

**MINUTES OF MEETING
BOARD OF DIRECTORS
SPECIAL MEETING
THE WOODLANDS TOWNSHIP
OCTOBER 1, 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 1, 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.

Prior to roll call, Chairman Blair informed the Board and audience that the meeting would start a few minutes late. Subsequently, 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 Secretary Sutton and Director Campbell, 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, Renee Williford, and Kristin Freeman.

Chairman Blair called the meeting to order at 9:25 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 Director DeGroot and passed unanimously.

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

Chairman Blair then asked the Board to consider and act upon approval of a Preliminary Official Statement relating to the issuance, sale, and delivery of The Woodlands Township's \$17,470,000 Sales Tax and Hotel Occupancy Tax Bonds, Series 2008. Chairman Blair called on Mike Page, legal counsel for The Woodlands Township, to present this item. Mr. Page reviewed changes in the bid process following the Board's last meeting and informed the Board of contingencies related to the bonds. Mr. Page advised the Board of the likelihood of another special Board meeting prior to the next regular Board meeting. Following Mr. Page's presentation, Drew Masterson, of First Southwest Company and financial advisor related to the bonds, addressed the Board. Mr. Masterson discussed the rationale behind his recommendation of a negotiated bid sale versus a competitive bid sale. A draft copy of the negotiated bid sale was provided to the Board as well as a List of Bond Underwriters for The Woodlands Township Request for Proposal (RFP). Following Mr. Masterson's presentation, the Board engaged in a period of open discussion. Vice-Chairman Matthews next moved to approve the Preliminary Official Statement relating to issuance, sale, and delivery of The Woodlands Township's Sales Tax and Hotel Occupancy Tax Bonds,

Series 2008 as presented up to \$18,000,000. The motion was seconded by Director Robb and passed unanimously. Draft copies of the negotiated bid sale and Bond Underwriter RFP List are attached hereto as Exhibits "A" and "B", respectively.

The next two agenda items were combined. The Board was first asked to consider and act upon approval of a Notice of Sale and Official Bid Form relating to the solicitation of competitive bids for the Bonds or the selection of an underwriter for the negotiated sale of such Bonds. Secondly, the Board was asked to consider and act upon the establishment of a pricing committee and sales parameters and the delegation of authority to such committee for the sale of such Bonds. Chairman Blair called on Mike Page to present this item. Mr. Page noted that the Board had agreed to use an underwriter for the negotiated sale of Bonds. In light of a pending decision by the Attorney General (AG), Mr. Page suggested that the Board appoint a pricing committee consisting of the Chairman, President, and Director Hausman to select an underwriter should the AG agree to a delegated pricing structure. Should the AG not agree to a delegated pricing structure, Mr. Page suggested authorizing this same committee to assist First Southwest Company in the selection

of an underwriting team. Following Mr. Page's presentation, Director Robb moved to either select an underwriter through the pricing committee or authorize the pricing committee to assist First Southwest Company in the selection of an underwriting team depending on the outcome of the AG's decision. The motion was seconded by Second Vice-Chairman Tough. The motion passed with Directors Blair, DeGroot, Hausman, Hunter, Matthews, Robb, and Tough voting "yes" and Treasurer Richmond abstaining.

Next, the Board was asked to consider and act upon selection of a paying agent/registrar for the Bonds. Chairman Blair called on Mike Page to present this item. Following Mr. Page's comments, Treasurer Richmond moved to select The Bank of New York Mellon as the paying agent/registrar for the Bonds. The motion was seconded by Vice-Chairman Matthews and passed unanimously. A draft of The Bank of New York Mellon's fee schedule is attached hereto as Exhibit "C".

The Board was then asked to consider and act upon adoption of a Resolution authorizing the issuance, sale, and delivery of The Woodlands Township Sales Tax and Hotel Occupancy Tax Bonds, Series 2008; and approving and authorizing other provisions related to the subject.

