

April 13, 2018

Laud Howell Parkway Chapter 380 Economic Development
Agreement: Conceptual Term Sheet
(From current western terminus to Hardin)

The terms below are still conceptual and final terms would be the subject of a detailed Chapter 380 economic development agreement, including exhibits and graphics under Chapter 380 of the Texas Local Government Code. City Council direction on final terms is also required. This Term Sheet is **non-binding**.

Owner and Honey Creek rights and obligations:

- 1A. Dedicate, at no cost to City, i) 140' of ROW width for a 6-lane roadway within Phase I, along with any required additional width for retaining walls, intersections, drainage and slope easements shown on the final plans for Phase I (where fully-adjacent within Owner's property) and ii) acquire 140' of ROW width for a 6-lane roadway offsite for Phase I and any required retaining walls, intersections, drainage and slope easements shown on the final plans for Phase I (Owner's actual cost to be reimbursed by City for any ROW (or easements) acquired for Phase I construction project). Owner's property and offsite properties are depicted on Exhibit A.
- 2A. Prior to City's commencement of construction of Phase I, Owner shall cause the properties identified as Greene, Hartley, and Tunnell on Exhibit B to be voluntarily annexed and zoned (Greene – residential, Hartley – commercial, Tunnell – commercial) into straight-zoning classifications. Upon execution of the Chapter 380 Agreement, Owner, Honey Creek Investments, LLC ("Honey Creek"), and City shall cooperate in developing a rezoning request for the property identified as the "254 Tract" on Exhibit B, including land use standards acceptable to City. Both Owner and City have a one-time right to terminate the Agreement for any reason prior to the earlier of i) 72 hours after consideration of any zoning application concerning the 254 Tract by City Council, or ii) the 120th day after the execution of the Agreement upon 10 days' written notice to the other party. Upon termination, the parties shall have no further obligations to each other. All submittal fees in connection with the voluntary annexation and zoning of the Green, Hartley, and Tunnel tracts and in connection with the requested rezoning of the 254 Tract shall be waived by City.
- 3A. **Owner shall submit in CAD format any proposed alignment changes by April 30, 2018.**
- 4A. Phase I shall be designed and built according to Exhibit C, if approved by City Council.
- 5A. Owner may comment on design plans and propose adjustments to the alignment, but City has final determination of the engaged engineering firm, all design aspects and the final alignment. Within 10 days of the execution of the Chapter 380 Agreement, Owner shall pay that amount invoiced by City to Owner of the engineering costs and any related permitting fees associated with any alignment adjustments or soils removal under 7A, proposed by Owner and approved by City, up to a maximum payment of \$275,000.00.
- 6A. Owner's Construction Obligation. Twenty-five (25%) of City's contractor construction draws, inspection and testing actually paid, up to 25% of NTE amount but not exceeding \$4,000,000.00. At the time of construction contract execution for Phase I, Owner shall place 25% of the NTE amount approved by the City Council for the construction, inspection, and testing costs for Phase I into a separate Owner's Escrow Account. Any of Owner's escrowed funds remaining after construction completion and acceptance shall be reimbursed to Owner.
- 7A. Owner shall designate the source of up to a maximum of 119,000 cu/yd of soils, located either within or outside of the floodplain, for City's use on Phase I and further agree to the following:
 - a) If within the floodplain, the source and location of the fill material is generally consistent with the 95% Phase 2 Honey Creek Grading Plan and overall/ultimate project pond grading scheme provided by Half Associates.
 - b) If within the floodplain, the fill material be excavated only from the proposed pond generally located on the southwest Honey Creek bridge abutment.
 - c) Owner to provide temporary construction easement for grading.

EXHIBIT 1

- d) The fill material quality must meet project requirements.
 - e) If within the floodplain, a revised floodplain model (reflecting the interim grading plan) will be produced by Halff Associates at the Owner's expense.
 - f) If within the floodplain, a revised Honey Creek grading plan (reflecting the interim grading) will be produced by Halff Associates at the Owner's expense.
- 8A. At its request, the payments under Section 5 below may be allocated entirely to McKinney Ranch, Ltd. Upon the Owner's escrow of funds under 6A, the Chapter 380 Agreement for Phase I will not run with the land; however, subsequent obligations for construction of Laud Howell Parkway in any amendment shall run with the land.

