



THE WOODLANDS TOWNSHIP

The Woodlands, TX

EXECUTIVE SUMMARY

MEETING DATE: May 26, 2010

SUBJECT MATTER: Award of Bid for a Five-Year Banking and Depository Services Contract

BUDGET IMPACT: TBD

FACTS/HISTORY:

In early March 2010, staff contacted Patterson & Associates, a public funds investment advisory firm based in Austin, Texas to assist in the preparation and evaluation of the Township's banking and depository services RFP. The Township's goal in issuing the RFP was to determine the best value in banking services, fees, and earnings potential from a creditworthy banking institution. In addition, the RFP aimed to restructure and consolidate existing account structures and centralize all checking account relationships with one bank to streamline certain administrative processes for the Finance Department.

The RFP was sent to eleven local banks that had previously expressed an interest in servicing the Township's accounts. These banks include: Amegy Bank, Bank of America, Capital One, Chase, Comerica, Compass, Encore Bank, Frost Bank, Sterling Bank, Wells Fargo, and Woodforest National Bank. The RFP was also posted on the Township's website. Four of these banks responded with a proposal to include Amegy Bank, Sterling Bank, Wells Fargo, and Woodforest National Bank. The following banks respectfully declined to submit proposals due to collateral restrictions or other considerations: Comerica, Frost Bank, Encore Bank. No other responses or inquiries were received by other banks.

Patterson & Associates has independently reviewed each proposal and has provided the following evaluation and recommendation for the Board's consideration. Linda Patterson, President of Patterson & Associates, will be available to discuss the proposals and recommendation at the Board meeting. In addition, a copy of the original RFP is included for your reference.

RECOMMENDED BOARD ACTION:

Award a five-year banking and depository service contract to Wells Fargo bank commencing August 1, 2010 and extending through July 31, 2015.

Bank Proposal Evaluation - 2010 The Woodlands Township, Texas

The Woodlands Township solicited proposals for banking services to serve the Township and its affiliates with efficient and cost effective banking services in March 2010. The Township intended for its banking partner to provide state-of-the-art technology to assure that its current banking needs would be met and that it will be able to incorporate technological changes and improvements into its operations over the period of the contract. The contract is to be for a five-year period or a three-year period with the option to extend for an additional two years.

The Township received four proposals for banking services in response to the Request for Proposal (RFP). The proposals were made by Amegy Bank, Sterling Bank, Wells Fargo and Woodforest National. All the banks have the necessary facilities within a reasonable distance and can provide the basic services required by the Township. The banks have been shown to have contributed to the health of the community through their 'satisfactory' and 'outstanding' CRA ratings (Community Reinvestment Act).

In the current economic environment, the creditworthiness and continuing strength of the Township's banking partner is of utmost importance. The strength and credit condition of the banks has been evaluated. Woodforest National is not publicly held but has high independent ratings. Of the other three banks Wells Fargo has the highest credit ratings. To extend the overview of credit, the RFP required that with any change in credit or bank ratings during the period of the contract the Township must be notified as soon as allowable.

The economic conditions have also somewhat modified how this evaluation had to review net earnings capabilities in the bank. Normally, the best rates available to the Township would be through a sweep account which moves funds out of the bank every night to a higher yielding money market fund. But, with overnight rates hovering at zero percent the earnings in such funds can effectively be negative with fees applied therefore the earnings potential has been focused on interest bearing accounts. As a result, the RFP asked for current options such as money market funds or internal accounts. Since it is anticipated that a more normal rate environment will return during the contract period, the evaluation has taken into account both the sweep and the alternatives.

Since banks bundle services and price services differently, the evaluation of the proposals was made on several different levels to capture and evaluate those differences equitably.

- (1) The services offered have been evaluated as to the level of service offered compared to the required specifics, the level of automation which can improve staff productivity, level of control, and availability of customer service on an on-going basis. The bank is also evaluated to determine its adaptability and capability to grow into new technologies as they become available.
- (2) The cost of specific and overall services has been compared between all banks on an equal basis.
- (3) The potential for earnings has been compared based on various account structures and based on historical data, rather than future projections.
- (4) The proposals have been evaluated combining all these factors and netting earnings and costs to create a final, unbiased assessment through net impact.

These four levels of analysis have been completed through a detailed compilation of findings. The following report summarizes those findings. Comments on services are not all-inclusive but are made on specific differences by way of explanation and illustration of major differences in service levels.

Services

Account Structure

All the banks can provide a sweep mechanism and only Amegy did not structure an alternative for this period. Wells Fargo is offering an interest bearing account rate equal to the average on the 3-month Treasury for the prior month plus 20 bps (0.20%) which is very aggressive and should serve the Township well as rates increase.

Online Reporting

All the banks have online facilities for the services allowing time savings for staff and good audit trails. As would be expected, Wells Fargo's (with its national client base) system offers considerably more in functionality and cross functionality. The only bank bundling the online services is Woodforest. The remaining banks allow the Township to choose their modules.

Deposit and Collection Services

All the banks except Woodforest image deposited checks, deposit slips and deposit items. Woodforest projects the implementation by the end of 2010. All the banks prefer the use of plastic tamper proof bags for deposits and these are provided free by Sterling and Wells Fargo. Wells Fargo has the additional benefit of coding on their bags which allows for location tracking by deposit.

Remote Deposit

The ability to deposit checks without a trip to the bank not only speeds deposits and money flows but also reduces liability for the Township. All the banks have this service. Amegy and Sterling are offering one free scanner each if the Township's is not compatible. Sterling will charge a maintenance fee on the scanner. Wells is offering five scanners. Woodforest also states that it will provide a scanner.

Disbursements

On the disbursement side, all banks image and differ only on when and how long the images are online. All offer 90 days with Wells Fargo extending to 180 days and Woodforest to two years. In the area of Positive Pay, only Wells Fargo can offer the reversal and/or deletion of individual items rather than the whole file. Wells Fargo and Woodforest have the best alert system. Wells Fargo has the longest time period for review of exceptions which is critically important to allow staff to research items.

ACH

ACH is becoming ever more critical for transmission of data and dollars. All the banks conform to the standard NACHA requirements of course but there are a few differences in the internal systems. All the banks, except Wells Fargo allows individual ACH entries online. Wells is in pilot with this tool and projects 3Q 2010 start. Amegy, Wells, and Woodforest have blocks and filters available at the account level which is designed to fight ACH fraud. The range of filter options is greater at Wells. Although Wells Fargo and Woodforest require a credit review, these banks and Amegy all offer the ACH debit on settlement and not origination which is beneficial to the Township. Sterling will debit on initiation of the file.