Chairman Blair called on Mike Page to present this item. Following a brief discussion of the Bond Resolution, Chairman Blair called for a motion and second on the item. Mr. Page added that should the Board decide not to proceed with a delegation to the pricing committee, but follow up with a special Board meeting, then the action to adopt the Bond Resolution presented today would be repealed and a new Resolution would be provided with all the details and terms. Treasurer Richmond next moved to adopt the Bond Resolution including delegation authority to a Pricing Committee with a maximum All-In True Interest Cost (TIC) of 6.15% and adjusted principal amount not-to-exceed \$18,000,000. The motion was seconded by Director Hunter and passed unanimously. A draft of the Bond Resolution is attached hereto as Exhibit "D".

The Chairman then asked the Board to consider and act upon waiving the 5% late fee on hotel occupancy tax due September 22, 2008 for Woodlands Interim Housing. Brian Pate, financial consultant, was called on to present this item on behalf of The Woodlands Township. Mr. Pate explained that due to power outages, incurred as a result of Hurricane Ike, Woodlands Interim Housing was not able to submit hotel

occupancy tax by the required due date. Thus, a waiver of the late fee was requested. Following Mr. Pate's comments, Director Hunter moved to waive the 5% late fee on hotel occupancy tax due September 22, 2008 for Woodlands Interim Housing. Director Robb seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "E".

Next, the Board was asked to consider and act upon a proposal from GT Productions to provide programming services and choreography layout of four holiday songs for the fountain at Waterway Square and authorize the President for The Woodlands Township to execute the proposal in connection therewith. Steve Sumner, Vice President of Operations & Public Safety for The Woodlands Township, presented this item. Following Mr. Sumner's presentation, Director Robb moved to approve the proposal from GT Productions in an amount not-to-exceed \$29,000 and authorize the President for The Woodlands Township to execute the proposal in connection therewith. Vice-Chairman Matthews seconded the motion and it passed unanimously. A copy of the Executive Summary is attached hereto as Exhibit "F".

Chairman Blair then announced there was no need to recess to Executive Session. Following this announcement, the Board was asked to consider and act upon approval and execution of an amendment to the Transition Agreement with the Community Associations of The Woodlands and related companies. Mike Page was called on to present this item. Mr. Page reviewed the basic provisions stated in the amendment which included:

- Accelerate and consolidate all essential services by January 1, 2010 rather than January 1, 2012.
- Designate the President for The Woodlands Township, upon his employment and execution of employment agreement, to provide general and overall direction and guidance of The Woodlands Township, Woodlands Community Service Corporation and Woodlands Fire Department.
- If for some reason the employment agreement is terminated by The Woodlands Township, for other than good causes, then the amendment would no longer be in effect and the original timetable would be put back in place.

After Mr. Page's presentation, Director Hunter moved to approve the execution of an amendment to the Transition Agreement with the Community Associations of The Woodlands and related companies, in substantially the form presented, and authorize the Chairman of the Board to sign the agreement on behalf of The Woodlands Township. The

motion was seconded by Vice-Chairman Matthews. The Board then entered into a brief period of discussion during which it was clarified that Mr. Norrell would be responsible for managing issues dealing with the Transition Agreement and an interim management team would handle day to day operations of The Woodlands Community Service Corporation. Chairman Blair then called for a vote. The motion passed unanimously.

Next, the Chairman called for Administrative Reports. Steve Sumner presented a report from the Operations & Public Safety departments. Mr. Sumner updated the Board on damage following Hurricane Ike. He also thanked Kathy Scoles, Regional Manager for Alpha & Omega, for the outstanding efforts exhibited by her department in maintaining order at service stations following Hurricane Ike.

The Board was then asked to consider items to be placed on the agenda for the next meeting. Chairman Blair noted that Bond items would be placed on the agenda for the next meeting of the Board of Directors.

Next, Chairman Blair asked if there were any Board announcements. There were no announcements.

As there were no further matters to come before the Board, Chairman Blair called for a motion to adjourn. Director Robb moved to adjourn the meeting. The motion was seconded by Director Hunter and passed unanimously. The meeting was adjourned at 10:30 a.m.

(SEAL)
Directors

Alex Sutton III
Secretary, Board of

INTENTIONALLY OMITTED

EXHIBIT "A"

EXHIBIT "B"

EXHIBIT "C"

EXHIBIT "D"

EXHIBIT "E"

EXHIBIT "F"