

## TERM SHEET

### CITY OF MCKINNEY AND CRAIG RANCH HOTEL, LLC

This Term Sheet (“Term Sheet”) is entered into by and between the City of McKinney (the “City”) the McKinney Community Development Corporation (the “MCDC”), and Craig Ranch Hotel, LLC (“Developer”) concerning the construction and operation of a resort hotel with 285 guest rooms, a conference center containing at least 33,000 square feet of meeting space, a resort-style pool with “lazy river”, a fitness center, a three-meal restaurant, a lounge with terrace/pool seating and food/beverage service, a coffee/bakery kiosk, structured parking, valet and self-parking, a gift/sundries shop, a business center, and Facility-wide high speed internet located on an 8.011 acre parcel at the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway (the “Facility”), and including guest access to the TPC golf course and the Craig Ranch Fitness and Spa facility and access to at least 3,000 square feet of conference meeting space off-site (collectively, the “Project”).

For the purposes of this Term Sheet, the basic understandings of the parties are described below:

#### 1. Incentive Agreements

- a. The City will approve a Chapter 380 Economic Development Agreement (the “EDA”) whereby the Developer, by itself or through an approved assignee, agrees commits to construct, manage and operate the Facility, with requirements for final completion of construction and opening for business by January 31, 2022. The EDA shall provide for performance-based, Facility-generated reimbursement incentives as follows:
  - i. Reimbursement to the Developer quarterly of seventy-five percent (75%) of the Sales Tax Receipts (hereinafter defined) for a period of twelve (12) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Facility;
  - ii. Reimbursement to the Developer annually of an amount equal to seventy-five percent (75%) of the real property improvement and business personal property ad valorem taxes assessed against the Facility and actually received by the City, exclusive of ad valorem taxes assessed on the land and assessments of other taxing entities, for a period of twelve (12) years commencing on the year in which a certificate of occupancy is issued for the Facility;
  - iii. A quarterly operations grant to the Developer in an amount equal to seventy-five percent (75%) of the Hotel Occupancy Taxes (HOT) received by the City for room-night transactions at the Facility for a

period of twelve (12) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Facility;

- iv. The cumulative reimbursements to Developer pursuant to 1(a)(i) through 1a(iii) above shall not exceed Thirteen Million and No/100ths Dollars (\$13,000,000.00) (the “Incentive Cap”), or be less than Eleven Million and No/100ths Dollars (\$11,000,000.00) (the “Incentive Floor”). A pro rata decrease in the cumulative reimbursements will be made on the date of issuance of a Certificate of Occupancy should the aggregate Final Project Costs be less than \$122,286,924.00 for the Facility, but in no event will the cumulative reimbursements be less than the Incentive Floor. The term “Final Project Costs” shall be determined by computing the aggregate total of all line item components on the May 30, 2019 Total Development Budget submitted to the City/MCDC.
  - v. For purposes of this section, the term “Sales Tax Receipts” shall mean and include net receipts actually received by the City from the State of Texas for taxable items sold at the Facility during the periods of time set forth above, which receipts shall not include those allocated to the McKinney Economic Development Corporation or the MCDC.
- b. The MCDC will approve a performance agreement in favor of the Developer or an approved assignee containing the following:
- i. A term loan to Developer, secured by a subordinate lien on the Facility, and repayable in whole or in part at any time without penalty by the Developer, in the maximum advanced amount of Eight Million Two Hundred Fifty Thousand and No/100ths Dollars (\$8,250,000.00), subject to a loan advance reduction determined at the date of funding equal to  $[9.73\% - (\text{final blended interest rate}) = Z]$  (Z to be expressed in basis points of 1.0% = 100 basis points; however, Z must be a positive number) times \$4,850.00, but in no event less than Seven Million and No/100ths Dollars (\$7,000,000.00), to be funded at the commencement of construction of the Facility and bear interest thereafter until the earlier of (i) eight (8) years from the issuance of the certificate of occupancy or (ii) a sale or refinancing event that occurs after the initial refinancing of any interim construction loan (including extensions thereof) into a permanent loan (both (i) and (ii) above being a “Repayment Event”) at a rate of 3% per annum, which will not be payable periodically but will accrue annually as simple, not compounded, interest on the loan amount, with all accrued and unpaid interest being due and payable along with the principal at the Repayment Event; and
  - ii. A grant to Developer in the amount of Three Million and No/100ths Dollars (\$3,000,000.00) payable at the time of the issuance of a certificate of occupancy for the Facility.

2. Branding and Franchise

The Facility will be branded as a Marriott Autograph Collection hotel, and the franchise therefor shall be maintained for the Facility for the Term of the EDA.