Safekeeping

Amegy and Wells Fargo are members of the Fed and DTC and provide their own safekeeping. Both other banks settle and safekeep at Compass.

Collateralization

Neither Amegy or Woodforest provide the required collateral monthly report directly from the custodian which is a critical control item. In addition, Amegy did not accept the terms of the Township's Investment Policy and Collateral Security Agreement which specifically excludes letters of credit for collateral and has made its proposal with the LOC. Considering the credit ratings of the bank this becomes a critical decision point involving safety as well as interruption of service.

Stop Pays

Stop pay processing is basically the same at all banks. All provide for 6 month stops but Wells and Woodforest also offer 1 year stops. Wells offers a renewal feature and detailed status reporting.

Purchasing Cards

Purchasing cards were in the RFP as an optional service. All of the banks, except Woodforest offer this service with Visa cards. The service between the three is basically the same with considerably more information reporting through Wells Fargo.

Banking Fees

In its RFP the Township has reserved the right to pay for services on either a fee or compensating balance basis dependent upon the interest rate environment¹. Regardless of the method of compensation used, the total cost of the contract is based on the individual service costs (fees) in each bank. Both fees and compensating balances are based on these fees and the volumes of those services used. Attachment A of the RFP was used to capture unit costs for each service and level of service and provide an apples-to-apples comparison.

¹ In very low interest rate environments the ECR may exceed the interest paid in accounts or money funds. Rates rise however the ECR usually earns half of Fed Funds (i.e. overnight rates).

A summary of the fee differentials is detailed below. The anticipated fees based on Township historical usage levels per month were:

Amegy	\$ 1,525
Sterling	\$ 818
Wells Fargo	\$ 869
Woodforest	\$ 744

Transition Incentives

The cost of the contract is also directly impacted by the transition incentives being offered by each of the banks. In the RFP, the banks were asked if they were offering any transition incentive to reduce the cost of changing banks or as an incentive to maintain the account.

- Amegy is offering to waive 6 months of service fees with a maximum of \$5,000 value. They are also providing a supply service kit (unspecified contents) and a scanner with a maintenance charge.
- Sterling is offering to waive two months of service fees each year. They are also offering free deposit bags and two scanners. In addition, a \$3,000 credit for supplies in the first year is offered.
- Wells Fargo is offering to waive two months of service fees each year. They are also offering five free scanners and free deposit bags and a safe deposit box free for the contract period. The bank is also offering a \$1,000 transition credit for supplies and armored car service each year (valued at \$400 a month).
- Woodforest National is offering three free scanners if the existing scanners are not compatible and will provide the cloth deposit bags for free if the Township chooses to use them rather than plastic tamper proof bags.

The dollar value of these incentives has been calculated and incorporated into an average monthly fee for each bank over the 60 month contract period. The adjusted fees would be:

Amegy	\$ 1,423
Sterling	\$ 600
Wells Fargo	\$ 552
Woodforest	\$ 730

Rates

A third key factor in determining the best value in services for the Township is the rates offered by the banks for funds left in the bank. This affects the Township in two distinct ways. (a) The higher the earnings credit rate (ECR) the less the Township has to leave in the bank to pay for the service fees (on a compensating balance basis). Using the historical rates required by the RFP, Wells Fargo has offered the highest ECR rate in 2009 (0.29% higher than the next highest (Woodforest). This means that the Township would always have more funds available to invest at Wells.

(b) The rates in interest bearing accounts and sweeps are the second area of interest. Using the historical rates given we have determined that when sweep are in use the Township will earn the most at Wells Fargo averaging over \$12,000 a year over Amegy. When interest bearing accounts are used, Amegy would outperform Wells Fargo by approximately \$40,000 a year. This split is due in large part to the historically low rates and it is anticipated that over the period of the contract sweeps would be used more often than interest bearing. As soon as Fed Funds rates move up the money market fund rates will outperform the interest bearing rates because of the extension ability of the funds.

Recommendation

Considering the service capabilities and low costs at Wells Fargo in comparison to the other banks and considering especially the position of Amegy as concerns collateral, it is recommended that the Township award the contract to Wells Fargo.

COMBINED FINANCIAL ANALYSIS
The Woodlands Township
2010

	<u>Amegy Bank</u>	<u>Sterling Bank</u>	<u>Wells Fargo</u>	<u>Woodforest National</u>
Proposed Bank Fees/Mo (with sweep)	1,525	818	869	744
Annual Incentive Impact				
Supplies	250	3,000	300	0
Supply Credits	0	200	1,000	
Scanner cost	850	1,700	4,250	850
Courier Service	0	0	4,800	
Waiving of Analysis Fees	5,000	1,637	1,739	0
Total Incentive Value	6,100	6,537	12,089	850
Per year cost 1st year	12,202	3,284	-1,657	8,080
2nd year	18,302	8,184	8,694	8,930
3rd year	18,302	8,184	8,694	8,930
4th year	18,302	8,184	8,694	8,930
5th year	18,302	8,184	8,694	8,930
Avg mo. cost (over 5 years) for Comp Calc	1,423	600	552	730

Rates				
ECR	0.87%	0.57%	1.16%	0.85%
Interest Bearing	0.84%	0.05%	0.34%	0.63%
Money Market Account	0.71%	0.18%	0.11%	0.25%
Sweeps	0.20%	0.11%	0.34%	0.23%
Avg Balance in Sweep	10,000,000	10,000,000	10,000,000	10,000,000
Avg Balance Interest Bearing	0	0	0	0
Total Balance	10,000,000	10,000,000	10,000,000	10,000,000

Compensating Balance Basis				
Mo. Comp Balance Req.	1,970,991	1,261,927	570,991	1,030,579
Balance Avail for Invest	8,029,009	8,738,073	9,429,009	8,969,421
Earnings in Sweep Accounts	1,701	882	2,813	1,910
Earnings in Interest Bearing Accts	0	0	0	0
Net Earnings per month	1,701	882	2,813	1,910
	<i>best with interest bearing</i>		<i>best with sweep</i>	

Fee Basis				
Fee per Month	1,423	600	552	730
Earnings in Sweep/Mo	1,701	882	2,813	1,910
Earnings in Interest Bearing per Month	0	0	0	0
Net Best Earnings	<i>best with interest bearing</i>		<i>best with sweep</i>	

<i>Incentives Offered</i>	<i>Waiving 6 months acct anal. max amount \$5,000 "Starter Supplies" kit - undefined says provides scanner w/maint</i>	<i>2 months waived per year 2 scanners - bags free floor of 1% ECR \$3,000 credit</i>	<i>2 months waived per year \$1,000 cash for transition bags and s/d box free 5 scanners armored car @\$400/month</i>	<i>3 scanners @ \$850 if existing not compatible cloth bags but rather use the plastic</i>
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LINDA T. PATTERSON, CCM
PRESIDENT, PATTERSON & ASSOCIATES

Linda T. Patterson is a registered investment advisor and President of *Patterson & Associates*, an institutional money management firm founded in Austin, Texas in 1994. The firm serves public and private entities with full investment advisory services and cash management consulting and has over \$1 billion currently under management.

