

2016 SERVICE AGREEMENT
CONVENTION AND VISITORS BUREAU AND THE WOODLANDS TOWNSHIP

THE STATE OF TEXAS §

COUNTIES OF MONTGOMERY AND HARRIS §

THIS SERVICE AGREEMENT (the "Agreement"), is made and entered into by and between THE WOODLANDS CONVENTION AND VISITORS BUREAU, a Texas non-profit corporation (the "CVB"), and THE WOODLANDS TOWNSHIP (the "Township"), a political subdivision of the State of Texas duly created by Chapter 289, Acts of the 73rd Legislature, Regular Session, 1993 as amended (the "Act"), acting herein by and through its Board of Directors and pursuant to a motion duly passed by said Board of Directors and pursuant to the authority contained in the Act.

RECITALS

WHEREAS, the Township is organized and exists for the purpose, among others, of promoting and enhancing economic development within and adjacent to the boundaries of the Township; and

WHEREAS, the Township is authorized by the Act to contract for services to facilitate growth and development of the Township, including marketing services; and

WHEREAS, the CVB is organized and exists for the purpose, among others, of promoting business activity and convention and tourism activity in and around the area of the Township and is willing and able to provide marketing related services to the Township; and

WHEREAS, the Township and CVB have determined that the Township is best suited to produce special events in the community and that the CVB is best suited for the promotion and advertising of those special events; and

WHEREAS, the Township and the CVB have determined to enter into this Agreement for the provision of services by the CVB to the Township;

NOW THEREFORE, for and in consideration of the mutual covenants, benefits and agreements hereinafter set forth, the parties contract and agree as follows:

I. PROVISION OF MARKETING SERVICES

To the extent that the Township shall deem it necessary and proper and in its interests to do so, the CVB shall provide and/or oversee the following services (the "Services") to include, but not necessarily be limited to:

- Public relations campaigns to increase exposure of the Woodlands;
- Destination media buying and production, including television, radio, newspaper, web and other media outlets;
- Printing and production of destination marketing guide;
- International destination consulting and public relations;
- Coordination, marketing information and other resources to assist the tourism industry in the Woodlands so as to create, maintain and project an appealing image on behalf of the Township;
- Promote the Woodlands as a destination to meeting planners, business travelers, tour operators and individual visitors;
- Promote and advertise the Woodlands hotels, convention and meeting facilities, attractions, entertainment venues, restaurants, retail centers and other businesses and organizations that serve visitors;
- Assist visitors and tour planners in planning and developing tours of the Township, including suggested itineraries and overnight accommodations;
- Work with regional partners in promoting the Woodlands as a destination;
- Develop and support training initiatives for hospitality employees in the Woodlands;
- Promote and advertise the transportation services available within and to the Woodlands;
- The CVB will allocate funding for advertising and public relations services per Exhibit B.

EVENT MARKETING AND ADVERTISING:

- Development and execution of media marketing and promotion, considering both residents of The Woodlands and visitors within the drive markets of The Woodlands Township for special events occurring throughout the community which the CVB deems beneficial and as aligned with the CVB's goals and objectives. Additionally, the CVB will develop and carry out marketing plans ("Marketing") for the events listed in Exhibit "B", a copy of which is attached and incorporated for all purposes. The marketing plan for the listed events will be reviewed and approved by the Township prior to the execution of the plan.

Marketing will include, but not be limited to:

- Production of creative materials for print ad insertions utilizing the Township's design standards;

- Production of TV and radio spots based on event media marketing plan and depending on the agreed upon need for updated b-roll footage for social media promo spots;
- Account services for media plans and production of ads;
- Dedicated pages on the CVB website (www.VisitTheWoodlands.com);
- Listing of all events within The Woodlands Township boundaries on web calendar found at (www.VisitTheWoodlands.com);
- Provide event information and graphics to The Woodlands Township for inclusion on the Township's website, social media and The Woodlands Community Magazine;
- E-blast distribution based on event media marketing plan;
- Solicit media trades as dictated by the marketing plan;
- Social media postings as dictated by the marketing plan;
- Writing and distribution of press release to announce event details;
- Distribution and evaluation of RFPs or RFQs for:
 - Video Services
 - Graphic Design

The CVB and the Township will mutually agree upon any final vendor selection for Video Services and/or Graphics Design.

