MINUTES OF MEETING
BOARD OF DIRECTORS
SPECIAL MEETING
BUDGET WORKSHOP
THE WOODLANDS TOWNSHIP
OCTOBER 31, 2008

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 31, 2008, posted to begin at 9:00 a.m. The meeting was held in the Board Room at the Township's Office, 10001 Woodloch Forest Dr., Suite 600, Harris and Montgomery Counties, 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 Directors Campbell and Robb, thus constituting a quorum. Also present for conducting business and assisting Board members were Don Norrell, Nick Wolda, Steve Sumner, Brian Pate, Mike Page, Robin Fadal, Drew Masterson, Renee Williford, and Kristin Freeman.

Chairman Blair called the meeting to order at 9:05 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 Hunter moved to adopt the agenda. The motion was seconded by Treasurer Richmond and passed unanimously.

Next, Chairman Blair recognized public officials in attendance. There were no public officials recognized.

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

The Board was next asked to consider and discuss alternatives for financing regional participation agreement deposits with the City of

Houston and the City of Conroe. Chairman Blair called on Brian Pate, financial consultant, to present this item. Mr. Pate referred the Board to three handouts in their packets: (1) a letter from First Southwest Company, (2) a report from the Ad Hoc Committee, and (3) a graphic representation of the financing alternatives. Three different alternatives for funding the initial deposits required under the Regional Participation Agreements (RPAs) were then discussed by Mr. Pate. Second Vice-Chairman Tough arrived at this point.

Mr. Pate informed the Board that there was no clear consensus from the Ad Hoc Committee on which alternative to choose. The recommendation to use Alternative B: Execution by the Township of a Bond Anticipation Note (BAN) with Woodforest National Bank came from staff and consultants. Mike Page, legal counsel for the Township, added that the Township was faced with many contingencies, but it appeared that the recommended path to use a short term bank loan was the right choice. A period of discussion followed and then Drew Masterson, of First Southwest Company and financial advisor related to the bonds, was asked to provide additional comments. Chairman Blair then asked if the Board had any further questions. No additional questions were raised

and no action was necessary on this item. The three handouts are attached collectively hereto as Exhibit "A".

The Board was then asked to receive and act upon a recommended alternative from the Ad Hoc Committee appointed by the Board of Directors of The Woodlands Township to select a bond underwriting team. Chairman Blair called on Mr. Page to present this item. Mr. Page referred the Board to the report from the Ad Hoc Committee presented earlier and noted again that the Committee was unable to come to a consensus on which alternative to choose. However, it was recommended by the Township's staff and consultants that the Board of Directors select Alternative B that being a short term bank loan with Woodforest National Bank. Secretary Sutton moved to accept Alternative B. The motion was seconded by Vice-Chairman Matthews. Director Hausman then requested that any Director having a relationship with Woodforest National Bank or Woodforest Financial disclose their relationship. Director Hunter asked if the $320,000 payment to the City of Conroe was included in the note and also for more advice from counsel regarding using cash reserves to make this payment. Brian Pate addressed Director Hunter's question and stated that the payment to Conroe was included in

the note. Mr. Pate explained that the decision not to use cash reserves at this point in time was due to the uncertainties in the market. Chairman Blair added that the Conroe portion could be prepaid at any time. As there were no further questions, the Chairman called for a vote on this item. The motion passed with Directors DeGroot, Hausman, Hunter, Matthews, Sutton, and Tough voting "yes" and Directors Blair and Richmond abstaining. Copies of an Affidavit of Director for Directors Blair and Richmond are attached hereto as Exhibit "B", respectively.

Next, Chairman Blair asked the Board to consider and act upon a proposed Bond Anticipation Note purchase agreement and other related agreements, including a private placement agreement with Woodforest National Bank concerning the purchase, sale and delivery of The Woodlands Township's Bond Anticipation Note, Series 2008, in the approximate principal amount of $16,500,000 (the "Note"). Mike Page was called on to present this item. Mr. Page referred the Board to a Bond Anticipation Note Commitment Letter from Woodforest National Bank in their packets and then outlined the particulars of the agreement letter. Following Mr. Page's presentation, Vice-Chairman Matthews moved to approve the proposed "Note" with Woodforest National Bank. The motion

was seconded by Director Hunter. A period of discussion followed and then Chairman Blair called for a vote. The motion passed with Directors DeGroot, Hausman, Hunter, Matthews, Sutton, and Tough voting "yes" and Directors Blair and Richmond abstaining. A draft copy of the Bond Anticipation Note Commitment Letter is attached hereto as Exhibit "C".

