

AFTER RECORDING, RETURN TO:

City Secretary
City of McKinney
P.O. Box 517
222 N. Tennessee Street
McKinney, Texas 75069

City of McKinney, Texas
ANNEXATION FACILITIES AGREEMENT
For

Approximately 314 Acres of Land, More or Less, Situated on the
North Side of United States Highway 380 in an Area Generally East of
Future Ridge Road and West of Farm-to-Market Road 1461 (F.M. 1461)
Owned by Felix Y. Chen and Yu Chen Kuo

This ANNEXATION FACILITIES AGREEMENT for approximately 313.79 acres of land situated on the north side of United States Highway 380 ("U.S. 380") in an area generally east of future Ridge Road, west of Farm-to-Market Road 1461 ("F.M. 1461") and south of County Road 161 (this "Agreement"), entered into effective the 25 day of February, 2015, by and between the *CITY OF MCKINNEY*, a Texas municipal corporation and home-rule city ("CITY"), and *FELIX Y. CHEN*, whose address is c/o John Harris, 170 North Preston Road, Suite 10, Prosper, TX 75078, and *YU CHEN KUO*, whose address is c/o John Harris, 170 North Preston Road, Suite 10, Prosper, TX 75078, and who are the present owners of the subject property at the time of annexation into the City of McKinney, (hereinafter referred to as "OWNER" whether one or more), witnesseth that:

WHEREAS, the OWNER is the owner of certain real property located within the extraterritorial jurisdiction of the CITY; and

WHEREAS, the OWNER has requested the City Council to approve the annexation of the Property; and

WHEREAS, the physical location of the Property and the lack of adequate roadway and utility facilities to serve the Property demonstrate that infrastructure improvements will likely be required as a condition to development in the future; and

WHEREAS, the OWNER understands that prior to record platting the Property the CITY's development standards and ordinances will require the then owner and/or any developer to fund and construct certain roadway and utility improvements, as set forth in the CITY's Subdivision Ordinance, that are necessitated by the development of the Property -- and a general statement of such required public improvements (based on existing conditions) is outlined herein; and

WHEREAS, a Construction Facilities Agreement between the CITY and owners and developers of the Property specific to the then proposed use of the Property may be required at such time as development of the Property proceeds, which agreement may supersede or amend this Agreement by setting forth in greater detail the public improvements that are required for the development of the Property, and until such future agreements may be executed, all applicable ordinances, and the terms of this Agreement, shall govern development of the Property and shall provide notice to the OWNER of the CITY's development requirements; and

WHEREAS, the OWNER, together with the OWNER's grantees, assigns, successors, trustees, and all others holding any interest in the Property now or in the future (collectively, "Successor Owners"), agree and enter into this Agreement which shall operate as a covenant running with the land and be binding upon the OWNER and Successor Owners.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the OWNER and CITY agree as follows:

A. PROPERTY

This Agreement is for approximately 313.79 acres of land, more or less, located in the extraterritorial jurisdiction (however, the subject of a pending annexation proceeding) of the City of McKinney, along the north side of U.S. 380 along and between Future Ridge Road and F.M. 1461, and is more fully described in **Exhibit A** attached to this Agreement which is fully incorporated herein by reference (the "Property").

B. ANNEXATION

It is specifically understood and agreed that the Property is outside the CITY's corporate limits and that the CITY has not identified the Property in its Annexation Plan. It is also specifically understood and agreed that but for the OWNER's petition requesting the Property be annexed into the CITY's corporate limits the Property would remain outside the CITY's corporate limits and within the CITY's extra-territorial jurisdiction. It is further understood and agreed that the CITY does not currently have public improvements in place to serve the Property. It is also understood and agreed that the CITY does not have any plans to improve or construct the roadways, extend the water, sanitary sewer and storm sewer lines, and construct the parks necessary to serve the Property. Neither does the CITY have the funds budgeted or otherwise available or projects and bonds approved by the voters to provide the public improvements necessary to serve the Property. **The OWNER acknowledges that the Property is within the CITY's extra-territorial jurisdiction and represents to the CITY that the OWNER has not engaged in any discussions or negotiations with any other city or town seeking to have**

the Property annexed into the extra-territorial jurisdiction or corporate limits of any municipality or town save and except the CITY. The OWNER specifically understands and agrees that the CITY shall have no obligation to design, extend, construct and provide the public improvements necessary to serve the Property and that should the OWNER desire to develop the Property prior to the time that adequate public improvements are on or adjacent to the Property, it shall be the OWNER'S responsibility and obligation to design, extend and construct such public improvements. The OWNER and each Successor Owner does hereby, in exchange for the annexation of the Property, waive and hold harmless and agree to indemnify the CITY from and against any and all claims or demands that the CITY design, extend, construct, and provide the public improvements necessary to serve the Property.

C. ZONING & PLATTING

The Property shall be zoned and platted, if required by applicable ordinance or state law, in accordance with the CITY'S Zoning Ordinance and Subdivision Ordinance, then in force, before any development permit or building permit will be issued for the development of the Property. Notwithstanding the foregoing, mass grading of the Property may commence upon annexation and zoning of the Property, provided that OWNER first complies with all of the CITY'S requirements, as such requirements relate to mass grading, to obtain a grading permit.

D. PUBLIC IMPROVEMENTS

All public improvements, including utilities, drainage structures and easements, roadways, sidewalks, hike and bike trails, street lighting, street signage, rights-of-ways, parkland dedication and all other required improvements and dedications shall be constructed and provided to the CITY by the OWNER, at no cost to the CITY, in accordance with the CITY'S Ordinances which are then in effect. **Exhibit B** attached to this Agreement identifies certain of the public improvements that must be constructed, at no cost to the CITY, to serve the proposed development of the Property. **Exhibit B** also identifies certain conditions that must be met regarding the provision of public improvements which may be required to serve the Property. The following, including **Exhibit B**, provides a general description of the minimum construction requirements for roadways and utilities which, under the current development proposal, are required of OWNER to develop the Property (subject to the City's approval of construction of the public improvements in quantities less than the entirety and only as may be required to serve phases of development, or partial development, of the Property as such development occurs).

1. Traffic Impact Analysis. The OWNER has submitted to the CITY that certain *Traffic Impact Analysis for Chen Tract Single-Family Development in McKinney, Texas*, dated February 5, 2015, prepared by the DeShazo Group

(the "DeShazo TIA"). The DeShazo TIA determined the capacity of roadways in the vicinity of the Property and the ability of such roadways to support the traffic generated by the proposed development of the Property. The "Executive Summary" of the DeShazo TIA identifies the roadway improvements that must be constructed at a minimum to serve the proposed development of the Property in accordance with the CITY's Street Design Standards (the "DeShazo TIA Roadway Improvements"). More specifically, the DeShazo TIA calls for the construction of the following:

- a. Installation of a traffic signal on US 380 at the South Site Driveway at the earliest opportunity allowed by the City and the Texas Department of Transportation ("TxDOT");
- b. At the start of development, the southbound approach of the South Site Driveway shall be constructed with a minimum of two approach lanes: one for exclusive right turns, and the other for a shared through-left turn lane;
- c. At the start of development, a left-turn bay and a right-turn deceleration lane on US 380 at the South Site Driveway shall be constructed in accordance with TxDOT requirements;
- d. At the time Wilmeth Road is improved (i.e. widened to a median-divided cross-section), left-turn bays with full median access serving the two site driveways on Wilmeth shall be constructed; and
- e. At the time of preliminary platting, the location and use of select traffic calming strategies, mutually agreed to by the OWNER and CITY, shall be provided.

Improvements to Wilmeth Road (including turn lanes) will be constructed in phases as adjacent portions of the Property located in PODs 4 and 6 as shown on **Exhibit D** are developed for residential purposes. Construction of the north-south "spine road" through the Property and intersecting Wilmeth Road will not, by itself, require the construction of turn lanes from Wilmeth Road.

The DeShazo TIA has been provided at no cost to the CITY and is subject to review and approval by the CITY Engineer. The DeShazo TIA is also subject to review and approval by TxDOT if a TxDOT controlled roadway is involved.