EVENT INFORMATION SERVICES:

- CVB produced collateral, iPads with e-surveys and other mutually agreed upon marketing materials will be provided at least 3 days prior to the scheduled event dates;
- CVB will conduct or cause to conduct market research (e-surveys) unless otherwise directed by the Township. E-surveys will be limited to five events per year;
- The CVB and the Township will mutually agree on the events, number of CVB staff, contractors or volunteers to conduct the e-surveys at each event;

All Services will be provided, unless otherwise directed by the Township, in conformity with the line item 2016 Township budget allocations set forth in Exhibits "A" (the "Budget") and "B". The Township may elect to change the amounts budgeted for each of the events listed in Exhibit B, provided that the total amount for all events does not exceed the Budget.

Services previously provided by the CVB in prior years, but which are expressly excluded services in the 2016 Agreement are:

- Event production including: vendor management, sponsor activation, lighting, sound, performer bookings, staging, banner installation, equipment requests, park rentals, set up/tear down, Township staff schedules, public safety, transportation rerouting, fireworks

agreements including land use agreements and permitting, road closures, parking lot requests, portalet/trash service coordination, tenant notifications, volunteers, strolling entertainers or other interactive activities, creation of event layout and event location décor;

- Graphic design and printing of festival banners, directional signage, fireworks viewing maps, festival programs, ice rink tickets and coupons, frequent skater cards, table menus, sponsor area/vendor/media badges, parking passes, dashboards, invitations and/or any additional flyers than what is listed;
- Township Web site re-design;
- Video services for reporting purposes;
- Stage scripts and schedules;
- Courier for booth supplies or event related deliveries;
- Solicitation of event sponsors including meetings, gifts, sales materials, press release announcements and wrap-up correspondence;
- Informational booth supplies does not include event giveaways;
- Weekend package giveaways or other donations unless otherwise noted in event media marketing plan;
- Scheduling of emcees for events unless otherwise noted in event media marketing plan;
- Acquisition and distribution of promotional items such as staff apparel, bags, pens, notebooks, etc.;
- Distribution and evaluation of RFPs or RFQs for:
 - Sound engineering
 - Event production
 - Fireworks
 - Promotional items
 - Title sponsors

II. PROVISION OF STAFFING AND FACILITY RESOURCES TO THE CVB

Subject to reimbursement, as hereinafter provided, the Township agrees to provide to the CVB such staff and office space resources (the “Staff and Facility Resources”), as may reasonably be required by the CVB in connection with the Services to be provided by the CVB to the Township hereunder.

The Township will provide the CVB with Sponsorship Packages developed for each event prior to each event. The Township and CVB will determine what level of sponsorships, per event, will be featured in print, radio and TV, advertising and promotional materials. The Township will provide the Sponsorship Package and all pertinent sponsor information, including

any high resolution vector format logo, by deadlines mutually agreed upon within 30 days of the execution of this agreement; but, the deadline for each of the events listed in Exhibit B shall be no later than 60 days prior to that event.

Such Staff and Facility Resources shall be provided, unless otherwise directed by the Township, in conformity with the Budget - Exhibit A.

III. PAYMENTS

In consideration for CVB's undertaking to provide such Services, the Township agrees to pay the CVB, in advance, on or prior to the first (1st) day of each calendar quarter, such amounts as are derived by the Township from (i) the two percent (2%) supplemental hotel occupancy tax of the Township, as actually collected by the Township during the calendar year of 2016, and (ii) the seven percent (7%) general hotel occupancy tax of the Township, as actually collected by the Township during the calendar year 2016, but after deduction from such hotel occupancy tax collections of all amounts required to fund debt service scheduled to come due on any outstanding bonds of the Township, payable, in whole or in part, from such general hotel occupancy tax during calendar year 2016 provided, however, that in no event shall the amounts paid by the Township hereunder be more than the actual amount of the expenditures incurred by the CVB, up to and not to exceed Two Million Seven Hundred Thousand Forty Two Dollars and No/100 (\$2,742,602.00), less any CVB revenues, from whatever source (the "Maximum Sum"), provided further, that should such hotel occupancy tax collections not be equal to or greater than the Maximum Sum, the CVB shall first fund any such deficiency from its accumulated undesignated surplus funds for Services to be rendered by the CVB for the calendar year 2016. The CVB shall be responsible for payment (from its currently available funds on hand or from its accumulated undesignated surplus funds), the sum of \$100,000 or actual cost for the purchase of dasher boards for the Ice Rink.