Chairman Blair next asked the Board to consider and act upon a Resolution Authorizing the Issuance, Sale and Delivery of the "Note". Mike Page was called on to present this item. Mr. Page noted that although the agenda item was characterized as a Resolution, the item was actually an Order. A brief overview of the Order was then given. Following Mr. Page's presentation, Director Hunter moved to act upon the Order. The motion was seconded by Secretary Sutton and passed with Directors DeGroot, Hausman, Hunter, Matthews, Sutton, and Tough voting "yes" and Directors Blair and Richmond abstaining. The Order Authorizing the Issuance of $16,440,000 The Woodlands Township Bond Anticipation Note, Series 2008 is attached hereto as Exhibit "D".

The Board was then asked to consider and act upon any other matters, agreements or proceedings related to the issuance, sale or delivery of the "Note". Mike Page was called on to present this item. Mr.

Page explained to the Board that this item dealt with engaging the Township's current paying agent/registrar, that being the Bank of New York Mellon, as the registrar on the "Note". Following Mr. Page's presentation, Vice-Chairman Matthews moved to authorize the Township to engage the Bank of New York Mellon as the paying agent/registrar on the "Note". The motion was seconded by Secretary Sutton and passed unanimously.

Next, Chairman Blair asked the Board to consider and act upon authorizing Regional Participation Agreement deposits with the City of Houston and the City of Conroe. Mike Page presented this item. Mr. Page then commented on a Resolution Authorizing Certain Electronic Transfers of Funds. Following Mr. Page's presentation, Director Hunter moved to authorize Regional Participation Agreement deposits by wire transfer with the City of Houston and the City of Conroe. The motion was seconded by Treasurer Richmond and passed unanimously. The Resolution Authorizing Certain Electronic Transfers of Funds is attached hereto as Exhibit "E".

The Board was then asked to consider and act upon adoption of a TexPool Resolution amending the list of authorized representatives for

The Woodlands Township authorized to engage in transactions with TexPool. Brian Pate provided the Board with background information regarding the item. Following Mr. Pate's presentation, Second Vice-Chairman Tough moved to adopt a resolution amending the Township's authorized TexPool representatives. The motion was seconded by Director DeGroot and passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "F" and the Resolution Amending Authorized Representatives with TexPool is attached hereto as Exhibit "G".

Chairman Blair then referred the Board to their supplemental agenda and announced an Executive Session would be held. At 10:00 a.m. the Board recessed to Executive Session to discuss personnel matters pursuant to §551.074, Texas Government Code; and to consult with The Woodlands Township's attorney concerning threats of pending litigation pursuant to §551.071, Texas Government Code.

The Board then reconvened at 10:25 a.m. in Public Session. No action was taken.

Next, the Board returned to the regular agenda and was then asked to consider items to be placed on the agenda for the next meeting. There were no items to be placed on the next agenda.

Next, Chairman Blair asked if there were any Board announcements. Chairman Blair announced that several Directors attended the opening of the Emergency Training facility on Thursday, October 30, 2008 and that The Woodlands Township was presented a plaque in appreciation of their participation. Director Hunter commented that the Insurance Services Office (ISO) rating for the Fire Department may go from a "3" to a "2" rating with the addition of the training facility which would mean a substantial savings for residents and businesses.

As there were no further matters to come before the Board, Chairman Blair called for a motion to adjourn. Director Hausman moved to adjourn the meeting. The motion was seconded by Director DeGroot and passed unanimously. The meeting was adjourned at 10:27 a.m.

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Alex Sutton III

(SEAL) Secretary, Board of Directors

EXHIBIT OMISSIONS*

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

EXHIBIT "F"

EXHIBIT "G"

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