



FOR IMMEDIATE RELEASE

FOR INFORMATION CONTACT:

Nick Wolda
The Woodlands Township
(281) 210-3800

THE WOODLANDS TOWNSHIP ISSUES BONDS

The Woodlands, TX (March 24, 2010)... The Board of Directors of The Woodlands Township issued \$34.8 million of tax-exempt unlimited tax bonds today with an average interest cost of 3.82 percent.

The Woodlands Township Chairman of the Board Nelda Luce Blair said, “Our financial plan assumed a five percent interest rate, so this issue is going to yield significant savings to the taxpayers.”

The Woodlands Township’s Financial Advisor Drew Masterson said, “This rate is one of the lowest I’ve ever seen.”

The sale of today’s bonds comes after the voters in The Woodlands approved three different bond propositions on November 3, 2009, to fund fire services, park improvements and refinancing of association line of credit. The sale of the bonds included a very favorable bond rating of AA by Standard & Poor’s. The S&P noted The Woodlands Township’s strong economy, good financial management and limited future debt as strong positives for the rating, according to Chairman Blair.

“We’re very pleased to issue these bonds,” Chairman Blair said. “We are very pleased with our bond rating and very pleased with the interest rate. The voters in

November asked for us to move in this direction, and today's sale is reflective of their wishes, which ultimately benefits the taxpayers of The Woodlands. The passage of all three bond propositions shows that residents said that parks, pathways, fire stations and lower taxes are important to their quality of life, and that they understood that these bonds will make those things possible.”

The winning syndicate underwriters in a sealed bid process included Southwest Securities, Inc., Citigroup Global Market, Inc., Edward Jones, Wells Fargo Public Finance, and Stephens Inc. These firms prevailed over three other bidders. Bonds were offered by the underwriters to initial investors at rates ranging from 0.73 percent in 2011 to 4.33 percent in 2030. Bonds can only be offered by the underwriters through the Official Statement, which will be posted on The Woodlands Township Web site.

The first proposition approved by the voters addressed fire department needs. Proceeds from the sale of the bonds will be used to construct two fire stations, purchase related fire equipment for these stations, provide payment of any emergency services district (ESD) debt allocable to the Township upon removal of certain territory from the overlapping taxing jurisdiction of the ESD, and any related issuance costs.

The second proposition approved by the voters addressed The Woodlands Township's Parks needs. Proceeds from the sale of the bonds on the second proposition will be used for the construction of new parks and pathways pursuant to the Recreation Facilities Development Agreement and Construction Management Agreement assumed by the Township from The Woodlands Association, Inc. and The Woodlands Commercial Owners Association, Inc.

The third proposition approved by the voters addressed the refinancing of existing debt obligations from the community associations. In accordance with the terms of the Transition Agreement, proceeds from the sale of the bonds will be used to refinance existing debt obligations of \$19.080 million assumed by the Township from

the community associations and The Woodlands Fire Department, Inc., and to pay for bond issuance costs.

More information can be found at The Woodlands Township Web site at

www.thewoodlandstownship-tx.gov

Following this information is more detailed scope about the use of the bond sale:

Refinancing – 2010 Bond Issuance

In accordance with the terms of the Transition Agreement, the Township assumed certain debt obligations from each community association and related service companies on January 1, 2010. Proceeds from the sale of the bonds will be used to refinance existing debt obligations of \$19.080 million assumed by the Township from the community associations and The Woodlands Fire Department, Inc. and to pay for bond issuance costs.

Specifically, the Township assumed debt service obligations for an \$8 million Amegy Bank line of credit extended to The Woodlands Association, Inc. of which approximately \$6.075 million was utilized as of December 31, 2009. The bonds will refinance the variable rate line of credit which was previously utilized to fund 1) short-term operating deficits related to the timing of assessment collections and 2) capital expenditures resulting from the construction of parks and pathways in the Village of Creekside during 2009. Prior to the transition, these short-term borrowings were paid back in full at the end of each fiscal year as receipts of the subsequent year's assessments were received. The draw period on this credit facility expired on December 31, 2009, and must be repaid by semiannual payments of principal plus accrued interest based on a five year amortization and floating prime rate with a floor of 5 percent. No prepayment penalty will be incurred upon the conversion of this credit facility to long-term debt. The related real property and improvements underlying this debt will be conveyed to the Township by deed upon project

completion and in accordance with Section B(2) of the Recreation Facilities Development Agreement.