Linda served as Assistant Deputy State Treasurer of Texas from January 1991 to March 1994 with responsibility for a \$20 billion portfolio, as well as the Divisions of Cash Management, Funds Transfer (Federal Reserve Transfer), Trust Company, Securities Management and Cash Flow Forecasting. At the Treasury she instituted a full compliance system for broker/dealers and moved the portfolios to a more active management strategy. In addition, she enhanced the automated functions in investments and Federal Reserve transfers which cut hours of staff time each day.

In an effort to hedge fluctuating energy revenues of the State, she headed the first oil and gas hedging program development and trading. The project initiated a full oil and gas commodities trading program to hedge the State's oil and gas severance tax revenues. The project started in 1991 was expanded in 1993. Both the World Bank and NY Mercantile Exchange have had her speak internationally on it.

Formerly, Linda was City Treasurer of the City of Fort Worth from 1985-1991. Previously she served Fort Worth from 1977 as the Accounting Systems Manager, Director of Policy and Productivity.

While in Fort Worth, she totally revised the banking and investment processes resulting in additional safety, modernized systems and record earnings. She established rebate programs, improved cash handling throughout the City as well as established an internal central collection agency.

She initiated and played the central role in passage of the Public Funds Investment Act of 1987 which opened investment alternatives for all Texas governmental entities. In 1989, she initiated and got passed the Public Funds Collateral Act and an amendment to the Investment Act to include CP, BA, money funds and investment pools. She remains active in public finance legislative activities.

After initiating the pools Linda sat as a Board member on the first two investment pools in the State (and managed \$10.8 billion TEXPOOL until 2/94). P&A managed the second largest investment pool in the State, LOGIC for 7½ years. She sat on the national GFOA Cash Management Committee and is on the Board of Texas Tech University SW School of Governmental Finance. Before leaving the City she was an officer and President-Elect of MTA US&C and had founded the Texas Treasurer's Association. She received MTA's highest award, the Phillip's Award, in 1990.

Linda teaches frequently in Texas and nationally in an effort to continue to improve public cash management for all public entities.

Linda is a certified corporate cash manager (CCM), she has her Masters in Public Administration, was a Fulbright Scholar in Germany. She wrote a book in 1999 on governmental cash management and continues to author articles on investments and cash management and is a frequent teacher in those areas.

THE WOODLANDS TOWNSHIP
REQUEST FOR PROPOSAL
DEPOSITORY AND BANKING SERVICES

March 31, 2010

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**THE WOODLANDS TOWNSHIP
THE WOODLANDS, TEXAS**

REQUEST FOR PROPOSAL – DEPOSITORY AND BANKING SERVICES

I. INTRODUCTION

The Woodlands Township (the "Township") is requesting proposals for a five (5) year bank depository services contract with service to begin August 1, 2010 and extend through July 31, 2015.

Through this contract the Township intends to minimize banking costs, improve operational efficiency, and maximize its investment capabilities. This Request for Proposal (RFP) which represents the Township's cash management goals, also specifies all required qualifications, the banking services required, the estimated activity volumes on all accounts, the method of compensation, submission instructions and contract award provisions. All qualified institutions, as defined below, are invited to submit a proposal.

Institutions responding to this Request for Proposal (RFP) must be insured through the Federal Deposit Insurance Corporation (FDIC), and must be able to demonstrate a capacity to meet the Township's requirements as stated in the RFP.

II. PROPOSAL QUALIFICATIONS AND SUBMISSION INSTRUCTIONS

By submitting a proposal in response to this RFP, depositories will be deemed to agree to the mandatory contract and service provisions contained herein. This RFP and the proposal submitted will form the basis of the bank depository services contract.

1. Local Presence Required

To assure a close working relationship and to facilitate services, depository institutions with full depository service capabilities must be provided within 10 miles of The Woodlands Township Service Center on 2201 Lake Woodlands Drive.

2. Proposal Format

In order to equitably evaluate each bank's ability to meet the banking service needs of the Township, a standard format for all proposals is required. A response must be given to each item in Sections IV and V of this RFP along with completion of Attachments A and B. Responses must be in the same order as the questions presented and answer each question, stating acceptance of, modifications or additions to, or a statement of the inability to provide said service.

Only proposals submitted in the prescribed format and using the provided attachments will be considered. Additional explanatory information may be included as part of a proposal. An electronic copy of this proposal is available upon request. Submission of the Proposal however must be in written form.

3. Schedule for Proposal Submission

The Township will make every effort to adhere to the following schedule.

03/31/10	Release of Request for Proposal
04/07/10	4:00pm Deadline for questions concerning the RFP or services requested
04/09/10	4:00pm Responses given to any questions on the RFP - provided to all known proposers
04/30/10	Deadline for proposal submission
05/07/10	Award Recommendation
05/19/10	Township Board award of contract
08/01/10	Contract commencement

4. Proposal Submission

To be eligible for consideration under this request, a total of three (3) complete copies of each proposal shall be submitted by 3:00 pm CST on April 30, 2010 to the two addresses below. **Proposals received after that time at the Township address will not be accepted.**

- The proposal must be submitted in a sealed envelope or packet marked "Proposal for Depository Banking Services".
- An accompanying transmittal letter must be signed by an individual authorized to bind the institution, state that the proposal is valid for 180 days from the submission date, and give full contact information regarding the proposal.