3. Project Requisites

The above-referenced Project incentives are conditioned upon construction and financing criteria containing at a **minimum** the following:

- a. Land: Approximately 8.011 acres located on the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway
- b. Receipt of a letter from HVS, acceptable to the City and MCDC, identifying a current market range for like-luxury hotel IRRs which includes the required Equity IRR of 20.3%
- c. Guest rooms: 285
- d. 33,000 square feet of conference space consisting of:
  - i. At least a 6,000 square feet main ballroom
  - ii. At least a 4,000 square feet junior ballroom
  - iii. At least 12,000 square feet of breakout rooms
  - iv. At least 1,000 square feet of boardrooms
  - v. At least 5,000 square feet of pre-function space
  - vi. At least 5,000 square feet of outdoor event space
- e. On-site amenities shall include a resort style pool with “lazy river”, fitness center, concierge, three-meal restaurant, lounge with terrace/pool seating and food/beverage service, coffee/bakery kiosk, structured parking, valet and self-parking, gift/sundries shop, business center and Facility-wide high speed internet.
- f. Access to off-site amenities shall include guest access to the TPC golf course and Craig Ranch Fitness and Spa facility, together with at least 3,000 square feet of conference meeting space.

**Agreed:**

**CITY:**

CITY OF MCKINNEY, TEXAS,  
A Texas home rule city

MCKINNEY COMMUNITY  
DEVELOPMENT CORPORATION,  
a Texas non-profit corporation

By: \_\_\_\_\_  
PAUL G. GRIMES  
City Manager

By: \_\_\_\_\_  
KURT KUEHN  
Chairman

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**DEVELOPER:**

**CRAIG RANCH HOTEL, LLC,**  
a Texas limited liability company

DocuSigned by:  
*Poonesh Thakkar*  
By: \_\_\_\_\_  
(Name) Poonesh Thakkar  
(Title) Managing Member

Date: 6/12/2019

DocuSigned by:

*Logan Anjaneyulu*  
By: \_\_\_\_\_  
(Name) Logan Anjaneyulu  
(Title) Managing Member

Date: 6/11/2019

## Certificate Of Completion

Envelope Id: C60A1CD85F004E02A3C7E20CD1403D1A	Status: Completed
Subject: Please DocuSign: City of McKinney Inventive Term Sheet 6.11.2019.pdf	
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Document Pages: 4	Signatures: 2
Certificate Pages: 5	Initials: 0
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Envelopeld Stamping: Enabled	Johnny Meeker
Time Zone: (UTC-06:00) Central Time (US & Canada)	johnny.meeker@mcgough.com
	IP Address: 4.30.115.230


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6/11/2019 12:52:24 PM	johnny.meeker@mcgough.com	

## Signer Events

Logan Anjaneyulu  
 logan@alamoequity.com  
 President  
 Alamo Equity LLC  
 Security Level: Email, Account Authentication (None)

## Signature

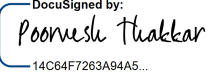
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Poorvesh Thakkar  
 poorvesh@thakkardevelopers.com  
 Security Level: Email, Account Authentication (None)

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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Aashish Bansal  
 aashish@alamoequity.com  
 Security Level: Email, Account Authentication (None)

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Carbon Copy Events	Status	Timestamp
Brad Lis blis@lslc.net McGough Construction Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 11/7/2018 3:31:00 PM ID: f08a87a5-e2c1-40b8-80c4-350dc383c49c	<b>COPIED</b>	Sent: 6/11/2019 12:56:19 PM Viewed: 6/11/2019 1:21:53 PM
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Sam Sayani ssayani@thakkardevelopers.com Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 4/19/2019 7:12:32 AM ID: 9aaac547-3cb6-45e1-943b-c78d17c3e311	<b>COPIED</b>	Sent: 6/11/2019 12:56:20 PM
Sam Thakkar sam@perfecttax.com Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 10/15/2018 4:38:29 PM ID: 2313e1f3-6456-4edb-8be1-5984f4a4eca5	<b>COPIED</b>	Sent: 6/11/2019 12:56:19 PM Resent: 6/12/2019 10:26:01 AM
Stefan Gerwinat stefan.gerwinat@schultislaw.com Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign	<b>COPIED</b>	Sent: 6/11/2019 12:56:20 PM

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Signing Complete	Security Checked	6/12/2019 10:26:02 AM
Completed	Security Checked	6/12/2019 10:26:02 AM

Payment Events	Status	Timestamps
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Electronic Record and Signature Disclosure
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You may contact us to let us know of your changes as to how we may contact you electronically, to request paper copies of certain information from us, and to withdraw your prior consent to receive notices and disclosures electronically as follows:

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**Required hardware and software**

Operating Systems:	Windows2000? or WindowsXP?
Browsers (for SENDERS):	Internet Explorer 6.0? or above
Browsers (for SIGNERS):	Internet Explorer 6.0?, Mozilla FireFox 1.0, NetScape 7.2 (or above)
Email:	Access to a valid email account
Screen Resolution:	800 x 600 minimum
Enabled Security Settings:	<ul style="list-style-type: none"> <li>•Allow per session cookies</li> <li>•Users accessing the internet behind a Proxy Server must enable HTTP 1.1 settings via proxy connection</li> </ul>

\*\* These minimum requirements are subject to change. If these requirements change, we will provide you with an email message at the email address we have on file for you at that time providing you with the revised hardware and software requirements, at which time you will have the right to withdraw your consent.



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