The Township shall, once per each calendar quarter, submit to the CVB an invoice setting forth in detail the costs and expenses incurred by the Township directly arising out of the provision by the Township of the Staff and Facility Resources to the CVB in the preceding calendar quarter. Within thirty (30) days following receipt by the CVB of such invoice, the CVB shall submit to the Township payment for the amounts specified therein.

Additionally, the CVB affirms that it will return any unused funds remaining from the Township's original \$500,000 contribution to the Waterway Cruisers program to the Township at the end of the Waterway Cruisers Funding Agreement's term, December 31, 2015.

IV. REPORTING AND ACCOUNTING

Upon request by the Township, but not more frequently than twelve (12) times per calendar year, the CVB shall provide the President/General Manager of the Township or its Board of Directors, with a written or visual report or presentation concerning the Services actually provided hereunder by the CVB and the results of such Services. Including the extent of the visitor activity, convention or meeting activity, special event attendance, hotel occupancy, restaurant and concession activity, retail activity and related indicator of the results of the destination marketing efforts of the Township and the CVB within and adjacent to the Township, so as to demonstrate to the Township the effectiveness of the Services provided hereunder and that the intended public benefits to be determined from such Services have been or are being realized by the Township. CVB will include detailed accounting for the Marketing, advertising and promotion of the individual events listed in "Exhibit B".

Similarly, the CVB shall provide, not less frequently than quarterly, written and visual financial reports to the President/General Manager of the Township or its Board of Directors, comparing and explaining actual to budgeted expenditures and providing, in reasonable detail, an accounting for the expenditures of public funds paid to the CVB by the Township hereunder, so as to ensure that such public funds have been expended for the intended public purposes.

V. BRAND, MARK AND IMAGE USE

The parties hereby acknowledge that the CVB has the need to utilize certain Township marks, logos, images and graphics, in the furtherance of the provision of the Services, including the Marketing of special events that promote and highlight the Township. Accordingly, the Township hereby grants to the CVB the right and license to utilize The Woodlands Township mark, brand, logo and images of Township and Township facilities, for use by the CVB in connection with the provision of the Services.

VI. TERM, RENEWAL AND TERMINATION

This Agreement shall remain in full force and effect through December 31, 2016, and shall automatically extend for successive annual periods thereafter up to a maximum of five (5) years; provided, however, that either party may terminate this Agreement at any time upon thirty (30) days advance written notice to the other party. Upon termination, any uncommitted or unexpended funds paid by the Township shall be promptly refunded by the CVB to the Township; provided, however, that if this Agreement is extended or replaced with a similar agreement for similar services on or immediately following the expiration hereof, any uncommitted or unexpended funds provided by the Township may be retained and carried over

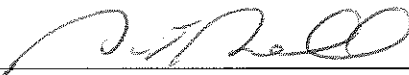
by the CVB as a contingency reserve for future marketing opportunities or events benefitting the Township unless otherwise provided in such extension or replacement agreement.

Upon renewal of this Agreement, for one or more annual periods, the CVB and the Township shall conclude a written amendment to this Agreement within sixty (60) days of the beginning of each calendar year setting forth the revised Budget and the amount and timing of payments for Services to be rendered during such calendar year. Failure to timely agree upon such Budget amendment shall cause the then current Budget and payment procedures to be continued in effect for such new calendar year.

[Signatures on following page]

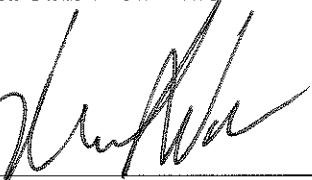
IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the 1st day of January, 2016.

THE WOODLANDS TOWNSHIP

By: 
Don T. Norrell
President/General Manager

Date: 10-30-15

THE WOODLANDS CONVENTION AND VISITORS BUREAU

By: 
Nick Wolda
President

Date: 11/4/2015

Exhibit A

THE WOODLANDS CONVENTION & VISITORS BUREAU
Statement of Revenues, Expenditures & Changes in Fund Balance
(in whole dollars)