Two proposals must be delivered by mail, express mail, or in person to:

Ms. Anjanette Sauers 281-210-3487
Financial Reporting Manager asauers@thewoodlandstowship-tx.gov
The Woodlands Township
10001 Woodloch Forest Drive, Suite 600
The Woodlands, Texas 77380

One proposal must be delivered by mail, express mail, or in person to:

Linda T. Patterson 512-320-5042
Patterson & Associates Linda@patterson.net
301 Congress Avenue
Suite 570
Austin, Texas 78701

5. RFP Questions - There will be **no pre-proposal conference**. Questions regarding this RFP, or the services requested, will be accepted in e-mail form only at asauers@thewoodlandstowship-tx.gov on or before 4:00 pm CST April 7, 2010. Responses to all material questions submitted will be communicated in writing to all known proposers by 4:00 pm CST April 9, 2010.

6. Selection Criteria

The following criteria will be used by the Township as the weighting basis for evaluation of the proposals and the award recommendation.

- 45 % - banking services costs and earnings potential,
- 35 % - responsiveness and ability to provide services and reports required,
- 15 % - experience, references, and continuity of bank and bank officials, and
- 5 % - community involvement

The Township will consider the availability of services and the cost of those services as well as the earnings potential on idle funds under the contract. All these elements will be combined for evaluation of the proposals. Award may not be made to the institution submitting the lowest price proposal. The Township will choose the institution submitting the best, most responsive overall proposal to satisfy the Township's needs.

7. Township Rights

The Township reserves the right to:

- waive any defect, irregularity or informality in the proposal or proposal procedures,
- reject any and all proposals,
- accept any proposal or portion thereof most advantageous to Township,
- request additional information or require a meeting with bank representatives for clarification,
- cancel, revise, and/or reissue this request for proposal or any portions thereof,
- negotiate any conditions with proposers,
- retain all other provisions even if any provision of the proposal is deemed invalid,
- modify deadlines, and
- select any proposal deemed to be in its best interest as determined by the Township.

8. Fees and Charges

The Township reserves the right to utilize either a fee basis or compensating balance basis (or a combination of each) for payment of banking services under the contract. The Township reserves the right to change the payment methodology during the contract period upon no less than 30 days written notice to the bank with the change commencing on the first of a next calendar month. This will enable the Township to take advantage of changing interest rate environments.

Although the interest rates currently preclude the use of sweeps, the Township is anticipating the use of interest bearing and potentially two daily sweep mechanisms to serve the five distinct entities included in the relationship (see breakdown in III below). Sweeps may be from two master accounts (The Woodlands Township and The Woodlands Fire Department) into a SEC registered money market fund or an indexed internal account proposed by bank.

- When a compensating balance payment basis with a sweep is used, all the accounts being swept will be swept to the level of the compensating balance.
- When a fee basis with a sweep is used, all the accounts being swept will be swept to zero. Within five business days after receipt of the monthly account analysis (and approval of those fees by Township) the bank may direct debit the designated account for fees due.

A complete monthly account analysis will be required regardless of the payment basis for each account and the relationship. Interest earnings will not be charged on the account analysis.

All item and account charges will remain at the proposal price quoted on Attachment A for the duration of the contract period regardless of changes in service volumes during the period. Should new services be required during the contract period not contemplated by this RFP, those services will be provided at fees not more than the bank's then-current published rate and approved by the Township.

III. TOWNSHIP OVERVIEW

Effective January 1, 2010, The Woodlands Township consolidated its operations with several other community associations and service organizations. Several of the bank accounts for the Township and these organizations will need to be consolidated. The Township also provides administrative and financial management support services to The Woodlands Fire Department, The Woodlands Township Economic Development Zone, The Woodlands Convention and Visitors Bureau, and Lake Woodlands Property Owners Association. These organizations are separate legal entities, each with a unique tax ID and will require separate accounts but will be included in the one banking relationship. The following accounts for each legally separate entity are currently maintained at three different banks.

A majority of the Township's idle cash is invested in certificates of deposits, local government investment pools, or swept to a money market mutual fund through the main operating accounts. The average bank balances for all accounts average \$10 million to \$16 million per month. Remote deposit (for three locations), online banking, and positive pay are required for all accounts. The number of accounts may change during the contract period. The current account breakdown is shown below.

The Woodlands Township (Tax ID 76-0418478)

Bank	Account	Avg Mo Bal	Comments
Woodforest	Main operating (TWT)	5,000,000.00	Sales tax deposits, sweeps to MMMF
Woodforest	Debt service	2,500,000.00	Hotel tax deposits, debt svc, maintain separate acci
Amegy	Payroll/Retirement	20,100.00	Maintain separate account
Amegy	Operating (WCA)	1,400,000.00	Consolidate with main operating account
Amegy	Operating (TWA)	2,000,000.00	Consolidate with main operating account
Amegy	Operating (WCOA)	270,000.00	Consolidate with main operating account

Amegy	Operating (WCSC)	250,000.00	Consolidate with main operating account
Amegy	Operating (WRC)	50,000.00	Consolidate with main operating account

The Woodlands Fire Department (Tax ID 76-0024155)

Bank	Account	Avg Mo Bal	Comments
Amegy	Main operating (WFD)	3,500,000.00	Maintain separate account
Amegy	Payroll/Retirement	11,250.00	Maintain separate account

The Woodlands Convention and Visitors Bureau (Tax ID 20-4622848)

Bank	Account	Avg Mo Bal	Comments
Woodforest	Main operating (CVB)	600,000.00	Maintain separate account

The Woodlands Township Economic Development Zone (Tax ID 26-1464543)

Bank	Account	Avg Mo Bal	Comments
Wells Fargo	Project #1	30,000.00	Incremental sales tax deposits, qtrly project payments, sweeps to MMMF
Wells Fargo	Project #2	132,000.00	Consolidate into one account
Wells Fargo	Project #3	192,000.00	Consolidate into one account
Wells Fargo	Project #4	155,000.00	Consolidate into one account

Lake Woodlands Property Owners Association (Tax ID 76-0191760)

Bank	Account	Avg Mo Bal	Comments
Amegy	Main operating (LWPOA)	150,000.00	Maintain separate account

Therefore, the new relationship account structure as planned would have eight accounts:

The Woodlands Township	Operating Account
	Debt Service Account
	Payroll/Retirement Account
The Woodlands Fire Department	Operating Account
	Payroll/Retirement Account
The Woodlands CVB	Operating Account
The Woodlands EDZ	Operating Account
Lake Woodlands Property Owners Assoc	Operating Account

Any or all Township funds may be maintained and invested by the Township outside this contract. The Township will be under no obligation to maintain time or demand funds in the bank. The Township will not use the depository

bank as a broker to perfect delivery versus payment statutory requirements. The Township will continue to direct liquid funds to pools or investments.