City rights and obligations:

1. Bid and construct, with City's general contractor, all roadway components of Phase I of Laud Howell Parkway, including communication conduit, lighting and any storm water drainage utilities as shown on Exhibit C. Minimum lanes required: 4 lanes (Phase I). Medians to be prepared for landscaping by either seeding or hydro-mulching; no sod installation. No irrigation to be installed. Sleeves shall be installed; however, installation of sleeves only at median openings and intersections. Median lighting shall be spaced at increments of 225' and shall be consistent with the detail as shown on Sheet No. 169 entitled "Illumination Pole Detail" of the Laud Howell Parkway Extension and Improvements construction plans prepared by Halff and Associates dated October 10, 2017.
2. Phase I will be commenced not later than 12 months after City's approval of final plans for Phase I. Phase I will be completed within 12 months after contractor's receipt of City's Notice to Proceed for Phase I.
3. Once the termination right set forth in Section 2A has expired and not previously been exercised by either party, acquire or use its eminent domain power to obtain all necessary public off-site ROW and easements for Phase I if Owner is not able to acquire (includes land costs, attorney fees, and Staff costs). Reimbursements shall be made by Owner within 10 days after Owner's exercise of such termination right.
4. Select and compensate design engineering firm and design Phase I (funding is exclusive of Construction and Offsite Acquisition Maximum).
5. Pay annually to Owner any roadway impact fees received from development within the Owner's parcel and the 254 tract (Exhibit D) for a period of 18 years from date of construction commencement up to the amount of Owner's payments to City under Section 5A and Owner's Construction Obligation contribution under Section 6A. above (no interest accrual)—first payment to be made 1 year after construction completion.
6. Offsite Property Acquisition Maximum contribution: Owner's verified cost up to \$2.00/square feet.
7. Offsite Property Acquisitions for Phase I by Owner to be reimbursed by City within 30 days after the expiration date of the right to terminate under Section 2A above.
8. Payment of City's contractor construction draws, inspection and testing from City Escrow Account in the following percentage: Phase I – 75% of actual amounts paid, up to 75% of NTE amount.
9. At the beginning of Phase I of construction, City shall place City's estimated share of the construction cost for Phase I into a separate City Escrow Account. Seventy-five (75%) of any escrowed funds remaining after construction completion and acceptance shall be reimbursed to City.
10. Related Construction Terms.
 - a. Maximum longitudinal arterial street grade: 8%; provided that, the maximum longitudinal grades on collectors and residential roads, as well as residential alleys or similar non-arterial access roads, shall be permitted to exceed the maximum longitudinal street grade subject to Fire concurrence to preserve the natural character of the property as it presently exists.
 - b. Concrete thickness: to be determined based on geo-tech reports, per City's design manual
 - c. Floodplain / FEMA / USACE / Reclamation: based on City ordinances
11. Survey all parcels required for dedication of rights-of-way in Phase I (by plat or separate instrument, as determined by City) at City's cost. Any fees therefor shall be waived as to Owner.

EXHIBIT 1

- 12. Assist in any necessary IRS Sec. 1031 conveyance requirements requested by Owner, at Owner's sole expense.
- 13. City will reasonably cooperate with Owner concerning additional shifts in the alignment of Hardin Road and LHP as long as adjoining land owners are not impacted. Owner shall pay the engineering costs and any related permitting fees associated with any alignment adjustments proposed by Owner and approved by City.

Construction Funds (to be held in separate Escrow Accounts according to Sections 6A and 9 above):

City: Owner's right-of-way acquisition reimbursements and City's Offsite Property Acquisition Maximum = \$A. \$A + 75% of the NTE amount approved by the City Council for the construction, inspection, and testing costs for Phase I = City's Contribution

Owner: 25% of the NTE amount approved by the City Council for the construction, inspection, and testing costs for Phase I up to a maximum of \$4,000,000.00.

Acknowledged:

Paul G. Grimes
City Manager

Owner:

McKinney Ranch, Ltd.