The bonds will also refinance the existing debt obligations assumed by the Township for the construction of two community fire stations, an emergency training facility, and the purchase of related specialty vehicles and equipment. The related real property and improvements underlying this debt was conveyed to the Township by deed on January 1, 2010 and was subsequently leased backed to The Woodlands Fire Department, Inc. Notes to be refinanced include:

- A 15-year Amegy Bank tax-exempt note for Fire Station #5 located at 10100 Branch Crossing Drive in the amount of \$1,440,650 which carries a bank qualified tax exempt adjustable rate of 6.00 percent to 6.35 percent or LIBOR whichever is greater. This station which principally serves the Villages of Sterling Ridge, Carlton Woods, and Indian Springs was constructed in 2003.
- A 19-year Amegy Bank tax-exempt note for Fire Station #6 located at 1100 Windsor Lake Boulevard in the amount of \$4,121,380 which carries an adjustable rate of 65 percent of LIBOR + 1.3 percent. This station which principally serves the Village of College Park was constructed in 2008.
- A 19-year Amegy Bank taxable note for the Emergency Training Center located at 16135 I-45 South in the amount of \$6,743,120 which carries an adjustable rate of LIBOR + 1.5 percent. This 20,000 square foot facility features administrative offices, instructional classrooms and labs, apparatus storage, and special operations drill simulation facilities. The facility operates with a full-time staff and offers firefighter certification classes through a joint partnership with the Lone Star College-Montgomery campus.
- A 10-year Amegy Bank note for a 2007 Pierce Saber Fire Truck in the amount of \$700,000 which carries an adjustable rate of 6.00 percent to 6.35 percent or LIBOR, whichever is greater.

Fire Protection – 2010 Bond Issuance

Proceeds from the sale of the bonds will be used to construct two fire stations, purchase related fire equipment for these stations, provide payment of any emergency

services district (ESD) debt allocable to the Township upon removal of certain territory from the overlapping taxing jurisdiction of the ESD, and any related issuance costs.

The Township is currently served by six permanent fire stations, an emergency training center, and a temporary fire station. The Township maintains an ISO rating of 2 on a scale of 1 to 10 with 1 being the highest possible rating. The ISO rating system measures a community's ability to provide fire protection services for citizens and property owners. The construction of two new fire stations will reduce emergency response times and enable the community to maintain its ISO rating as the community continues to grow.

The construction of Station 7 in the Village of Creekside Park will replace a temporary station and will serve the Villages of Creekside Park and Indian Springs. Final site determination will be made by March 2010 with construction bids for both stations awarded in June 2010. Proposed sites for Station 7 include land to be donated by The Woodlands Land Development Company on Kuykendahl Road in Harris County. Construction for this station is anticipated to begin in July 2010 for completion by July 2011. The estimated construction cost for the station excluding land is \$3.4 million.

Fire Station Construction Costs

Budget	Amount
Preliminary	\$25,000
Construction	3,000,000
Architectural Engineering	185,000
Civil	30,000
Reimbursables	10,000
Land (donated)	0
Furniture, Fixtures, Equipment	100,000
Miscellaneous	50,000
Total	\$3,400,000

The construction of Station 8 in the Village of Panther Creek will reduce the average emergency response time for this service area from eight minutes to the community standard of five minutes or less. Construction of this station will begin in January 2011 for completion by January 2012. The proposed site for Station 8 is located on the east side of Gosling Road in Montgomery County and will be donated by The Woodlands Land Development Company. The station will service the Villages of Indian Springs, Panther Creek, and Creekside Park. The estimated construction cost for the station excluding land is \$4.05 million. Bond proceeds will also fund the purchase of a fire engine for this station with an estimated cost of \$470,000.