The CITY Engineer shall have the right to require the OWNER to perform one or more subsequent Traffic Impact Analyses ("TIAs"), at no cost to the

CITY, if the proposed development of the Property changes materially from the development assumptions contained in the prior TIA. Any subsequent TIAs shall be performed by the DeShazo Group or another professional engineer acceptable to the CITY to determine capacity in and on the roadways in the vicinity of the Property and the ability of such roadways to support the traffic that will be generated by the then proposed development of the Property. Such TIAs shall be provided at no cost to the CITY and shall be subject to review and approval by the CITY Engineer. Such TIAs shall also be subject to review and approval by TxDOT if a TxDOT controlled roadway is involved. Further, any subsequent TIAs shall also identify the traffic calming measures and offsite roadway improvements, if any, that must be constructed at a minimum to serve the then proposed development of the Property in accordance with the CITY's Street Design Standards, then in effect.

2. Roadway Requirements. The OWNER of the Property must maintain the greater of the then current Level of Service ("LOS") or Level of Service "D" on the roadways between the Property and the nearest major roadway during the A.M. Peak Hour total traffic and the P.M. Peak Hour total traffic, as those terms are defined in the CITY's Street Design Manual, based on the anticipated traffic routes from/to the Property as approved by the CITY Engineer. For phased construction projects, implementation of traffic improvements must be accomplished prior to the completion of the project phase for which the capacity analyses show that they are required. A major roadway is defined as an improved 4 lane divided roadway ("Arterial Roadway" classification as defined by CITY), TxDOT maintained roadway, or US Highway (i.e., US 75 and US 380). Because of the proximity of the Property to US 380 to the south it is not anticipated that the OWNER will be required to make any improvements to maintain the applicable level of service on roadways between the Property and the nearest major roadway. However, if the proposed development of the Property changes materially from the development assumptions contained in the DeShazo TIA or any subsequent TIAs the OWNER may be required to construct additional traffic improvements not identified in Exhibit B to maintain the appropriate LOS prior to completion of the project phase for which the capacity analyses show that they are required.
 - (a) The OWNER shall obtain and dedicate to the CITY, at no cost to the CITY, all rights-of-way and easements as may be necessary to construct any roadway improvements identified on the DeShazo TIA or any subsequent TIAs as being necessary to serve the proposed development of the Property.
 - (b) The OWNER shall construct, at no cost to the CITY, any roadway improvements that are identified on the DeShazo TIA or any subsequent TIAs as being necessary to serve the proposed

development of the Property in accordance with the CITY's Street Design Standards then in effect or as may be otherwise agreed by the CITY.

- (c) The CITY, in its sole discretion, may enter into separate agreements with the OWNER that will allow the OWNER to fulfill its obligations under this Paragraph No. D(2) and that will allow the CITY to make any additional roadway improvements that the CITY determines should be made in coordination with the OWNER's off-site roadway improvements, if any, and which additional CITY roadway improvements are not required to serve the Property.
 - (d) The OWNER must provide all appropriate documentation regarding the necessary rights-of-way and off-site roadway construction, if any, to the CITY Engineer for approval.
 - (e) The CITY will recommend to TxDOT that TxDOT approve the installation of a traffic signal at the intersection of U.S. 380 and the north-south major road that provides access through the Property from U.S. 380 to Wilmeth Road (the "Spine Road").
 - (f) The CITY will notify OWNER in writing of TxDOT's approval of a traffic signal at the intersection of U.S. 380 and the Spine Road. Within 60 days after receipt of such written notice OWNER shall deposit a cash escrow with the City in the amount of one hundred percent (100%) of the cost of designing, purchasing and installing the traffic signal. The OWNER shall also be responsible for the cost of acquiring the rights-of-way for and designing and constructing any necessary deceleration or acceleration lanes to and from the Spine Road and US 380 as well as the costs and expenses associated with installing the conduit and signal pedestals for such traffic signal, which conduit and pedestals shall be installed by OWNER during the construction of the Spine Road.
3. Right-of Way Dedication. The OWNER shall dedicate to the CITY, at no cost to the CITY, that amount of right-of-way along perimeter roadways adjacent to the Property which will yield at least one-half ($\frac{1}{2}$) of the ultimate right-of-way width that is not already dedicated by plat or legal instrument as road right-of-way, at such time as development occurs. If a Master Plan roadway is situated on or across the Property the OWNER shall dedicate to the CITY the full right-of-way for that section of such Master Plan roadway as is wholly within the Property at such time as development occurs. The CITY will compensate the OWNER for that portion of the Master Plan roadway right-of-way that is so dedicated and which is not roughly proportionate to the impact the development of the Property will have on the CITY's roadway system. In this regard, the OWNER shall dedicate one-half of the ultimate

right-of-way width for those sections of Ridge Road and Wilmeth Road that are adjacent to the Property (including any required medians, turn lanes and/or decel lanes) as described in Exhibit B. The OWNER shall also dedicate all right-of-way for the interior streets serving the Property at the time of development. The OWNER shall further dedicate all easements that are necessary for construction and safety purposes for all roadways on the Property and perimeter roadways adjacent to the Property as required herein-above. The final alignment of right-of-way dedications shall be consistent with the CITY's Thoroughfare Development Plan, as it may be amended, and as approved by the CITY Engineer.

4. Roadway Plan Approval. All roadway construction plans shall be approved by the CITY's Engineer or his agent prior to approval of a development permit for any portion of the Property. In addition, all roadway construction plans touching or impacting any TxDOT roadway will also require TxDOT approval prior to approval of a permit for such a roadway improvement.
5. Roadway Construction. The OWNER shall construct, at no cost to the CITY, all required roadway improvements in accordance with the CITY's Subdivision Ordinance and Street Design Standards, then in effect. In addition to complying with the CITY's ordinances and standards, the OWNER shall also comply with TxDOT's standards and specifications when the roadway improvements are being made on, along, about or to TxDOT roadways. In the event of a conflict between the CITY's requirements and TxDOT's requirements the OWNER shall comply with the more stringent of those requirements.
 - (a) Gravel and seal coat roadways are not acceptable.
 - (b) Roadways designed and constructed by OWNER along the anticipated traffic routes must be reinforced concrete pavement with appropriate subgrade treatment all of which items must be approved by the CITY Engineer. The pavement on all such roadways must be designed for a minimum service life of twenty (20) years without the need for any major maintenance overhauls.
 - (c) A pavement analysis shall be performed by the OWNER, at no cost to the CITY, to determine the adequacy of the current pavement structure to handle the OWNER's projected traffic along with existing traffic volumes; and, recommendations by the OWNER must be made based upon the analysis for any roadway improvements that may be needed. The OWNER shall create a pavement design on roadways designed and constructed by OWNER to handle the expected traffic volumes and other criteria as determined by the circumstances surrounding the development of the Property and as approved by the CITY Engineer.

- (d) Additional roadway improvements beyond those shown in the DeShazo TIA or any subsequent TIAs, for all roadways on the Property and perimeter roadways adjacent to the Property, including the intersection at US 380, may be required to maintain safe roadway conditions. The determination regarding what additional improvements may be necessary shall be based upon the engineering judgment of the CITY Engineer and good engineering practices criteria.
 - (e) If the CITY has a project to construct any of the roadways for which the OWNER is responsible, in whole or in part, the CITY and the OWNER may enter into a separate agreement whereby the OWNER is allowed, in the sole discretion of the CITY, to provide the CITY a cash escrow in an amount that will cover the OWNER's roughly proportionate obligation for construction of such roadway(s) in lieu of the OWNER constructing said roadway improvements.
6. Utility Easement Dedication. The OWNER shall dedicate to the CITY, at no cost to CITY, that amount of easement across the Property as deemed necessary by the CITY Engineer to facilitate the construction of water and wastewater utilities as shown on the CITY's Master Plans for Water and Wastewater (hereafter referred to collectively as the "Master Plans") and as approved by the CITY Engineer. The final alignment of easement dedications shall be consistent with the City's Master Plans and as approved by the City Engineer.
7. Utility Plan Approval. All utility plans and improvements are subject to the approval of the CITY Engineer, and all utility lines shall be constructed of materials of a quality and grade meeting at least the minimum standards specified by the CITY's Engineering Department. If the OWNER proposes to use "as equal" or better standards than the minimum standards set forth in the CITY's Subdivision Ordinance or respective Design Manuals, said standards will be reviewed and analyzed by the CITY's Engineering Department and will be approved or denied based on CITY's analysis and good engineering practices criteria. Upon approval of all utility construction plans for the Property by the CITY Engineer, or his designee, the OWNER may develop in accordance with such approved plans.
8. Utility Construction. The OWNER shall construct, at its sole cost, all necessary utility lines up to twelve inches (12") in diameter to provide service to the Property in accordance with the CITY's standards or as required by the Master Plans, at such time as demand on the Property requires or concurrent with the development of the Property, as determined by the CITY. The OWNER shall also construct, at no cost to the CITY, all necessary utility lines to serve the interior of the Property; said lines shall be at least eight

inches (8") in diameter or larger as demand of the development on the Property requires. In addition to the requirements stated herein, the OWNER shall construct any necessary off-site and/or oversize utility improvements up to the sizes shown on Master Plans and as per City of McKinney standards. In the event the proposed development of the Property requires utility improvements in excess of the CITY's minimum standards and Master Plans the OWNER shall construct any off-site and oversize utility improvements as may be required to serve the Property. No septic systems shall be permitted.

