



THE WOODLANDS WATERWAY TRANSFER- JULY 2023

Presentation to The Woodlands Township Board of Directors

HISTORY OF THE WOODLANDS WATERWAY

The Woodlands Waterway was created as a unique private/public partnership involving The Howard Hughes Corporation (formerly The Woodlands Development Company), Houston-Galveston Area Council, Texas Department of Transportation, Brazos Transit District, Federal Transit Administration, The Woodlands Road Utility District, The Woodlands Township (formerly Town Center Improvement District (TCID) and The Community Associations of The Woodlands), Montgomery County and the Town Center Owners Association.

- In 1972, the fabled “napkin sketch” created by Robert Heineman included a waterway connection through the Town Center.
- 1972 through 1999, various designs and concepts were developed by The Woodlands Development Company.
- In 1999, construction began on The Woodlands Waterway.
- In 2002, The Woodlands Waterway was introduced through a Grand Opening celebration.
- In 2004, the extension of The Woodlands Waterway to The Woodlands Mall was open.
- In 2008, the Waterway Maintenance, Use and Operations Agreement was executed between TWLDC and The Woodlands Township.
- In 2009, The Woodlands Waterway extension from the turning basin to Lake Woodlands was completed.
- In 2018, The Woodlands Waterway final extension was celebrated (connecting Hughes Landing).

