MINUTES OF MEETING

BOARD OF DIRECTORS

SPECIAL MEETING

THE WOODLANDS TOWNSHIP

OCTOBER 14, 2009

THE STATE OF TEXAS §

COUNTIES OF HARRIS & MONTGOMERY §

The Board of Directors of The Woodlands Township, met in special session, open to the public, on October 14, 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*, thus constituting a

*Indicates arrived late

quorum. Also present for conducting business and assisting Board members were Don Norrell, Nick Wolda, Monique Sharp, 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. Chairman Blair then requested a motion to adopt the agenda. Director Campbell asked if the agenda could be modified to take items nine through five in reverse order. Don Norrell, President for The Woodlands Township, stated that he would like for item five, a presentation by The Waters Consulting Group, Inc., to be presented first and then, if the Board approved, changes could be made later to the agenda. Chairman Blair concurred with Mr. Norrell. Vice-Chairman Matthews then moved to adopt the agenda as presented. The motion was seconded by Director Campbell and passed unanimously.

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

Chairman Blair then called on names from the Public Comment Roster. No public comment was given at the meeting.

The Board was next asked to receive and consider a presentation from Linda

Cobb, Chief Operating Officer of The Waters Consulting Group, Inc. (WCG), regarding a

Compensation, Classification System and Benefit Plan for The Woodlands Township.

Director Hausman arrived at this point in the meeting. Ms. Cobb was then called on to present this item. Chairman Blair asked the Board to hold questions until the end of the presentation. Ms. Cobb used a PowerPoint presentation and provided the Board with background information and an overview of the project design and findings.

Additionally, WCG provided a final written report to the Board for their review. At the conclusion of Ms. Cobb's presentation, the floor was opened to discussion and Board members were given an opportunity to ask questions. No action was taken on this item. A copy of Ms. Cobb's PowerPoint presentation is attached hereto as Exhibit "A". Director Robb left the meeting midway through the discussion period on this item.

Next, Chairman Blair asked Director Campbell if he would like to make a motion on an agenda item change. Director Campbell moved to have agenda item six follow agenda item nine. The motion was seconded by Director Hunter. The Chair then called for discussion. As there was no discussion, the Chair called for a vote. The motion passed unanimously.

At this point, Chairman Blair called for a short recess at 10:35 a.m. The meeting resumed at 10:45 a.m.

Chairman Blair then referred the Board to agenda item seven in their meeting book. Board members were asked to consider and act upon adoption of a benefits plan for 2010 including establishment of employee/employer contribution rates for employee health, dental, life, and short and long term disability programs. Chairman Blair

called on Susan Welbes, Director of Human Resources for the Woodlands Community
Associations, to present this item. Ms. Welbes then presented a review of the recommendations for The Woodlands Township benefits and special pay plan as outlined in
the Executive Summary found in the Board's meeting book. Following Ms. Welbes'
presentation, the Chair commended Ms. Welbes and her group for all their work. The
Chair then called for a motion and second on this item. Director Hunter moved to
adopt The Waters Consulting Group, Inc. Benefits and Special Pay Report effective

January 1, 2010, and employer contribution rates as detailed in the Executive Summary.
The motion was seconded by Secretary Sutton. Chairman Blair then opened the floor to
discussion after which a vote was taken. The motion passed unanimously. A copy of
the Executive Summary is attached hereto as Exhibit "B".

Next, the Board was asked to consider and act upon selection of a vendor for The Woodlands Township 457b Plan, and approve a resolution in connection therewith. Chairman Blair called on Susan Welbes to present this item. Following background information on this item, Secretary Sutton moved to approve the selection of Principal Financial Group to administer The Woodlands Township 401a Plan and The Woodlands Township 457b Plan effective January 1, 2010 and approve a resolution in connection therewith. The motion was seconded by Treasurer Richmond. Discussion followed. The following individuals were then recognized for their participation in the selection of a vendor: Susan Welbes, Marcy Hicks, John Powers, Anita Courville, Julie Ottermat, and

Gary Nagler. The Board then voted on the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "C". A copy of the resolution is attached hereto as Exhibit "D".

Board members were next asked to consider and act upon approval of the pension plan design for 2010 (401a and 457b Plans), including the establishment of employee and employer contributions to the plan. Susan Welbes was called on to present this item. Following a review of the item, as presented in the Executive Summary found in the Board's meeting book, Secretary Sutton moved to approve the recommended eligibility, vesting, and pension matching requirement for The Woodlands Township 401a Plan and The Woodlands Township 457b Plan. The motion was seconded by Vice-Chairman Matthews. The Chair then called for discussion. Following discussion, the Chair called for a vote. The motion passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "E".

Chairman Blair then referred the Board to agenda item six in their meeting book. Board members were next asked to consider and act upon adoption of a compensation plan for 2010 including associated pay plan adjustments. Next, the Chair called for a motion and second on this item. Director Kinnear moved to adopt The Waters Consulting Group, Inc. Final Report effective January 1, 2010 and approve a 2% base salary increase in April 2010. The motion was seconded by Vice-Chairman Matthews. The floor was then opened to discussion. Following discussion, Director Campbell

moved to amend the motion to 98% of benchmark average salaries instead of 100% of market. Director Hausman seconded the motion. The amended motion was not accepted by Director Kinnear. Therefore, the Chair called for a vote a vote on the amended motion. The amended motion failed with Directors Campbell, Hausman, and Matthews voting "yes" and Directors Blair, DeGroot, Hunter, Kinnear, Richmond, Sutton,

and Tough voting "no".

The Board was then asked to vote on the original motion made by Director Kinnear. This motion passed with Directors Blair, DeGroot, Hunter, Kinnear, Matthews, Richmond, Sutton, and Tough voting "yes" and Directors Campbell and Hausman voting "no". A copy of the Executive Summary is attached hereto as Exhibit "F". The Waters Consulting Group's final report can be found on The Woodlands Township's web site at http://www.thewoodlandstownship-tx.gov under Public Documents for October 14, 2009.

Item ten, regarding a presentation on the FEMA flood plain re-mapping; item eleven, regarding a proposed process for appointment to the Development Standards Committee; and item twelve, regarding a presentation on the November 3, 2000 bond authorization election were postponed due to time constraints. These items will be considered at the next regular Board of Directors' meeting scheduled for October 28, 2009.

Board members were then asked to consider and act upon revision of The Woodlands Township Board of Directors and Executive Committee meeting dates for the remainder of the 2009 calendar year. Don Norrell presented this item. Following Mr. Norrell's comments, Vice-Chairman Matthews moved to adopt the proposed changes to the Board and Executive Committee meeting schedule as listed on the Executive Summary in the Board's meeting book. Director Kinnear seconded the motion. Following discussion, the Chair called for a vote. The motion passed unanimously. A copy of the Executive Summary, with the revised meeting dates, is attached hereto as Exhibit "G". The previously adopted 2009 Executive Committee and

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

Board members were next asked to consider items to be placed on the agenda for the next meeting. Director Hausman asked that the Board receive information on the surface water issue.

Board of Directors meeting schedules are attached hereto as Exhibit "H", respectively.

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 Campbell and passed unanimously. The meeting was adjourned at 11:28 a.m.

	Alex Sutton III
(SEAL)	Secretary, Board of Directors

EXHIBIT OMISSIONS*

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

EXHIBIT "F"

EXHIBIT "G"

EXHIBIT "H"

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