9. Hike and Bike Trail. The OWNER shall, at no cost to the CITY, dedicate the easement or right-of-way for and construct the concrete hike and bike trail improvements shown on Exhibit C in accordance with the CITY's Subdivision Ordinance and Master Trail Plan. The hike and bike trail shall be tied in or connected to the CITY's trail system as shown on Exhibit C. Notwithstanding the foregoing, the final location of all hike and bike trails shall be subject to review and approval by the Director of Parks and Recreation. In addition, all hike and bike trail construction plans must be approved by CITY's Parks Director or his agent prior to approval of a development permit for any portion of the Property save and except a mass grading permit as identified in Paragraphs C and G of this Agreement. Notwithstanding the foregoing, it is specifically agreed and understood that no hike and bike trails shall be routed through that area of the Property identified as POD 5 on Exhibit D, attached hereto and incorporated herein by reference.

E. PARKLAND

The Owner of the Property shall dedicate required parkland, if any, concurrent with platting and development of the Property to provide for the recreational needs created by the development of the Property in accordance with the Subdivision Ordinance then in effect, or such other ordinance as may hereafter be adopted by the CITY regarding parkland dedication, and as determined by the CITY's Parks Department. The following provides a general description of the minimum requirements for parkland dedication which, under current conditions, would be required to develop the Property (subject to the City's approval of parkland dedication in quantities less than the entirety thereof as phases of development, or partial development, of the Property occurs):

1. Any parkland that the OWNER of the Property is required to dedicate to the CITY shall be shown on the plat of the Property as a fee simple conveyance to the CITY and shall be conveyed to the CITY by General Warranty Deed free of all liens and encumbrances, save and except the encumbrances affecting the Property at the time of the OWNER's acquisition thereof, and at no cost to the CITY. The OWNER shall also provide the CITY with an owner's title policy of insurance in an amount equal to the value of the land conveyed, which amount shall be determined by the CITY.

2. Subject to any waivers the CITY Council may grant for the conveyance of an amount of land in excess of the minimum park land dedication requirements, the OWNER shall also be responsible for, and shall pay the costs of, providing convenient access by improved streets and sidewalks, and providing adequate drainage improvements so that the parkland site is suitable for the purpose intended, and shall provide water, sewer and electrical utilities to the parkland site in accordance with the procedures applicable to other public improvements as specified in the Subdivision Ordinance of the CITY.
3. In the alternative and subject to the determination of the Director of the CITY's Parks Department all or part of the OWNER's parkland dedication requirements may be satisfied by the payment of money in lieu of land. The amount of cash to be paid in lieu of parkland dedication shall be determined based upon the Collin Central Appraisal District's most recent appraisal of all or part of the Property at the time the fees are paid for any future phase of development and shall be computed under the current ordinance requirement of one (1) acre of parkland dedication, outside of any floodplain on the Property, for each fifty (50) residential dwelling units or any portion thereof.
4. If the CITY allows the Property to be developed in phases and the CITY approves the dedication of the parkland or cash in lieu of dedication in conjunction with the phasing of the Property's development, the OWNER shall dedicate parkland as the residential properties or school sites, if any, adjacent to the particular parkland areas are platted, unless requested by the Director of Parks and Recreation prior to such time in order to serve the development of the Property. The OWNER's payment of cash in lieu of dedication, if approved, shall be made in proportion to the number of residential dwelling units being platted at the time each such phase is platted. In any event, all required parkland shall be dedicated or cash in lieu of dedication shall be paid to the CITY by the OWNER prior to the platting of the last phase of development of the Property. The OWNER shall not be allowed to file the plat for the last phase of the Property until the parkland dedication or cash payment is satisfied.
5. Any parkland the OWNER designates for dedication or dedicates to the CITY shall be left in its natural state unless previously agreed otherwise in writing by the CITY's Director of Parks and Recreation. In addition, such parkland shall not be used to provide topsoil for the development of the Property. Further, said parkland shall not be used for construction staging and/or storage or the operation and parking of vehicles. The parkland so designated for dedication or dedicated to the CITY shall not be used for the relocation of dirt from the Property or for fill unless the site must be altered for health and safety concerns and the placement of fill on the parkland is

previously agreed to in writing by the CITY's Director of Parks and Recreation.

F. AVAILABILITY OF WATER AND WASTEWATER SERVICE IN THE FUTURE

The CITY makes no guarantee that water supply or wastewater treatment capacity will be available at any particular time or place, it being fully understood by both parties hereto that the ability of the CITY to supply water and wastewater services is subject to its contract with the North Texas Municipal Water District, a governmental agency and body politic and corporate, hereinafter referred to as "N.T.M.W.D.", and that this Agreement will only allow utilization of the CITY's water and wastewater system capacity when and if capacity is present and available from the N.T.M.W.D. Notwithstanding the foregoing, the CITY will supply the development on the Property with water supply and wastewater treatment capacity if such capacity is present and available from N.T.M.W.D. The CITY shall be the sole judge of the availability of such capacity of water supply and/or wastewater services, provided, however, that the CITY will attempt to insure that said water supply and wastewater treatment capacity is available.

G. CITY DEVELOPMENT ORDINANCES

The OWNER shall develop the Property in accordance with the standards set forth in the CITY's Zoning, Subdivision and land development ordinances, including but not limited to provisions regarding drainage, erosion control, pro-rata payments, parkland dedication, storm water management, tree preservation, Street Design Standards, Public Improvements Policy and construction standards. The OWNER expressly acknowledges that by entering into this Agreement, the OWNER and each Successor Owner shall not construe any language contained herein or in any exhibits attached hereto as waiving any of the requirements of the CITY's Zoning Ordinance or Subdivision Ordinance or any other ordinance of the CITY, as applicable. Notwithstanding the foregoing, mass grading of the Property may commence upon annexation and zoning of the Property, provided that OWNER first complies with all of the CITY's requirements, as such requirements relate to mass grading, to obtain a grading permit.

H. TREE ORDINANCE

The OWNER expressly acknowledges the McKinney Tree Preservation Ordinance and the duty to develop the Property in accordance with the standards contained therein and any amendments to those standards.

I. STORMWATER

The OWNER agrees to abide by all terms of the McKinney Storm Water Ordinance No. 2014-09-063, as amended.

J. PRO-RATA FEES

Development of the Property is subject to payment of the following pro-rata fees associated with water and sewer facilities that are currently in place, and which water and sewer facilities may be utilized by OWNER: (1) Wilmeth Road water line installed by Robinson Ridge [\$20/LF]; (2) Wilmeth Road water line installed by the CITY [\$21.10/LF]; (3) U.S. 380 water line installed by the CITY [\$14.11/LF]; and (4) Ridge Road water line [\$21.10/LF]. Development of the Property may be subject to payment of the following additional pro-rata fees if the applicable pro-rata agreements between the CITY and the developers are extended by the City Council: (A) sanitary sewer line installed by Robinson Ridge [\$27.28/LF]; and (B) water line installed by Summit View Lakes [\$16.79/LF].