By: Creu Property Corp., general partner

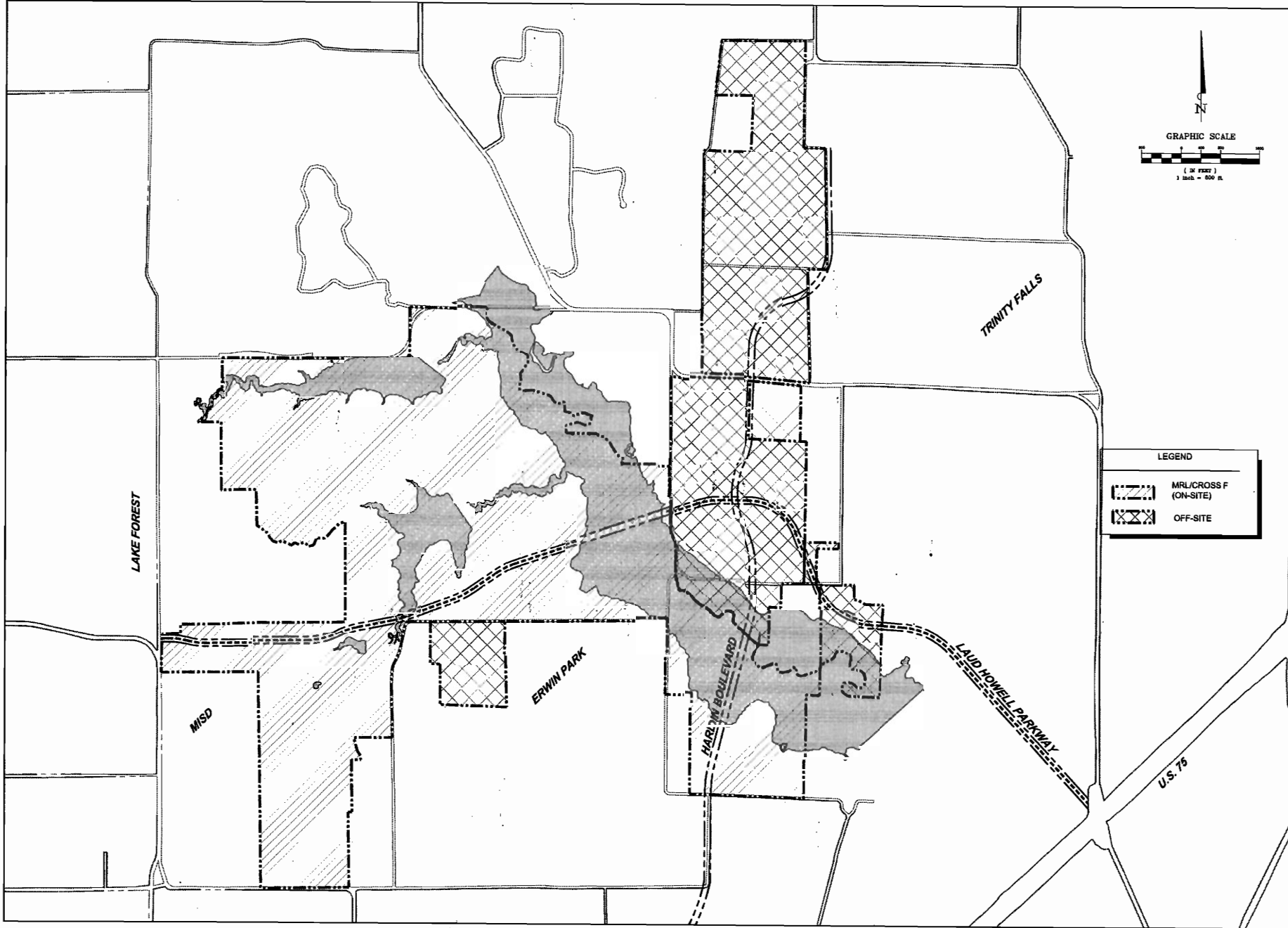
By: _____
Santiago Jorba, Vice President