	2015 Budget	2015 Forecast	2015 Budget	\$ Inc/(Dec)	% Inc/(Dec)
REVENUES					
Supplemental Hotel Tax	\$ 1,600,958	\$ 1,664,266	\$ 2,143,798	\$ 542,840	33.8%
Sponsorships	317,500	317,500	-	(317,500)	-100.0%
Event Sales	230,000	230,000	-	(230,000)	-100.0%
Waterway Cruisers	400,844	132,000	-	(400,844)	-100.0%
Interest Income	500	500	500	-	0.0%
Transfers In (General Fund - HOT)	1,130,932	1,353,663	593,304	(632,628)	-47.1%
TOTAL REVENUES	\$ 3,680,734	\$ 3,700,929	\$ 2,742,602	\$ (938,132)	-25.5%
EXPENDITURES					
General					
Contracted Township Salaries and Benefits	543,885	514,469	573,752	29,867	5.5%
Staff Development	20,000	20,000	71,500	51,500	257.5%
Facility Expense	29,250	29,250	29,250	-	0.0%
Equipment Expense	8,000	8,000	11,600	3,600	45.0%
Contracted Services	64,000	64,000	66,000	2,000	3.1%
Administrative	76,000	76,000	55,500	(20,500)	-27.0%
Capital Outlay	-	-	100,000	100,000	-
	741,135	711,719	907,602	166,467	22.5%
Attractions and Events					
Event Advertising	-	-	156,500	156,500	-
Red, Hot & Blue Festival	274,000	274,000	-	(274,000)	-100.0%
Lighting of the Doves	109,000	109,000	-	(109,000)	-100.0%
Winter Wonderland	93,000	93,000	-	(93,000)	-100.0%
Ice Rink	409,150	409,150	-	(409,150)	-100.0%
International Winter on The Waterway	125,300	125,300	-	(125,300)	-100.0%
Live at Night	35,300	35,300	-	(35,300)	-100.0%
Waterway Nights	81,300	81,300	-	(81,300)	-100.0%
Caroling on the Square	9,000	9,000	-	(9,000)	-100.0%
Memorial Day Events	57,500	57,500	-	(57,500)	-100.0%
Labor Day Events	46,200	46,200	-	(46,200)	-100.0%
Trick or Treat Trail	38,000	38,000	-	(38,000)	-100.0%
Community Festivals & Events	153,000	153,000	121,000	(32,000)	-20.9%
	1,430,750	1,430,750	277,500	(1,309,750)	-80.8%
Destination Marketing					
Destination Marketing Media	357,787	357,787	620,000	262,213	73.3%
Destination Marketing Public Relations	36,000	36,000	50,000	14,000	38.9%
Destination Marketing Production	85,000	85,000	140,000	55,000	64.7%
Visitor Services	65,500	65,500	65,500	-	0.0%
Social Media	20,000	20,000	-	(20,000)	-100.0%
Account Services	-	-	60,000	60,000	-
International Marketing	20,000	20,000	20,000	-	0.0%
Cooperative Marketing	25,000	25,000	25,000	-	0.0%
Group Sales	70,000	70,000	180,000	110,000	157.1%
Incentives	-	-	75,000	75,000	-
Niche Market Outreach	-	-	40,000	40,000	-
	679,287	679,287	1,275,500	596,213	87.8%
Promotion					
Promotion	177,000	177,000	202,000	25,000	14.1%
Information Distribution	94,000	94,000	160,000	66,000	70.2%
Other Advertising	20,000	20,000	20,000	-	0.0%
	291,000	291,000	382,000	91,000	31.3%
Waterway Cruisers					
Contracted Services	220,000	220,000	-	(220,000)	-100.0%
Public Education/Relations	10,000	10,000	-	(10,000)	-100.0%
Administrative	36,900	36,900	-	(36,900)	-100.0%
Capital Outlay	317,305	-	-	(317,305)	-100.0%
	584,205	266,900	-	(584,205)	-100.0%
TOTAL EXPENDITURES	\$ 3,726,377	\$ 3,379,656	\$ 2,842,602	\$ (1,040,275)	-23.7%
REVENUE OVER/(UNDER) EXPENDITURES	(45,643)	321,273	(100,000)	102,143	119.1%
BEGINNING FUND BALANCE	979,378	979,378	1,300,651	321,273	32.8%
ENDING FUND BALANCE	\$ 933,735	\$ 1,300,651	\$ 1,200,651	\$ 266,916	28.6%

Exhibit B
Marketing Funding by CVB

2016 Events	Marketing Funded by CVB
Red, Hot and Blue Festival	\$35,000.00
Lighting of the Doves	\$20,000.00
Ice Rink at The Woodlands	\$40,000.00
Winter Wonderland	\$20,000.00
iWOW	\$20,000.00
Memorial Day	\$4,000.00
Labor Day	\$4,000.00
Live At Night	\$4,000.00
Waterway Nights	\$3,000.00
Caroling on the Square	\$2,500.00
Trick or Treat Trail	\$4,000.00
Total Funding for 2016	\$156,500.00