The OWNER may also be responsible for paying pro rata fees for any other water and sewer facilities that may be constructed by the CITY or any third-party following the execution of this Agreement and prior to OWNER's development of all phases of the Property ("After-Constructed Off-Site Facilities"). For any such After-Constructed Off-Site Facilities, the OWNER shall be responsible to pay applicable pro-rata fees in the amount of one-half (½) of the actual construction and engineering costs of up to the cost of a twelve-inch (12") diameter pipe if off-site facilities have been constructed adjacent to the Property by the CITY or any other party and the OWNER utilizes such facilities to serve the Property. If, however, the After-Constructed Off-Site Facilities are bounded on both sides by the Property then the OWNER shall be responsible to pay applicable pro-rata fees in the full amount of the actual construction and engineering costs of up to a twelve-inch (12") diameter pipe if the OWNER utilizes such facilities.

The OWNER may be required to construct any off-site water lines or off-site sanitary sewer lines to serve the proposed development of the Property. If the OWNER constructs any off-site water lines or off-site sanitary sewer lines to serve the Property such that pro-rata fees are due to the OWNER, the CITY agrees to collect any fees due to the OWNER related to the construction of the line(s) as those properties utilizing such facilities are developed during a period of ten (10) years after the OWNER's installation of such off-site water and/or off-site sanitary sewer facilities. The OWNER shall submit final construction costs to the CITY for approval prior to final acceptance of the improvements for use in determining pro-rata fees to be collected on behalf of the OWNER.

The OWNER shall not be required to pay pro-rata fees for any major transmission line(s) that may be constructed upon, through, under, across or adjacent to the Property that merely transport(s) water or wastewater to or from a treatment facility and to which line(s) the OWNER is not permitted any right to tap or tie in to.

K. PROPORTIONALITY FEES

The OWNER and any Successor Owners (including any builder-owner) of the Property shall pay to the CITY (at the time of building permit issuance) a roadway proportionality fee ("Roadway Proportionality Fee") for development of the Property.

The Roadway Proportionality Fee represents a roughly proportional amount necessary to offset the roadway infrastructure capacity needs of the Property. The Roadway Proportionality Fee shall be the equivalent of the roadway impact fee assessed in the adjacent (abutting) roadway impact fee service area (or that service area nearest to the Property if not adjacent) in effect at the time of building permit issuance. The OWNER of the Property shall be entitled to credits against the Roadway Proportionality Fee (or as a credit against any roadway impact fee at such time as the roadway segments for which OWNER has requested credits are identified on the CITY's Roadway Impact Fee Capital Improvement Plan).

The road sections of Ridge Road and Wilmeth Road that are identified herein and in **Exhibit B** as being constructed by OWNER and for which construction the OWNER will receive Credits are intended to be added to the CITY's Impact Fee Road Improvement Plan upon annexation into the CITY's corporate limits. CITY has evaluated the construction of the Ridge Road and Wilmeth Road segments in accordance with the methodology and provisions of the CITY's roadway impact fee ordinance and determined that OWNER shall be entitled to Credits for the right-of-way dedication and construction of the Ridge Road and Wilmeth Road segments required by this Agreement equal to the Roadway Impact Fees/Roadway Rough Proportionality Fee attributable to four hundred seventeen (417) single-family dwelling units. Such credits shall be issued to the OWNER only for construction of the Ridge Road and Wilmeth Road roadway sections identified in **Exhibit B** when completed by OWNER to CITY standards and accepted by the CITY. Upon completion by the OWNER and acceptance by the CITY of such on-site and adjacent roadways, the CITY shall issue credits to a credit pool in the OWNER's name that may be drawn down to pay Roadway Proportionality Fees and/or roadway impact fees as set forth in **Exhibit B**. Said credits shall not include the OWNER's individual costs for eminent domain, if any.

The OWNER and any Successor Owners (including any builder-owner) of the Property shall also pay to the CITY (at the time of building permit issuance) a water and wastewater proportionality fee ("Utility Proportionality Fee") in an amount equal to the then existing water and/or wastewater impact fee charged for a particular use in accordance with the CITY's utility impact fee ordinance save and except to the extent that the OWNER and any Successor Owners (including any builder-owner) are otherwise required to pay water and sewer impact fees.

L. IMPACT FEES

If the CITY's Impact Fee Capital Improvement Plan is updated and the Property is designated as falling within a specific roadway service area and/or a specific utility

service area before the Property is developed, the Owner shall pay roadway impact fees and/or utility impact fees on the proposed development of the Property rather than paying the Roadway Proportionality Fee and/or the Utility Proportionality Fee. In such event, impact fees for the Property shall be charged in accordance with Ordinance No. 2013-11-108 (Roadway) and Ordinance Nos. 2013-11-109 and 2013-12-118 (Utility), and as these ordinances may be amended in the future. These fees shall be due upon the time established by these ordinances save and except only to the extent any waiver of or variance from said ordinances is granted by the CITY and is contained in this Agreement or in separate agreements between the CITY and the OWNER and any Successor Owners (including any builder-owner) of the Property, which separate agreement may supersede and amend this Agreement.

M. NO WAIVER

The OWNER expressly acknowledges that by entering into this Agreement, the OWNER and Successor Owners shall not construe any language contained herein or in any Exhibits as waiving any of the requirements of the Zoning Ordinance or Subdivision Ordinance in force by the CITY, except as specifically herein agreed.

N. REMEDIES

If the OWNER or any Successor Owners of the Property or any portion thereof fails to perform an obligation imposed by this Agreement upon any portion of the Property being developed by the OWNER or Successor Owner (a "Development Parcel") (after written notice from the CITY and a reasonable opportunity to cure), then, in addition to any other remedies available to the City for such failure (but not including termination of this Agreement): (1) the CITY may issue stop work orders and withhold development permits, inspections, and inspection approvals for work on the Development Parcel; (2) the CITY may perform, or cause to be performed by a third-party contractor, the OWNER's or Successor Owner's failed obligation with respect to the Development Parcel and (after written notice from the City, including the amount expended by the CITY in performing the failed obligation and a 30-day opportunity to pay the full amount expended), file a mechanic's lien against the Development Parcel, which mechanic's lien shall be in the amount expended by the CITY for the performance of the failed obligation; or (3) the CITY may perform, or cause a third-party contractor to perform, the OWNER's or Successor Owner's failed obligation with respect to the Development Parcel and (after written notice from the City, including the amount expended by the CITY in performing the failed obligation and a 30-day opportunity to pay the full amount expended) levy an assessment against the Development Parcel in the amount expended by the CITY for performance of the failed obligation.

O. RELATIONSHIP TO ROADWAY AND SEWER/WATER IMPACT FEES AND WAIVER OF CLAIMS.

The OWNER has been represented by legal counsel in the negotiation of this Agreement and been advised, or has had the opportunity to have legal counsel review this Agreement and advise the OWNER, regarding the OWNER's rights under Texas and federal law. The OWNER hereby waives any requirement that the CITY retain a professional engineer, licensed pursuant to Chapter 1001 of the Texas Occupations Code, to review and determine that the exactions required by the CITY as a condition of approval for the development of this Property are roughly proportional or roughly proportionate to the proposed development's anticipated impact. (These exactions may include but are not limited to the making of dedications or reservations of land, the payment of fees, the construction of facilities, and the payment of construction costs for public facilities.) The OWNER specifically reserves its right to appeal the apportionment of municipal infrastructure costs in accordance with Tex. Loc. Gov't Code § 212.904. However, notwithstanding the foregoing, the OWNER hereby releases the City from any and all liability under Tex. Loc. Gov't Code § 212.904 regarding or related to the cost of those municipal infrastructure improvements required for the development of the Property.