Honey Creek Investments, LLC

By: McKinney Ranch, Ltd., its manager

By: Creu Property Corp. general partner

By: _____
Santiago Jorba, Vice President



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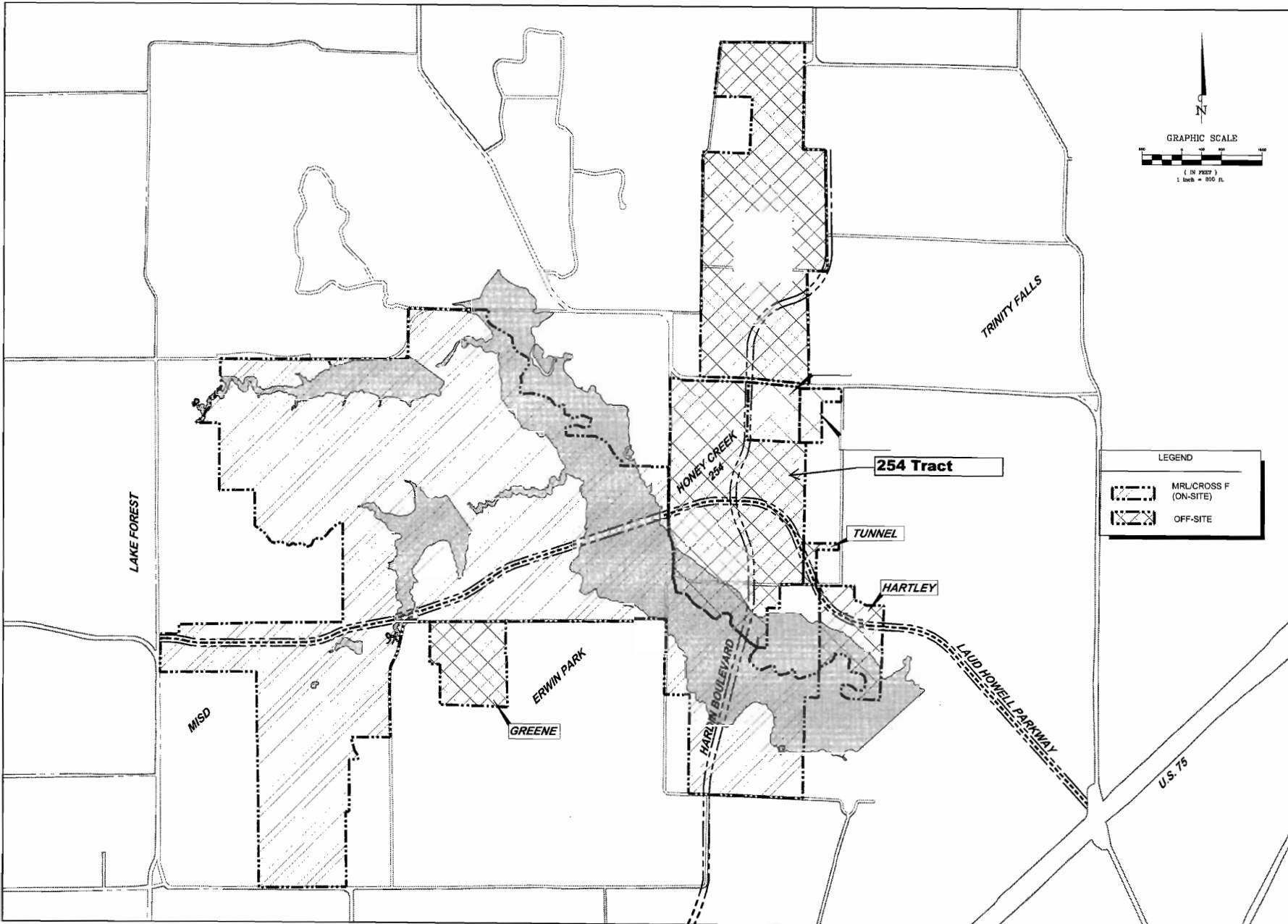
CROSS F RANCH

EXHIBIT #A

Scale: SEE GRAPHIC SCALE
 Designer: JDT
 Drafter: JDT
 Checked by: LW
 Date: 9/27/2016
 Project No. 033001008