The Township's Finance Department handles all banking, treasury, and investment activities. However, each department handles their daily deposits via remote check acceptance. Only one set of statements will be required. The Township currently receives a paper statement on each account and requires electronic receipt or access to statements on the first of each month.

The Township currently has approximately 250 employees, 200 whom are currently paid by direct deposit. In addition, during the summer months, the Township employs approximately 287 seasonal employees. The Woodlands Fire Department has approximately 150 employees of which approximately 125 are paid by direct deposit.

IV. FINANCIAL INSTITUTION QUALIFICATIONS

To be considered the proposal must include a response to each question in this Section.

The banking services described in this RFP are directed toward five major goals:

- timely and accurate information flow,
- 100% utilization of idle funds and continuous investment of Township funds,
- safety of Township funds and securities,
- efficient utilization of available banking services, and
- minimization of banking costs for the Township.

1. In order to fulfill the Township's fiduciary responsibility to protect public funds, each bank, submitting a proposal shall provide, in response to this item an audited annual financial statement for its most recent fiscal period. The bank will be required to provide annual financial statements throughout the contract period. Provide confirmation of this condition.
2. Is the bank offering any transition or retention incentive to the Township? Describe.
3. List references from at least three of the bank's current, comparable governmental clients. Include the length of time under contract, a client contact, title, and telephone number.
4. Provide the bank's current CRA (Community Reinvestment Act) rating and the rating agency name.
5. Provide the bank's most recent HighLine (Thomson Financial), Veribanc or comparable bank rating from an independent bank rating service. If not available, provide the ratings on the bank's senior and subordinate debt. The bank will be responsible for notifying the Township within thirty (30) days of any change in this rating, or the rating on its senior or subordinate debt, during the entire contract period. Confirm agreement.
6. Provide a proposed timeline for implementation of the contract including the timeline activities and direct responsibilities of the Township and the bank during implementation.
7. Provide a copy of all depository and service agreements (including those not directly referenced in this RFP but which are required by the bank) which will be required to be executed under the contract. Any changes required on the agreements will be agreed upon and made in writing before award of the contract is made by Township Board.
8. The bank awarded the contract will be required to review the then-current Township and EDZ Investment Policy and certify in writing to that review in accordance with the Public Funds Investment Act certifying that the bank has sufficient controls in place to avoid transactions not authorized by the Policies. The Policies and the Certification forms are attached as Attachment C and D. Provide agreement to this condition.

9. Deposits must be collateralized in accordance with the Township or EDZ investment policy and collateral security agreement, unless otherwise swept or invested. If deposits require collateralization, the bank must execute the Township or EDZ form of collateral security agreement. Provide confirmation of this condition.
10. Complete and provide any potential conflict of interest forms if a conflict exists. Please refer to the Texas Ethics Commission website and the Township's website for a list of Board members and executive management.

V. REQUIRED BANKING SERVICES

To be considered, the proposal must include a response to each of the questions in this Section V and all associated fees must be detailed on Attachment A. Add any level of detail necessary.

1. Consolidated Account Structure with Sweep Mechanism

The Township is interested in assuring that all funds are earning at the best, then-current interest rates available at all times. The Township currently pays for services on a compensating balance basis. The Township intends to evaluate the use of an automated, daily sweeps to a money market mutual fund (or bank alternative if applicable and competitive) in order to reach its full investment goal and to minimize collateral requirements (when rates increase). If the bank has a valid alternative to a SEC money market fund which is in compliance with the Township's Investment Policy, it may be presented. **A repurchase agreement is not acceptable as a sweep investment vehicle.**

In a sweep situation, it is anticipated that there would be two sweeps to accommodate the two distinct entities with multiple accounts. Other accounts would be interest bearing or swept, if possible. An SEC registered government, or enhanced government, money market fund rated AAA by at least one nationally recognized rating service would be used for the sweep.

In its proposal, the bank shall clearly describe the bank's most cost effective methodology for creating the sweep. Automated distribution of interest to the individual accounts is preferred.

- If a fee basis with a sweep is utilized for compensation purposes, all or certain accounts will be swept daily by the bank to a zero balance (or rounded minimums) daily. Others, if not swept, will pay fees or maintain balances.
 - If a compensating balance with a sweep is utilized for compensation purposes, all accounts will be swept daily by the bank to the target compensating balance.
 - On a compensating balance basis, any earnings credit/debit shall be carried over for net settlement on a semi-annual basis.
- a. Fully describe the proposed sweep mechanism – or current option - focusing on the bank's most cost effective structure. Detail the cost structure for ZBAs and direct sweep options if applicable. Detail how the above discussed account structure could be most effectively structured.
 - b. If the bank is proposing an alternative to a sweep, such as an indexed interest bearing account, detail and describe fully.
 - c. Describe how sweep activity will be reported on a daily basis on Township reports, i.e. will daily activity reports show balance amounts being swept in and out of the accounts?
 - d. If an SEC registered money market fund is utilized for the sweep proposal, provide the full name and identifying cusip of the fund along with a copy of the prospectus. (No repurchase agreements or off-shore sweeps will be permitted.)
 - e. Are funds swept at end of day or next day? If next day, how are funds invested and collateralized over-night? At what rate does the delayed investment earn?
 - f. What is the bank's estimate for the anticipated FDIC assessment (2010) in basis points?
 - g. Provide the proposed computation basis for interest bearing and money market accounts if rates are directly set on an index.
 - h. Interest earned on interest bearing accounts shall not be charged as an expense on the account analysis. Confirm acceptance of this condition.

The Township may be required or may desire to open additional accounts, or change account types during the contract period. If this occurs the new accounts and their services shall be charged at the same contracted amount. (Unanticipated or new services may be charged at not more than published rates.)

2. Automated Cash Management Information

The Township requires basic automated cash management information on a cost effective and efficient basis. The Township requires timely access to transactions and daily balance reporting to balance internal information and transaction detail. Intra-day information is critical for the operation.

- a. Fully describe the bank's on-line service capabilities. List the system functions/capabilities (i.e. balance reporting, wires, positive pay, stop pay, etc.).
- b. Are all service modules bundled or are individual modules priced separately? What services or reporting services are charged separately, if any?
- c. What is the bank's back-up process to provide balance reporting and transactions in case of system non-availability?
- d. Submit samples of major screens available. Provide a website (and sign-on information if required) for an on-line review of the system, if available.
- e. How are individual security sign-ons assigned and who (client or bank) maintains the security module. How many levels of security are available/required?