It is the intent of this Agreement that the provision for roadway and utility improvements made herein constitutes a proportional financial allocation of the OWNER's responsibility for roadway and utility improvements for its Property and that the financial contribution, including the proportionality fee and in-kind construction of improvements made by the OWNER pursuant to this Agreement, are necessary and attributable to development of the Property. The financial obligation of the OWNER herein set forth shall relieve the OWNER of any obligation for roadway and water/sewer impact fees for the Property unless impact fees are applicable to this Property, or as otherwise provided herein above. The OWNER further waives any statutory or state constitutional takings claims under the Texas Constitution and Chapter 395 of the Tex. Loc. Gov't. Code, any federal constitutional claims, and any claims for reimbursement under any existing or future impact fee ordinances of the City of McKinney to the extent such claims are based on the OWNER's dedication, construction, or payment obligations under this Agreement. The OWNER further releases the CITY from any and all claims based on excessive or illegal exactions; it being agreed that the amount of the OWNER's infrastructure contribution proportionality fee (after receiving all contractual offsets, credits and reimbursements) is roughly proportional to the demand that is placed on the CITY's roadway and utility systems by OWNER's development. The OWNER further acknowledges that the benefits of annexation, zoning and platting have been accepted with full knowledge of potential claims and causes of action which may be raised now and in the

future, and the OWNER acknowledges the receipt of good and valuable consideration for the release and waiver of such claims. The OWNER and each Successor Owner shall indemnify and hold harmless the CITY from and against any claims and suits brought solely pursuant to this Agreement and/or asserting the claims or types of claims described in this paragraph.

P. CONTINUITY

This Agreement shall be a covenant running with the land, and be binding upon the OWNER and Successor Owners.

Q. ASSIGNMENT

This Agreement shall not be assignable by the OWNER without the prior written consent of the CITY, and such consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, this Agreement may be assigned without the CITY's prior written consent under the following specific conditions and circumstances, which conditions and circumstances shall not be diminished, altered, or waived.

1. This Agreement may be assigned one time by the OWNER - Felix Y. Chen and Yu Chen Kuo - to any entity to which the OWNER sells all of the Property (the "Purchaser"). The assignment must be in writing, must bind the Purchaser to perform and assume all duties, obligations and liabilities of the OWNER under this Agreement, whether known or unknown, and must include a release by the OWNER - Felix Y. Chen and Yu Chen Kuo - of any and all claims they may have against the CITY at the time of such assignment and in the future, whether known or unknown, arising from or related to this Agreement or otherwise arising from or related to the Property. Upon delivery to the CITY of such assignment, the OWNER - Felix Y. Chen and Yu Chen Kuo - shall be unconditionally and irrevocably released from any and all duties and obligations under this Agreement, and the CITY shall look to the Purchaser as Successor Owner for the performance of all duties, obligations and liabilities of OWNER under this Agreement.
2. The OWNER and each Successor Owner shall also have the right, without the consent of the CITY, to collaterally assign this Agreement or any portion hereof to any lender. Such assignments allow the lender/assignee to step into the shoes of the assignor and to cure any defaults by the assignor under this Agreement without requiring the lender to assume the duties and obligations of the assignor under this Agreement. Written notice of any collateral assignment shall be given to the CITY within ten (10) days after the effective date of the assignment, including the name and contact information for the lender.

It is specifically understood and agreed that any lender to which this Agreement is collaterally assigned shall not be considered a third-party beneficiary, OWNER or Successor Owner under this Agreement and, except as provided in this Subparagraph 2, shall have no rights under this Agreement. Furthermore, except as provided in this Subparagraph 2, the CITY shall owe no duty to and shall have no liability to any lender to which this Agreement is collaterally assigned. In addition, the collateral assignment of this Agreement by the OWNER or a Successor Owner to a lender shall not cause this Agreement to become subordinate to any financing agreement between the lender and the OWNER or Successor Owner nor shall the CITY's rights under this Agreement be subordinated to the rights of any lender under any financing agreement between such lender and the OWNER or any Successor Owner.

3. The OWNER and each Successor Owner shall have the right to assign all of its rights and duties under this Agreement that apply to a Development Parcel being purchased by a Successor Owner to said purchasing Successor Owner/assignee without the consent of the CITY provided: (a) the OWNER/assignor or Successor Owner/assignor is not then in default under this Agreement as of the date of the assignment; (b) the Successor Owner/assignee is not then in default under this Agreement as of the date of the assignment; (c) the assignment is limited to the Development Parcel that is being conveyed to the Successor Owner/assignee; (d) the assignment is in writing and a copy thereof is given to the CITY within ten (10) business days following the execution thereof; (e) the assignment obligates the Successor Owner/assignee to be bound by this Agreement; and (f) the Successor Owner/assignee provides security for its performance under this Agreement to the same extent that security was required for the OWNER/assignor. The assignment shall release the OWNER/assignor from any liabilities that arise from and after the assignment if and only if the forgoing conditions are strictly fulfilled. However, the assignment does not release the OWNER/assignor or any Successor Owner/assignor from liabilities that arose before the assignment.

R. TERMINATION AND RELEASE

Upon satisfactory completion by the OWNER and final acceptance by the CITY of all requirements of this Agreement, this Agreement shall terminate and the CITY will execute a release of covenant to the OWNER and any Successor Owners. This Agreement shall not terminate until the requirements of all parties have been fulfilled.

Notwithstanding the foregoing paragraph, the CITY may upon the request of the OWNER or any Successor Owners execute a partial release of covenant for any phase or portion of the Property for which all duties, obligations and responsibilities have been fully performed and completed. More particularly, the OWNER or any

Successor Owner may request that the City provide a partial release for any Development Parcel for which the City has final accepted all of the Required Improvements or public improvements and for which Development Parcel the plat has been recorded with Collin County, Texas. Any such request shall not be unreasonably denied, delayed or withheld by the CITY.

S. MAINTENANCE BOND

Prior to final acceptance of the public improvements to the Property, the OWNER shall furnish to the CITY a good and sufficient maintenance bond in the amount of fifteen percent (15%) of the contract price of such public improvements, or in such amount as approved by the City Engineer, with a reputable and solvent corporate surety, in favor of the CITY, to indemnify the CITY against any repairs arising from defective workmanship or materials used in any part of the construction of the public improvements to the Property, for a period of at least two (2) years from the date of final acceptance of such public improvements.

T. GENERAL PROVISIONS

1. The OWNER agrees that construction shall not begin on any proposed improvements to the Property prior to City Council approval of this Agreement.
2. The OWNER agrees that all coordination required with public and/or private utility agencies to eliminate conflicts with proposed street grades or underground improvements shall be the responsibility of the OWNER. Likewise, coordination with agencies requiring special conditions (i.e., railroads and the Texas Department of Transportation) shall be the responsibility of the OWNER.
3. It is understood that any obligation on the part of the CITY to make any refunds with respect to infrastructure improvements constructed within the Property shall cease, with respect to such improvements, on the tenth (10th) anniversary after the improvements are completed, inspected, and accepted by the CITY. Such 10-year period may be extended for good cause and agreed to in writing by the CITY and the OWNER.
4. This Agreement does not constitute a "permit" under Chapter 245 of the Texas Local Government Code, as amended, and no "rights" are vested solely by entering into this Agreement. However, nothing in this Agreement shall constitute a waiver by the OWNER or any Successor Owner of any rights under said Chapter 245 to the extent only that such rights may vest through some other application not related to the annexation of the Property.
5. Save and except to the extent specifically stated herein to the contrary, the Property shall be developed in accordance with the standards set forth in the

including but not limited to provisions regarding drainage, erosion control, pro rata payments, tree preservation, Street Design Standards, Public Improvements Policy and construction standards.

CITY OF MCKINNEY, TEXAS

By: _____
TOM MUEHLENBECK
Interim City Manager

Date Signed: _____

ATTEST:

SANDY HART, TRMC, MMC
City Secretary
DENISE VICE
Assistant City Secretary

OWNER:

FELIX Y. CHEN

By: John C. Harris
John C. Harris
Attorney-In-Fact for FELIX Y. CHEN

Date Signed: 2-25-15

YU CHEN KUO

By: _____

Attorney-In-Fact for YU CHEN KUO

Date Signed: _____

THE STATE OF TEXAS §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, in and for said County, Texas, on this day personally appeared **TOM MUEHLENBECK**, Interim City Manager of the City of McKinney, a Texas Municipal Corporation, known to me to be the person who's name is subscribed to the foregoing instrument, and acknowledged to me that he has executed the same on CITY's behalf.

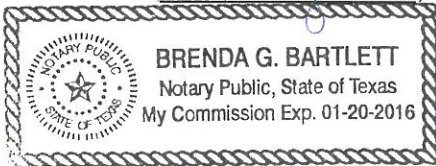
GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE _____ DAY OF _____, 20____.