EXHIBIT

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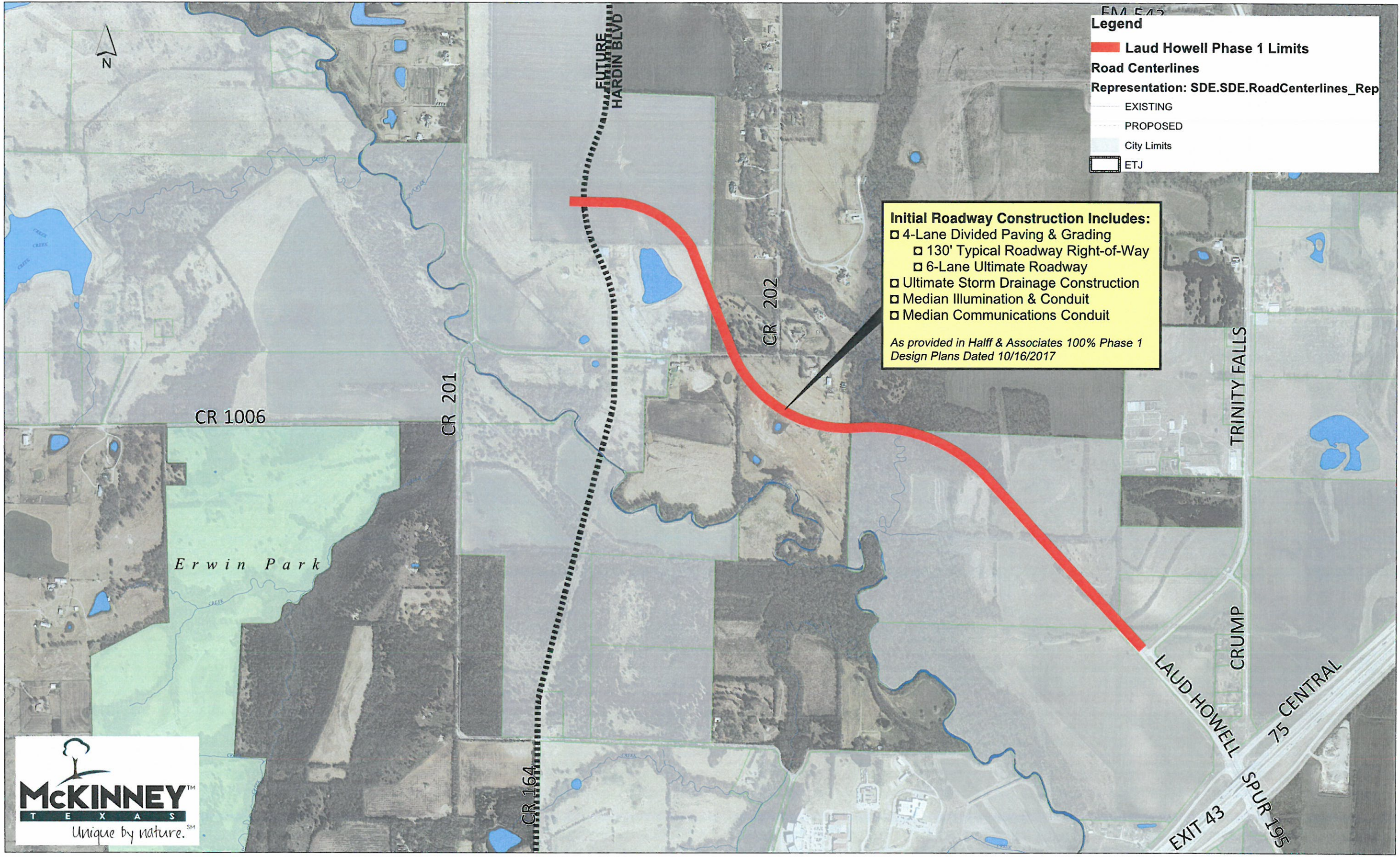
CROSS F RANCH

EXHIBIT & B

Scale: SEE GRAPHIC SCALE
Designed by: JHM
Drawn by: JHM
Checked by: JHM
Date: 3/13/2017
Project No.: 082011008
Sheet No.: 1 of 1

EXHIBIT

NOT TO SCALE. THIS IS A PRELIMINARY PLAN. THE CLIENT HAS REVIEWED THIS PLAN AND APPROVES IT FOR THE PURPOSES OF THIS EXHIBIT. THE CLIENT'S REVIEW DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OF THE INFORMATION PROVIDED HEREON. THE CLIENT'S REVIEW DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OF THE INFORMATION PROVIDED HEREON. THE CLIENT'S REVIEW DOES NOT CONSTITUTE A GUARANTEE OF THE ACCURACY OF THE INFORMATION PROVIDED HEREON.



EM 515
Legend
█ Laud Howell Phase 1 Limits
Road Centerlines
 Representation: SDE.SDE.RoadCenterlines_Rep
 - - - EXISTING
 - - - PROPOSED
 City Limits
 [] ETJ