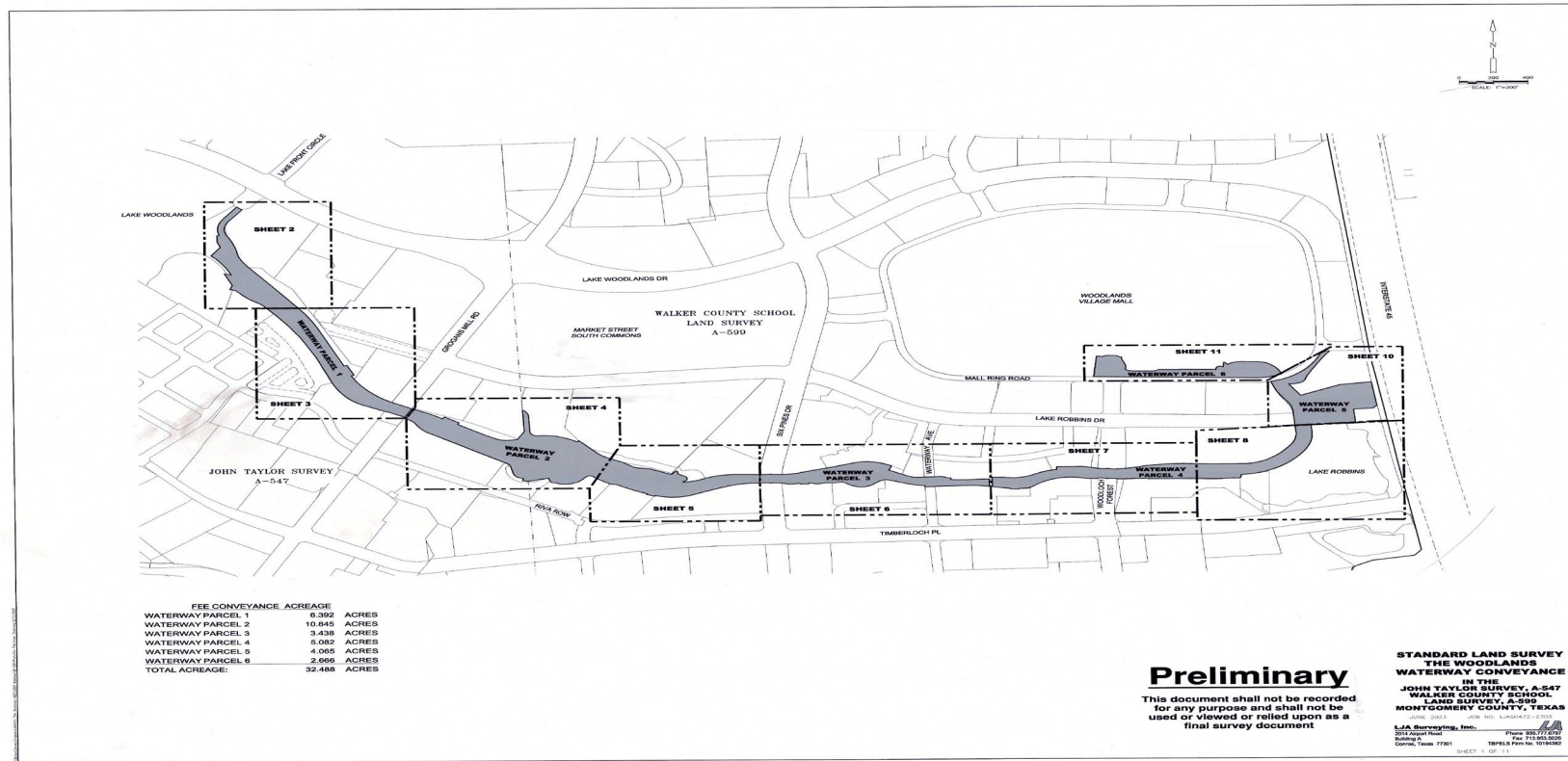
CONTRACTUAL PROVISIONS PROVIDING FOR TRANSFER

- The Woodlands Township and The Woodlands Land Development Company (“TWLDC”) are parties to a 2008 Waterway Maintenance, Use and Operations Agreement providing for maintenance by The Woodlands Township. An operative provision providing:

“...the interests of the TWLDC, Township and the business and residential owners and occupants within and adjacent to the Waterway, Town Center and Township’s impact area, as well as the general public, will be best served by the establishment of a long-term, stable, cooperative and financially viable program for public ownership, management, operation, maintenance, upkeep, regulation and improvement of the Waterway as an effective pedestrian/transit corridor, a dynamic business, retail, residential and entertainment center, an attractive public amenity and destination for the general public”

- The 2008 Agreement provides that in exchange for taking on the maintenance obligation, on or before the 15th anniversary of the Agreement, TWLDC shall tender to the Township the ownership of the pedestrian and transit corridor known as “The Woodlands Waterway”.
- July 2023 marks the 15th anniversary of the Agreement, and TWLDC has tendered the conveyance of the ownership of The Woodlands Waterway to the Township.

PARCELS BEING TRANSFERRED



FINANCIAL IMPACT FOR OPERATION OF THE WATERWAY

- 2019 - The Woodlands Township has been preparing for the conveyance of the Waterway, with funding for operational costs included in its 5-year budget plan since that time.
- 2023 - Budget for Town Center Operations: \$400,000 was allocated to address five (5) months of expenses (August-December 2023) related to the acquisition of the Waterway.
- 2023 - To provide enhanced oversight and management of the Waterway, the Township added a Waterway Supervisor to complement the existing Town Center Superintendent and Town Center Ranger Supervisor. Those teams will continue to review all aspects of The Woodlands Waterway operations, looking for efficiencies and the ability to enhance services.
- 2023 Forward – The Township has agreements with many of the contractors TWLDC/HH uses for its operations (landscape, lake/pond management, etc.). The Township will be working to obtain proposals from these contractors under Township unit pricing. Over time, the amenities in this area will need to be factored into the Township's capital reserve program in a manner similar to other amenities within The Township.

DOCUMENTS EFFECTUATING TRANSFER

- In order to effectuate the transfer of ownership of The Woodlands Waterway to the Township as required prior to July 23, 2023 under the CCSA, TWLDC has presented the Township with Special Warranty Deed and associated documents transferring TWLDC'S fee and easement estates in and to the Waterway to the Township with certain reservations of rights effective upon approval and execution.