Notary Public _____ County, Texas
My commission expires _____

THE STATE OF TEXAS,
COUNTY OF Collin

This instrument was acknowledged before me on the 25th day of February, 2015, by John C. Harris Attorney-In-Fact for **FELIX Y. CHEN**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes set forth therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE 25th DAY OF February, 2015.



Brenda G. Bartlett
Notary Public Collin County, Texas
My commission expires 1-20-16

THE STATE OF TEXAS,
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 20____, by _____ Attorney-In-Fact for **YU CHEN KUO**, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes set forth therein.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE _____ DAY OF _____, 20____.

Notary Public _____ County, Texas
My commission expires _____

FELIX Y. CHEN

By:

Attorney-In-Fact for FELIX Y.
CHEN

Date Signed:

YU CHEN KUO

By:

Attorney-In-Fact for YU CHEN
KUO

Date Signed:

[Handwritten Signature]
2-25-2015 HER ATTORNEY-IN-FACT

THE STATE OF TEXAS §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, in and for said County, Texas, on this day personally appeared **TOM MUEHLENBECK**, Interim City Manager of the City of McKinney, a Texas Municipal Corporation, known to me to be the person who's name is subscribed to the foregoing instrument, and acknowledged to me that he has executed the same on CITY's behalf.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS THE

DAY OF _____, 20__.

SEE ATTACHED NOTARY DOCUMENT. RB 02.25.2015

Notary Public _____ County,

Texas

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of SAN MATEO)

On FEB. 25, 2015 before me, Rory Thomas Brennan, Notary Public,
(insert name and title of the officer)

personally appeared YU-HSIN DEN,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature RORY THOMAS BRENNAN (Seal)



EXHIBIT A TO ANNEXATION AGREEMENT
DESCRIPTION OF PROPERTY

LEGAL DESCRIPTION

BEING that parcel of land located in the City of McKinney, Collin County, Texas, a part of the Malachi Tucker Survey, Abstract Number 904, and a part of the HL Upshur Survey, Abstract Number 934, being a part of that called 38.48 acre tract of land described in deed to Felix Chen and YCK Collin Properties 346, LLC. recorded in Document Number 20110302000227520, Deed Records Collin County, Texas, and being a part of that called 346.256 acre tract of land described in deed to Felix Chen and YCK Collin Properties 346, LLC. recorded in Document Number 20110302000227540, Deed Records Collin County, Texas and being further described as follows:

BEGINNING at a one-half inch iron rod set in the east line of said 346.256 acre tract of land, said point being in the west line of Summit View Lake, Phase One, an addition to the City of McKinney recorded in Cabinet Q, Page 497, Map Records Collin County, Texas, and said point being in the south right-of-way line of Wilmeth Road (County Road 161, a variable width right-of-way);

THENCE South 00 degrees 39 minutes 28 seconds East, 2016.47 feet to a one-half inch iron rod set at the southwest corner of Summit View Lake, Phase Three, an addition to the City of McKinney, recorded in Volume 2009, Page 156, Official Public Records Collin County, Texas and said point being in the north line of Summit View Lake, Phase Two, an addition to the City of McKinney recorded in Volume 2009, Page 158, Official Public Records Collin County, Texas;

THENCE North 74 degrees 13 minutes 55 seconds West, 105.84 feet to a one-half inch iron rod set at the northwest corner of said Summit View Lake, Phase Two;

THENCE South 02 degrees 29 minutes 29 seconds West, 740.26 feet to a one-half inch iron rod set at the southwest corner of said Summit View Lake, Phase Two and said point being the northwest corner of Waterside Addition, an addition to the City of McKinney recorded in Volume 2006, Page 707, Official Public Records Collin County, Texas;

THENCE South 01 degrees 09 minutes 28 seconds West, 731.66 feet along the west line of said Waterside Addition to a one-half inch iron rod set for corner;

THENCE South 00 degrees 15 minutes 45 seconds West, 44.01 feet to a one-half inch iron rod set at the southwest corner of said Waterside Addition;

THENCE North 84 degrees 41 minutes 26 seconds East, 85.36 feet along the south line of said Waterside Addition to a one-half inch iron rod set for corner;

THENCE South 06 degrees 49 minutes 56 seconds East, 14.65 feet along the south line of said Waterside Addition to a one-half inch iron rod set at the northwest corner of Baylor Medical Center at McKinney, an addition to the City of McKinney recorded in Volume 2011, Page 235, Official Public Records Collin County, Texas;

THENCE South 03 degrees 38 minutes 53 seconds East, 711.30 feet along the west line of said Baylor Medical Center at McKinney to a one-half inch iron rod found at the northeast corner of that tract of land described in deed to Robert & Virginia Lemke recorded in Volume 5388, Page 6460, Deed Records Collin County, Texas;

EXHIBIT A TO ANNEXATION AGREEMENT
DESCRIPTION OF PROPERTY

THENCE South 89 degrees 14 minutes 00 seconds West, 170.14 feet to a one-half inch iron rod found for the northwest corner of said Robert & Virginia Lemke tract of land;

THENCE along the west line of said Robert & Virginia Lemke tract of land as follows:
South 07 degrees 54 minutes 19 seconds West, 179.56 feet to a one-half inch iron rod found for corner;
South 54 degrees 03 minutes 17 seconds West, 86.25 feet to a one-half inch iron rod found for corner;
South 03 degrees 21 minutes 58 seconds East, 98.83 feet to a point for corner;

THENCE South 88 degrees 00 minutes 12 seconds West, 1451.25 feet to a point for corner;

THENCE North 47 degrees 52 minutes 25 seconds West, 28.73 feet to a point for corner;

THENCE South 88 degrees 00 minutes 12 seconds West, 1573.64 feet to a point in Wilson Creek for corner;

THENCE along Wilson Creek as follows:
North 07 degrees 04 minutes 26 seconds West, 20.08 feet to a point for corner;
North 40 degrees 05 minutes 32 seconds West, 160.60 feet to a point for corner;

THENCE North 32 degrees 16 minutes 50 seconds East, 457.37 feet to a one-half inch iron rod set for corner;

THENCE North 57 degrees 43 minutes 10 seconds West, 251.16 feet to a one-half inch iron rod set for corner;

THENCE North 32 degrees 16 minutes 50 seconds East, 164.05 feet to a one-half inch iron rod set for corner;

THENCE Northeasterly, 310.88 feet along a curve to the left having a central angle of 14 degrees 50 minutes 36 seconds, a radius of 1200.00 feet, a tangent of 156.31 feet, and whose chord bears North 24 degrees 51 minutes 32 seconds East, 310.01 feet to a one-half inch iron rod set for corner;

THENCE North 17 degrees 26 minutes 14 seconds East, 179.71 feet to a one-half inch iron rod set for corner;

THENCE Northwesterly, 1514.22 feet along a curve to the left having a central angle of 43 degrees 22 minutes 45 seconds, a radius of 2000.00 feet, a tangent of 795.48 feet, and whose chord bears North 04 degrees 15 minutes 08 seconds West, 1478.31 feet to a one-half inch iron rod set for corner in the east line of a called 14.50 acre tract of land described in deed to Evelyn Elizabeth Gibson Valek and Wesley John Valek recorded in Document Number 93-0084317, Deed Records Collin County, Texas;

THENCE along the easterly line of said 14.50 acre tract of land as follows:
North 30 degrees 20 minutes 42 seconds East, 72.60 feet to a one-half inch iron rod set for corner;
North 30 degrees 18 minutes 02 seconds East, 280.96 feet to one-inch iron rod set for

EXHIBIT A TO ANNEXATION AGREEMENT
DESCRIPTION OF PROPERTY

corner;

North 11 degrees 23 minutes 54 seconds East, 307.44 feet to one-inch iron rod set for corner;

THENCE North 11 degrees 20 minutes 41 seconds East, at 168.79 feet passing the northeast corner of said 14.50 acre tract of land and said point being the southeast corner of a called 12.00 acre tract of land described in deed to Armon Davis Gibson and Mary Ann Gibson recorded in Document Number 93-0084328, Deed Records Collin County, Texas, in all a total distance of 234.06 feet to a 60d nail found in a wooded fence post in the east line of said 12.00 acre tract of land;

THENCE North 04 degrees 05 minutes 02 seconds East, 231.51 feet along the east line of said 12.00 acre tract of land to a three-eighths inch iron rod found at the southwest corner of a called 4.000 acre tract of land described in deed to James H. Stidham and Linda Stidham recorded in Volume 2968, Page 321, Deed Records Collin County, Texas;

THENCE North 89 degrees 17 minutes 05 seconds East, 200.00 feet to a five-eighths inch iron rod found at the southeast corner of said 4.000 acre tract of land;

THENCE North 03 degrees 54 minutes 57 seconds East, 828.85 feet along the east line of said 4.000 acre tract of land to a five-eighths inch iron rod found in the south right-of-way line of Wilmeth Road;

THENCE along the south right-of-way line of Wilmeth Road as follows:

North 89 degrees 22 minutes 08 seconds East, 664.76 feet to a one-half inch iron rod set for corner;

North 89 degrees 57 minutes 07 seconds East, 1985.86 feet to the POINT OF BEGINNING and containing 13,668,849 square feet or 313.794 acres of land.