3. Standard Deposit Services

Standard commercial deposit services are required. Deposits are made by various departments throughout the organization on a daily basis by remote check acceptance or at a local branch. Deposit slips and bags will be required. The Parks department also accepts credit card payments which are processed through a third party vendor. The Township will require remote deposit services for three locations. In addition, subsequent to consolidation the Township continues to receive a limited number of checks made payable to the following predecessor entities: The Woodlands Community Service Corporation (WCSC), The Woodlands Recreation Center (WRC), The Woodlands Community Association (WCA), The Woodlands Commercial Owners Association (WCOA), and The Woodlands Association (TWA). Each entity has assigned all rights to these deposits and has authorized The Woodlands Township to endorse and deposit these funds. The bank must accommodate the acceptance of any checks made payable to the predecessor entities.

All cleared deposits received by the bank's established deadline must be processed for same day credit. The bank shall guarantee immediate credit on all incoming wire transfers, ACH transactions, on-us items, and U.S. government security maturities and coupon payments. Failure to credit Township accounts in a timely fashion will require interest payment reimbursement to the Township at the then-current daily Fed Funds rate.

- a. Does the bank image all deposit slips? Deposit items? When and how are they available?
- b. Are images sent to the Township by CD or available only online?
- c. What is the bank's daily cut-off time to assure same day ledger, and - pending availability - collected credit? How does this vary by location (branch teller, vault)?
- d. Describe how and when are credit/debit advices sent to the Township? Is this in electronic or paper form?
- e. What type deposit bags are used/required? Are these available from the bank?
- f. Are dual verification security measures always used on receipt of all deposits?
- g. State the bank's **Availability Policy** if it differs from the published **Availability Schedule**.
- h. Include a list of all the bank's deposit locations and alternatives.

Remote Deposit

The Township uses remote check deposit in three locations and wants to continue this service. The deposits will include both consumer and commercial checks. The Township has three scanners models: Teller Scan-215.

- a. What are the bank's current capabilities in remote check deposit? Describe how checks are processed and cleared. Describe any limitations (check type, amount, etc.).
- b. What are the initiation and cut-times for entry?
- c. When are ACH credits applied, by batch or by day?
- d. If a check is declined, how is notification made and to whom? If a check is accepted and subsequently returned by the bank, what obligations does the Township have? The bank?

- e. What scanner equipment is required to operate the system? Is this equipment available through the bank on a purchase or lease basis? Please list the equipment required along with its cost(s).
- f. Are particular reports generated for this service or is activity simply reported as daily detail? Are the transactions reported on-line? Provide a sample of any specific report.

4. Standard Disbursing Services

Standard disbursing services are required to include the payment of all Township checks without charge upon presentation. The Township's current account structure is described above in the Financial Overview Section.

Payroll is paid bi-weekly and averages \$620,000 for the Township and \$630,000 for Woodlands Fire Department a month. The Township utilizes direct deposit for payroll for 80% of employees and 96% for Woodlands Fire Department. ACH payments are limited at this time to payroll, employee benefits, debt service, and limited vendor transactions.

- a. Does the bank image all checks? Are the images available and downloadable?
- b. Are check images available on-line? When are images available to the Township?
- c. How long are check images maintained on-line? Can they be downloaded?
- d. Does monthly CD-ROM contain images? If not, how are these made available?

5. Positive Pay

The Township wants to utilize positive pay services on all check writing accounts (approximately 8 accounts). It is currently not using and will not require reconciliation services. The positive pay process should be fully automated and web based. Check information will be transmitted electronically to the bank on each check run and as manual checks are created.

- a. Describe the data transmission/transfer requirements and alternatives for computer generated checks.
- b. Describe the input process and requirements for individual, manual checks written. Is input online? Show sample screens. If not on-line, how is information on individual manual checks transmitted to the bank?
- c. How can individual check records or the entire file be changed or deleted by the Township, if necessary?
- d. How is the Township to be notified of a positive pay exception?
- e. At what time is exception information reported to the Township? What is the response deadline (what time) for Township exception elections?
- f. Are all checks, including those received by the tellers and vault, verified against the positive pay file before processing? How often is teller information updated?

6. Funds Transfer and Wire Services

The Township uses few wires but many internal transfers.

- a. Incoming wire transfers must receive immediate same day collected credit. Wire initiation should be available online. The Township requires that wires be released the same business day if information is provided by the established deadline. Describe the process of online wire initiation.
- b. What back-up process is available for the on-line process?
- c. How and when will the bank notify the Township of incoming wires? Online? E-mail alerts?
- d. Include a description of security provisions for wire initiation including security levels available or required for initiation and release.
- e. Is future dating available for both repetitive and non-repetitive wires and transfers? How far in advance?
- f. Are inter-account transfers able to be completed online? Is there a fee for inter-account transfers?

7. Optical Imaging

The Township requires and is currently receiving optical images online for all accounts. No physical checks are to be returned.

- a. Is optical imaging currently available for checks? On-line?
- b. Is a monthly CD produced? What items are captured on the monthly CD?
- c. If no monthly CD is provided are images available for download?

- d. What items and reports are available on-line (checks, statements, deposit slips, deposited items, etc.)? Are these available for download?
- e. When is the monthly CD available? Is there a charge for additional CDs?
- f. How long are check images retained on-line? Does the bank provide optional extended availability?

8. ACH Services

ACH is currently used for payrolls and limited vendor payments. The Township requires a pre-notification on all new addresses. The Woodlands Fire Department and the Township's payroll processor is currently Ceridian.

- a. Describe the batch transmission requirements for ACH transactions.
- b. Is the Township able to initiate individual ACH transactions on line?
- c. Are filters available for ACH transactions? Are blocks available? Define each.
- d. Are ACH addenda shown in their entirety on-line and on reports?
- e. Is the account debited when the transaction is initiated or on settlement?
- f. What is the bank's policy on pre-notes? Is the pre-note charged as a standard ACH transaction?

9. Investments and Safekeeping Services

The Township has not purchased securities in the past but may do so in the future and therefore requires availability of safekeeping services. All Township investments will be made by the Township and instructions for clearing and safekeeping will be transmitted on a trade ticket to the bank in writing. The bank or its brokerage subsidiary will not be used as a broker.

All securities must be cleared on a **delivery versus payment (DVP)** basis and ownership documented by original clearing confirmations and safe-keeping receipts provided within one business day of the transaction. All income distributions must receive same day collected credit on the Township designated account without requiring any additional Township action.