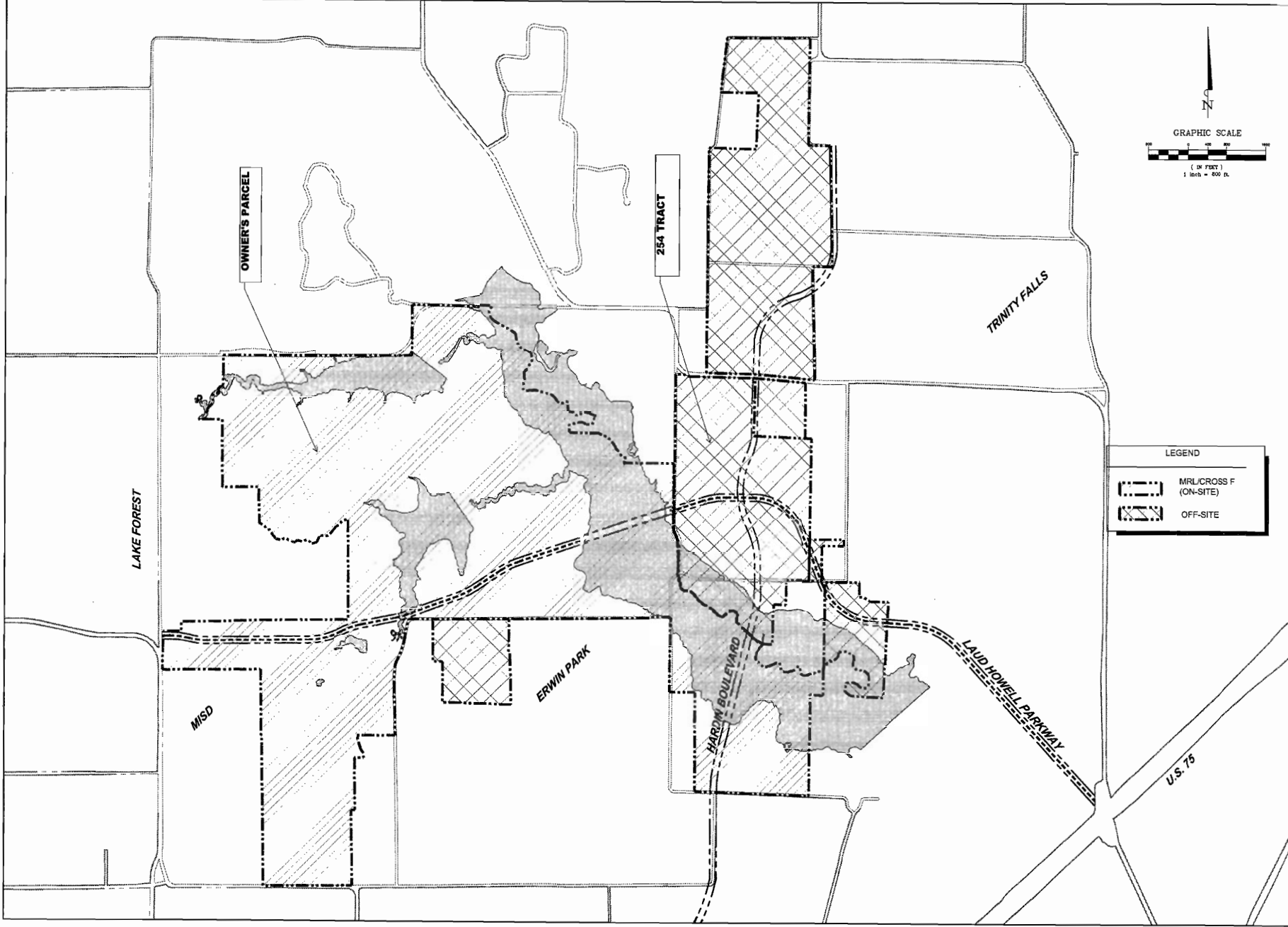
Initial Roadway Construction Includes:

- 4-Lane Divided Paving & Grading
- 130' Typical Roadway Right-of-Way
- 6-Lane Ultimate Roadway
- Ultimate Storm Drainage Construction
- Median Illumination & Conduit
- Median Communications Conduit

As provided in Half & Associates 100% Phase 1 Design Plans Dated 10/16/2017



LAUD HOWELL PARKWAY (PHASE 1) - CITY OF MCKINNEY PROJECT ST4331 EXHIBIT C



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THIS DRAWING IS TO
 BE
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 ONLY

CROSS F RANCH

EXHIBIT 0

Scale: SEE GRAPHIC SCALE
 Designed by: TCB
 Drawn by: TCB
 Checked by: LAW
 Date: 9/27/2016
 Project No. 05001009

EXHIBIT

This drawing is prepared by Sanchez Engineering, P.C. and is the property of Sanchez Engineering, P.C. It is not to be used for any other project without the written consent of Sanchez Engineering, P.C.