EXHIBIT B TO ANNEXATION AGREEMENT
PUBLIC IMPROVEMENTS

The OWNER is responsible for the construction of the public improvements described below, which specifically enumerated public improvements are the “Required Improvements” for purposes of this Agreement. The public improvements required for each particular portion or phase of the Property then being developed, whether installed by the OWNER or a third party on behalf of the OWNER, must be completed and accepted by CITY prior to the issuance of a Final Acceptance letter for such portion or phase of the Property. No Certificate of Occupancy shall be issued for any building on a portion or phase of the Property until Final Acceptance of the public improvements necessary to serve the portion or phase of the Property then being platted.

- A. THOROUGHFARES. Construction of required thoroughfares includes paving, drainage, striping, street lighting, sidewalks, electrical and irrigation conduits, erosion control, and any other necessary appurtenances thereto required for a complete installation pursuant to the CITY Code (subject to Paragraph A.4 below).
1. The OWNER shall dedicate, at no cost to the CITY, that amount of right-of-way across the Property along Ridge Road and Wilmeth Road that will yield:
 - (a) the complete ultimate right-of-way width where the aforementioned thoroughfares are completely contained on and within the Property;
 - (b) one-half of the ultimate right-of-way width where the thoroughfares are adjacent to or along the frontage or perimeter of the Property; and
 - (c) The ultimate right-of-way width at intersections of major thoroughfares to accommodate four lanes plus the left- and right-turn lanes together with such additional right-of-way as is necessary to create safe transitions into and out of such intersections.
 2. The OWNER shall construct concurrent with the development and platting of the applicable adjacent portion or phase of the Property, or as otherwise necessary to serve the portion or phase of the Property then being platted and developed, at no cost to CITY, the following thoroughfare improvements, as described in the DeShazo TIA and in the widths set forth on the CITY’s Transportation Plan, together with all turn lanes and all appurtenances necessary to such thoroughfare improvements:
 - (a) the northbound two (2) lanes of Ridge Road adjacent to the Property, being approximately 2,226 feet long; and
 - (b) the eastbound two (2) lanes of Wilmeth Road adjacent to the Property, being approximately 2,651 feet long.

EXHIBIT B TO ANNEXATION AGREEMENT
PUBLIC IMPROVEMENTS

Construction of such thoroughfare improvements shall be in accordance with the Subdivision Ordinance, Transportation Plan and Street Design Standards of CITY, and the plans therefor shall be approved by the CITY Engineer or his agent prior to approval of a development permit for any portion of the Property adjacent to the respective thoroughfares.

3. The OWNER shall also construct all turn lanes, deceleration lanes, medians and median openings at no cost to CITY as required by the Transportation Plan and Street Design Standards of CITY, and as approved by the CITY Engineer prior to issuance of a Certificate of Occupancy.
4. The OWNER shall have the option to pay cash in lieu of constructing the median landscaping in each divided roadway constructed by the OWNER at the time of platting of each particular development phase of the Property. The amount of cash required in lieu of such construction per linear foot of frontage shall be based on the applicable amount set forth in the City Ordinance then in effect at the time such roadway is constructed.
5. OWNER shall receive Roadway Impact Fee/Roadway Rough Proportionality Fee Credits ("Credits") for the portions of Ridge Road and Wilmeth Road identified in Paragraph No. 2, herein-above (the "Credit-Eligible Road Sections"), to the extent that such Credit-Eligible Road Sections are actually constructed by OWNER, upon CITY's final acceptance of the Credit-Eligible Road Sections. It is understood and agreed that OWNER's construction of the Credit-Eligible Road Sections results in the accumulation of Credits equal to the Roadway Impact Fees/Roadway Rough Proportionality Fees for four hundred seventeen (417) single-family dwelling units. It is specifically understood and agreed by OWNER that the Credit-Eligible Road Sections must be constructed by OWNER and final accepted by CITY before OWNER receives such Credits.
6. Attached herewith as **Exhibit D** is a diagram dividing the Property into proposed development "PODs" numbered "1" through "6." Lots within the PODs will be subject to either Roadway Proportionality Fees or roadway impact fees payable to the CITY at the time of building permit issuance. The owners or developers of property within each POD will be entitled to the total number of single-family dwelling unit credits against such roadway fees as set forth below for each POD and on a first-come, first-serve basis within each POD to which the credits apply. The right to use such Credits within in any POD for any single-family dwelling unit shall be conditioned upon whether the Credit-Eligible Road Sections for which such POD is responsible to design and construct have been constructed and accepted by the CITY (the "Accepted Credit-Eligible Road Sections"). The OWNER acknowledges

EXHIBIT B TO ANNEXATION AGREEMENT
PUBLIC IMPROVEMENTS

and understands that the number of single-family credits is less than the total number of single-family lots that will be developed within the Property.

- a. Upon completion of construction by the OWNER or Successor Owner and final acceptance by the CITY of the portion of Wilmeth Road from the eastern edge of POD 6 to the western edge of POD 6, owners and developers within POD 6 shall be entitled to roadway fee credits (against Roadway Proportionality Fees or roadway impact fees, as applicable) for 121 single-family dwelling units within POD 6.
 - b. Upon completion of construction by the OWNER or Successor Owner and final acceptance by the CITY of the portion of Wilmeth Road from the eastern edge of POD 4 to the western edge of POD 4, owners and developers within POD 4 shall be entitled to roadway fee credits (against Roadway Proportionality Fees or roadway impact fees, as applicable) for 105 single-family dwelling units within POD 4.
 - c. Upon completion of construction by the OWNER or Successor Owner and final acceptance by the CITY of Ridge Road, owners and developers: (1) within POD 1 shall be entitled to roadway fee credits (against Roadway Proportionality Fees or roadway impact fees, as applicable) for 105 single-family dwelling units within POD 1; and (2) within POD 2 shall be entitled to roadway fee credits (against Roadway Proportionality Fees or roadway impact fees, as applicable) for 61 single-family dwelling units within POD 2.
 - d. Upon completion of construction by the OWNER or Successor Owner and final acceptance by the CITY of Ridge Road the balance of any single-family dwelling units in excess of the apportionment identified in Subparagraph c, herein-above, (25 single-family dwelling units) shall be added to the number of single-family dwelling units credits identified in Subparagraphs a and b, herein-above, such that the full amount of single-family credits (417) is apportioned to the Property in the manner identified in this **Exhibit B**.
7. In the event that CITY, or an entity that is not related to the OWNER or a Successor Owner constructs one of the above-listed Credit-Eligible Road Sections, a proportional amount of credits will be deducted from the Credits that would otherwise be available to the PODs related to that Credit-Eligible Road Section and the number of single-family dwelling units that may obtain Credits will be reduced accordingly.
 8. As is noted above, Credits will not be available until after the Credit-Eligible Road Sections have been constructed by OWNER and the Successor Owners and final accepted by CITY. If building permits are sought by any lot

