodlands Township and Costco Warehouse Corporation is related to developing the facility at this site in The Woodlands. This project is anticipated to attract future business and commercial development within the area and generate a substantial amount of additional sales tax revenues for the Township. This is sales tax that the Township would not otherwise receive if this project were constructed outside the boundaries of the Township.

Under the terms of the proposed agreement, Costco will fund all land purchase, site development and construction costs which are anticipated to total \$30 million or more. Costco will also create at least 75 jobs at this site. Costco will be subject to paying property tax and will collect the state and local sales tax on all taxable sales at the site which is 8.25 percent.

To induce the Costco to develop and finance the construction of the project within the boundaries of The Woodlands Township, the Township agrees to provide Costco with a grant of \$2.3 million (plus interest) to be funded by sales tax receipts generated at the site. The amount of sales tax collections that the Township will commit to this project is limited to ½ of 1 percent of the general sales collected from Costco taxable sales at this site. When the \$2.3 million grant is fully amortized by sales tax collections in accordance with the terms of the agreement, the grant will end and all local sales tax from that point will become general receipts of The Woodlands Township. No incentive will be paid to Costco until the facility is open for business and generating local sales tax receipts.

The Township currently collects one percent general sales tax and a one percent economic development zone sales tax for all taxable sales within the boundaries of The Woodlands Township. During the term of this agreement, the Township will receive local sales tax of \$3 for every \$1 that is granted to Costco. When the grant is fully funded, the Township will receive all of the local sales tax collections from this site.

Costco has indicated that they expect to close on the real estate in April or May and the store should be open in November.

In addition, The Woodlands Township approved a tax abatement agreement between The Woodlands Township and The Woodlands Land Development Company and Kiewit Energy Group, a construction, mining and engineering organization. Kiewit will provide at least 160 jobs with an average salary of \$65-66,000. The annual payroll is estimated to be \$10.5 million. The beginning current market property value will be \$1,500,992 and will not be abated. Once construction is complete, the total annual estimate to be abated is \$4,712,105 (70,000 square feet).



The entire meeting can be watched on video at The Woodlands Township website (www.thewoodlandstowship-tx.gov)

The following additional actions were taken.

- Approved adoption of The Woodlands Township Disadvantaged Business Enterprise (DBE) Program as required by 49 CFR Part 26;
- Accepted information regarding voting for Lake Woodlands Property Owners Association Board representatives;
- Approved adjustment to the 2014 Budget to appropriate \$115,800 to fund the construction of additional parking spaces at Bear Branch Sports Field;
- Accepted an update from SJRA regarding traffic impacts to The Woodlands Township as a result of the San Jacinto River Authority construction plans for the Groundwater Reduction Plan;
- Accepted the Financial Report for the two months ended February 28, 2014
- Accepted Certificate of Achievement for Excellence in Financial Reporting awarded to The Woodlands Township by the Government Finance Officers Association (GFOA);
- Approved Third Amendment to the Host Venue Sponsorship Agreement between The Woodlands Township, The Woodlands Convention and Visitors Bureau and World Triathlon Corporation for the Ironman Texas event;
- Received update from the Ad Hoc Economic Development Committee regarding proposed uses of Events Admissions Funds;
- Accepted eight art benches from The Woodlands Waterway Arts Council as part of the Gifts for Our Community program and authorized the President/GM to enter into any agreement necessary as determined by legal counsel.
- Tabled approval of a Residential Survey proposal until Board has sufficient time to review proposals.

For more information on The Woodlands Township, please visit www.thewoodlandstowship-tx.gov, or call 281-210-3800.