If the bank is not a member of the Federal Reserve and utilizes a correspondent bank for safekeeping of Township securities, the transactions will be handled through the depository bank's systems and shall not require additional interaction by the Township with the correspondent bank. No delay in transactions, wires, or flow of funds will be acceptable under a correspondent relationship. The Township may choose to purchase time deposits from the bank but all time deposits will be competitively bid at the time of purchase.

The Township anticipates an average of between 0-5 securities in FRB and/or DTC safekeeping at any one time all from third party transactions.

- a. Is the bank a member of the Federal Reserve and DTC? If not, name the correspondent bank to be used for clearing and safekeeping.
- b. Describe any safekeeping arrangement proposed with a correspondent bank including processing requirements by the Township. No delays or additional transactions are acceptable.
- c. What is the deadline for settlement instructions on a cash (same day) settlement? Is there any charge incurred for late instructions?
- d. How will safekeeping fees be charged?

10. Collateral Requirements

Authorized collateral must be pledged against the total time and demand deposits net of FDIC insurance with a 105% or 110% margin on the collateral maintained at all times by the bank. See Section 6 of the Township and EDZ investment policy(s). All the requirements, including those beyond the Public Funds Collateral Act, must be met by the bank.

The proposal must state agreement to the following terms and conditions.

- All collateral pledged to the Township must be held in an independent, third party bank outside the bank's holding company.
- A tri-party safekeeping agreement shall be executed between the Township, the depository, and the safekeeping bank for custody of pledged securities in full compliance with FIRREA requiring a bank resolution. (Or completion of Circular 7 if the Federal Reserve is acting as custodian.)
- All time and demand deposits above FDIC coverage shall be collateralized at a minimum of 105% or 110% of principal plus accrued interest at all times.

- The bank shall be contractually liable for the continuous monitoring and maintaining of collateral at the Township's required margin levels.
 - Pledged collateral shall be evidenced by original safekeeping receipts/report sent directly to the Township by the custodian within one business day of receipt.
 - The Township shall receive a monthly report of collateral pledged from the custodian including description, par, market value and cusip.
 - Substitution rights shall be granted if the bank obtains the Township's prior approval and if substituting securities are received before previously pledged securities are removed from safekeeping.
 - Refer to Section 6.1 of the Township and EDZ Investment Policy and Collateral Security Agreement for authorized collateral.
- a. State the bank's acceptance of the collateral conditions above.
 - b. Does the bank propose any collateral charges, if so under what conditions are they charged and how is the charge applied?
 - c. The bank must agree to the form of Collateral Security Agreement adopted by the Township and EDZ if deposits in excess of FDIC coverage are not swept or otherwise invested in accordance with each Investment Policy.

11. Account Analysis

Monthly account analysis reports must be provided for each account and on a consolidated account basis for each entity. Within five business days of receipt of the monthly account analysis (and subsequent approval of the fees by Township) the bank may direct debit the designated account for fees due if compensation is being calculated on a fee basis.

A complete account analysis will be required monthly regardless of the payment basis.

- a. Provide a sample account analysis including calculation bases.
- b. When is the analysis available each month: on-line and paper?
- c. How long is the analysis maintained on line?
- d. Is the analysis included on the CD-Rom monthly?

12. Monthly Statements

The bank must provide monthly account statements on all accounts with complete supporting documentation. All accounts must be on a calendar monthly cycle and statements received on a timely basis. Timeliness of statements is critical and non-performance will be grounds for termination of contract.

- a. Provide a sample monthly statement.
- b. When are monthly statements available each month: online and paper form? If online, when and how long?
- c. Are the statements on the monthly imaged CD-Rom?
- d. Is the paper statement also sent to the Township, if available online?

13. Account Executive

To insure smooth contract implementation and continuation of services, a specific account executive and a back-up must be assigned to the Township account to coordinate services and expedite the solution of any problem encountered. The account executive should be available to meet with Township staff on banking matters as needed and at a minimum semi-annually.

- a. Provide the name, title and location of the proposed account executive.
- b. Provide the name, title and location of the backup representative.

14. Stop Payments

The Township has 0-3 stop pays per month and requires online stop pay services.

- b. What are the options available for stop pays periods?
- c. What are the options for extended stop pay periods? How is a stop pay extended?
- d. What is the deadline for same day action on stop pays?
- e. Can stop pay orders be initiated on-line? Is there any paper follow-up document required?
- f. What information on current and expiring stop pays is available on-line?

15. Company Banking

The Township may be interested in giving its employees the opportunity for enhanced banking services.

- a. Does the bank have a banking services program available for Township employees?
- b. List services provided under this program with applicable discounts or fees to the Township or employee.
- c. Is availability of the program based on use of direct deposit or Township employment?

VI. OPTIONAL SERVICES

The Township continues to consider new services for inclusion under its banking services contract. These services in this Section are not currently required but will be evaluated in terms of availability, feasibility, service levels, services provided, and charges for potential current, or future, use under the Township banking contract.

Availability of the service and level and cost of the service will be a secondary consideration in the evaluation of the primary proposal since the services are not required. The Township reserves the right to accept optional services offered. If an optional service is initiated later in the contract period, the services and charges stipulated in the bank's proposal in response to this RFP will be applied.

If the bank currently does not offer the service identified, but is planning to make it available during the contract period, the bank should so stipulate in its proposal and should state the anticipated date of activation.

1. Purchasing Cards

The Township is considering a purchasing card program during the contract period. Cards would be assigned to Township employees for defined use to approximately 50-75 users with aggregate credit limits totaling approximately \$125,000 (individual cardholder limits to vary from \$500 - \$5,000). Purchasing card expenditures average approximately \$25,000 each month.

- a. What card platforms do the bank support (MC, Visa)? Is a third party processor used?
- b. What, if any, information is available on-line? When? Describe data download and integration capabilities. Describe reporting capabilities
- c. Does the bank have on-line transaction review? Account allocation?
- d. What client support is available? How is it provided?
- e. Describe the diverse parameters and restrictions available for the card control. How many access levels are available?
- f. Discuss settlement and corporate liability terms. Include information on bank support for the program, the bank's experience, settlement terms on payment, security procedures, and license requirements. How will billing be received? Outline all applicable fees, interest rates, and minimum monthly spend requirements.
- g. Describe how cards are issued, deleted or replaced. How are lost/stolen cards handled?
- h. Describe any unique features that should be considered.
- i. Provide three comparable references for the service.