In addition, bond proceeds will provide payment of up to \$1.0 million for any emergency services district (ESD) debt allocable to the Township upon removal of certain territory from the overlapping taxing jurisdiction of the ESD. Currently, certain unincorporated areas of the Township receive fire protection and emergency services from both The Woodlands Fire Department and other local emergency services districts. Pursuant to Section 7-a(z) of the Township's enabling legislation and similar to the rights and powers granted to a municipality, the Township may cause all or part of the territory of the Township to be removed from an emergency services district in order to eliminate the double taxation of property taxpayers in the overlapping area. The release of the territory by the ESDs is subject to the repayment of the pro-rata share of total outstanding debt to assessable value within the overlapping territory. The Township has identified five emergency services districts with overlapping territory within the Township's taxing jurisdiction. The pro-rata share of debt allocable to these areas which must be repaid by the Township is currently estimated at \$1.0 million.

The Woodlands Township Bond Sale

Parks and Pathway Development – 2010 Bond Issuance

Proceeds from the sale of the bonds will be used for the construction of new parks and pathways pursuant to the Recreation Facilities Development Agreement and Construction Management Agreement assumed by the Township from The Woodlands Association, Inc. and The Woodlands Commercial Owners Association,

Inc. These agreements provide for the planning, design, construction and shared funding of community amenities by the Township and The Woodlands Land Development Company. These agreements in addition to the Mutual Benefit Agreement (MBA) assure the continued high quality, uniform and cost efficient delivery of community services and amenities throughout the existing and newly developed portions of The Woodlands, establish a uniform vehicle for the provision of services on a community-wide, cohesive basis and have contributed to the development of more than 185 miles of hike and bike paths, 116 parks, 13 swimming pools, and more than 2,700 acres of open space reserves within the community. All parks and pathways are open to all residents and visitors of The Woodlands.

Proceeds from the bond sale will fund certain 2010 and 2011 capital projects included in the Township's five year capital plan as follows:

- **Village of Sterling Ridge Parks and Pathways** - Plans include the completion of May Valley park, a nine- acre facility and the construction of community pathways. Total project costs of approximately \$630,000 will be shared by the Township, The Woodlands Development Company, and state grants. The Township will contribute an estimated \$315,000 of the total project costs. The Village of Sterling Ridge is home to over 11,500 residents.
- **Village-wide Pathway Connectors** - Plans include the pathway developments to extend pathways along Gosling Road in the Village of Alden Bridge to neighborhoods and schools in the Village of College Park and along State Highway 242. Total project costs of approximately \$220,000 will be shared by the Township and The Woodlands Development Company. The Township will contribute an estimated \$110,000 of the total project costs. The Village of Alden Bridge is home to over 21,000 residents and the Village of College Park is home to over 5,400 residents.
- **Village of Creekside Parks and Pathways** - The Village of Creekside Park located south of Spring Creek in Harris County is the ninth residential village currently under construction in The Woodlands. It will include approximately 3,500 acres and 7,100 residences. Similar to previously built-out villages within the community, park and pathway plans include 1)

neighborhood parks which are within walking distance of homes and feature children's play equipment, small open space play areas, and gazebos 2) pond parks which include fishing piers, benches, and landscaping 3) area parks which include large play fields, tennis courts, basketball courts, large picnic pavilions, picnic areas, wheel sports, and restroom facilities 4) village parks which include the features of area parks plus a swimming pool and 5) a large town wide park to include interconnected pathways and trails. The five year capital plan includes over 100 acres of park development and 78,000 linear feet of pathway developments in the Village of Creekside Park. Total project costs for 2010 and 2011 of approximately \$6,317,000 will be shared by the Township, The Woodlands Development Company, and potential state grants. The Township will contribute an estimated \$3,033,500 of the total project costs.

- **Town Center Pathways** - Town Center is the primary commercial and downtown business center of the Township generally bounded on the east by I-45, on the west by Grogan's Mill Road, on the north by Lake Woodlands Drive, and on the south by Woodlands Parkway. The development of new pathways will provide quick and safe access for growing residential, commercial, and visitor pedestrian traffic in the area. Improvements include sidewalks, streetlighting, and landscaping along and between Millennium Park, Waterway Avenue, Lake Robbins Drive, Grogan's Mill Road, Woodlands Parkway, Timberloch Place Drive, Six Pines Road, Waterway Square Place, Woodloch Court, Riva Row, and High Timbers Drive. Total project costs for 2010 and 2011 are estimated at \$3,141,500 for proposed projects and streetscape enhancements.

For more information, please contact The Woodlands Township at 281-210-3800 or visit www.thewoodlandstownship-tx.gov.

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