ATTACHMENT A - SCHEDULE OF FEES

**The Woodlands Township
Proposed Fee Schedule**

* The account structure represented on this Fee Schedule represents the anticipated structure. Until sweeps are a viable alternative (when rates rise) there will be 8 separate accounts, all interest bearing. When sweeps return there will be 2 master sweeps (Township and Fire) one with 2 ZBA subsidiaries and 1 with 1 subsidiary ZBA. Please see page 4 and 5 of the III. Township Overview in the RFP.

Service	Unit Basis	Avg Mo Volume	Proposed Item Fee	Notes, as applicable
Account Services				
Account Maintenance Fee	Per account	3		
Money Market Account Maintenance Fee	Per account	0		
Interest Bearing Accounts Maintenance Fee	Per account	0		
Investment Sweep *	Per account/Per Mo	1		
ZBA Master Sweep Account	Per account	2		(if separate sweeps are used as described in RFP)
ZBA Subsidiary Accounts	Per account	3		(if separate sweeps are used as described in RFP)
Dr/Cr Sweep Transaction Fee	Per item			
Debits Posted	Per item	15		
Credits Posted	Per item	200		
Automated Services - Balance & Detail				
Daily Balance Reporting	Per account	14		
Current Day Reporting	Per account	0		
Current Day DR/CR Items	Per item	0		
Previous day Reporting	Per account	14		
Previous Day Dr/Cr Items	Per item	100		
Transaction-Images Captured	Per item			
Transactions-Images Accessed	Per item			
Image Retention Per Item	Per item			
Branch Deposits				
Commercial Account Maintenance	Per account			
Branch Deposits	Per event	200		
Night Drop Deposits	Per event			
Items Deposited	Per deposit			
Items deposited	Per item	1,000		
On-us Items	Per item	150		
In District RCPC	Per item	200		
Local RCPC	Per item	200		
In District City	Per item	150		
Other 11th Fed RCPC Items	Per item	200		
National FRB	Per item	0		
Transit Item Clearing	Per item	100		
Encoding Charge	Per item	1,000		
Deposit Corrections	Per item	1		
Return Checks - Chargeback	Per item	1		
Return and Reclear	Per item			
Returns - Special Instructions	Per item			
RCK Services	Per item			
ACH Processing				
ACH Online Maintenance	Per month	1		
ACH Maintenance	Per month	1		
Debits Originated/Received	Per item	2		
Credits Originated/Received	Per item	13		
ACH Addenda Records	Per item			
ACH Notification of Change	Per item			
ACH Fax Notification	Per item			
ACH File Processing	Per Item			
File Transmission	Per file	2		
Transmission - Detail	Per item			

Service	Unit Basis	Avg Mo Volume	Proposed Item Fee	Notes, as applicable
Filter/Block Maintenance	Per month			
Positive Pay without Reconciliation Services				
Positive Pay without Recon	Per account	14		
Positive Pay without Recon	Per item			
Transmission - File Transmission	Per file			
Transmission - Detail	Per item			
Stop Pays				
Stop Pays - Automated	Per item	1		
Stop Pay - Automatic Renewal	Per item			
Wires and Transfers				
Incoming - domestic Straight	Per item	1		
	Per item			
Outgoing - repetitive - automated,domestic	Per item	1		
Outgoing - non-repetitive - automated,dom	Per item	5		
Funds Transfers	Per item			
Remote Deposit Services (New Service - estimated volumes supplied)				
Remote Deposit Maintenance	Per account/mo.	5		anticipated
On-us Item Capture	Per item	150		anticipated
Off-Us Item Capture	Per item	850		anticipated
Transmission	Per transmission	20		anticipated
Transmission Detail	Per item	1,000		anticipated
Imaging				
Image Maintenance	Per month	1		
CD-ROM	Per item	1		
CD-ROM detail items	Per item			
Safekeeping Services				
Account Maintenance	Per item	1		
Clearing				
FRB or DTC	Per item	2		
Safekeeping-Maintenance				
FRB or DTC	Per item	2		
Income Distribution				
Coupons	Per item	1		
Maturities	Per item	1		

ATTACHMENT B - HISTORICAL RATES

The Woodlands, Texas

Bank Name

Earnings Credit Rate (ECR)			
Month/Year	Rate	Notes, if applicable	
Jan-09	0.000%	_____	
Feb-09	0.000%	_____	
Mar-09	0.000%	_____	
Apr-09	0.000%	_____	
May-09	0.000%	_____	
Jun-09	0.000%	_____	
Jul-09	0.000%	_____	
Aug-09	0.000%	_____	
Sep-09	0.000%	_____	
Oct-09	0.000%	_____	
Nov-09	0.000%	_____	
Dec-09	0.000%	_____	
	0.00%		

Interest Bearing Accounts			
Month/Year	Rate	Notes, if applicable	
Jan-09	0.000%	_____	
Feb-09	0.000%	_____	
Mar-09	0.000%	_____	
Apr-09	0.000%	_____	
May-09	0.000%	_____	
Jun-09	0.000%	_____	
Jul-09	0.000%	_____	
Aug-09	0.000%	_____	
Sep-09	0.000%	_____	
Oct-09	0.000%	_____	
Nov-09	0.000%	_____	
Dec-09	0.000%	_____	
	0.00%		

Money Market Accounts			
Month/Year	Rate	Notes, if applicable	
Jan-09	0.000%	_____	
Feb-09	0.000%	_____	
Mar-09	0.000%	_____	
Apr-09	0.000%	_____	
May-09	0.000%	_____	
Jun-09	0.000%	_____	
Jul-09	0.000%	_____	
Aug-09	0.000%	_____	
Sep-09	0.000%	_____	
Oct-09	0.000%	_____	
Nov-09	0.000%	_____	
Dec-09	0.000%	_____	
	0.00%		

Sweep Alternative(s)			
Month/Year	Rate	Notes, if applicable	
Jan-09	0.000%	_____	
Feb-09	0.000%	_____	
Mar-09	0.000%	_____	
Apr-09	0.000%	_____	
May-09	0.000%	_____	
Jun-09	0.000%	_____	
Jul-09	0.000%	_____	
Aug-09	0.000%	_____	
Sep-09	0.000%	_____	
Oct-09	0.000%	_____	
Nov-09	0.000%	_____	
Dec-09	0.000%	_____	
	0.00%		

Attachment C

**The Woodlands Township Investment Policy
and Collateral Security Agreement**

Attachment D

**The Woodlands Township Economic Development Zone Investment Policy
and Collateral Security Agreement**