EXHIBIT B TO ANNEXATION AGREEMENT
PUBLIC IMPROVEMENTS

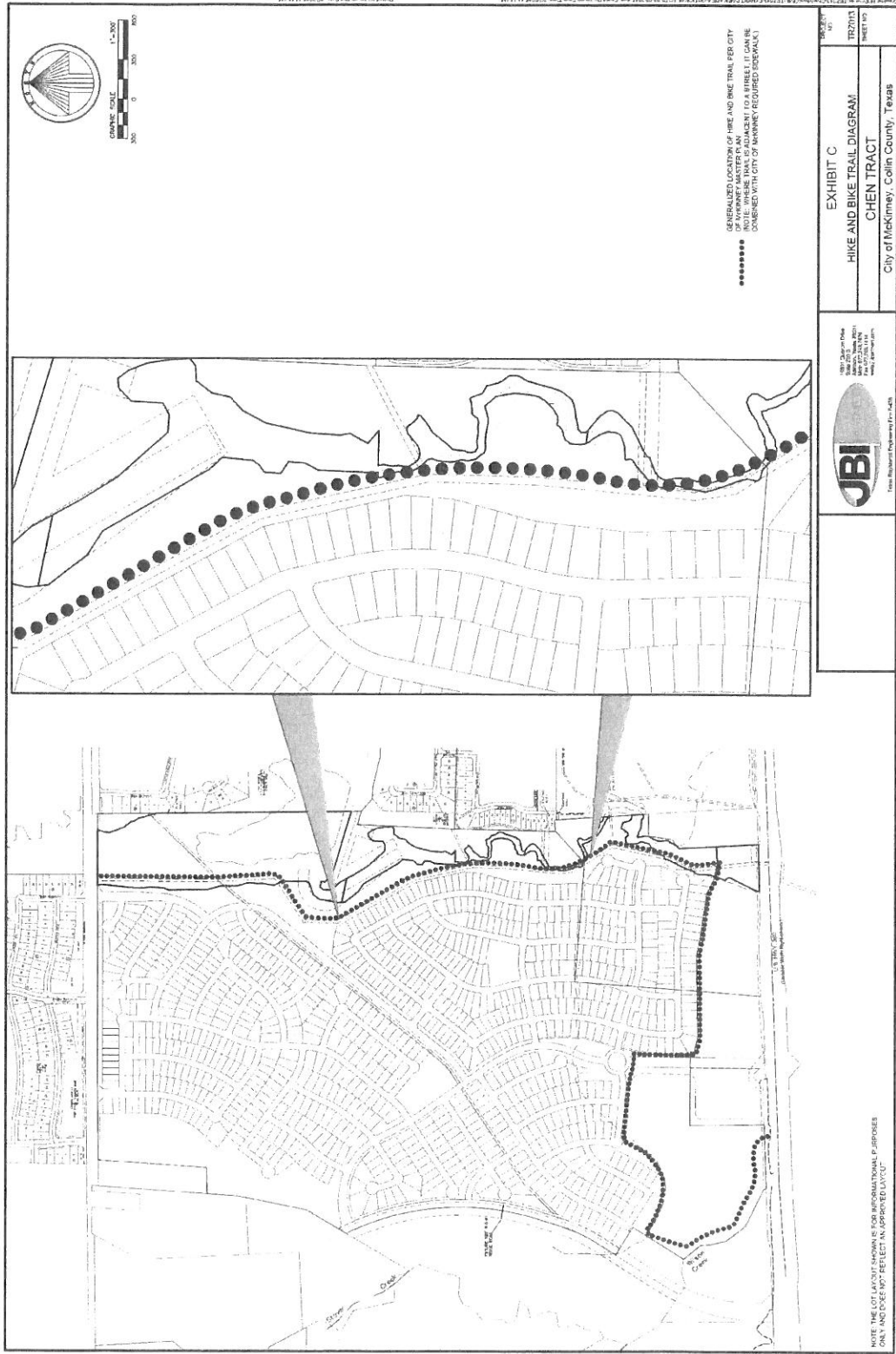
within any POD prior to CITY's final acceptance of the Credit-Eligible Road Sections attributable to that POD, or if all of the available Credits attributable to the construction of any Accepted Credit-Eligible Road Section have been exhausted, the lot will not be entitled to receive Credit hereunder and the City will collect the applicable roadway impact fees or roadway rough proportionality fees. (Roadway impact fees or roadway rough proportionality fees that are collected by the CITY from any lot within any POD prior to construction and final acceptance of the Credit-Eligible Road Sections will not be refunded later.)

9. Credits remaining, if any, at the conclusion of the development of the Property will not be refunded to OWNER in any other manner or method.

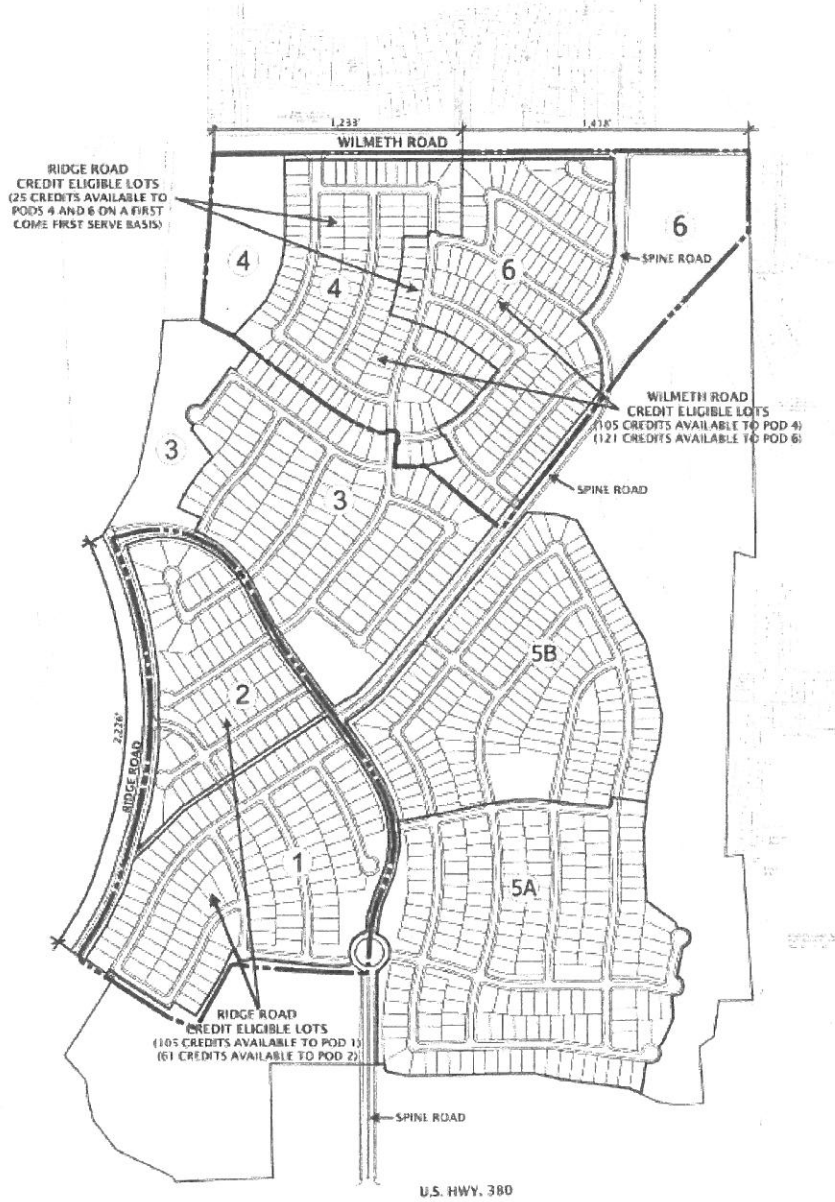
B. UTILITIES.

1. The OWNER shall construct water and wastewater improvements on each portion or phase of the Property concurrently with the development and platting of that particular portion or phase of the Property as necessary to support development of that portion or phase of the Property and to install lines as shown on and required by the CITY's Master Water and Sewer Plans. The OWNER shall also be responsible for the relocation of any utility lines necessitated by or arising out of the development of the Property, subject to the approval of the CITY Engineer.
2. Utility impact fee credits are available for oversize participation for only those water and sanitary sewer or wastewater lines identified on the IFCIP at the time of construction. Those water and wastewater lines not found on the IFCIP at the time of construction will be available for credits upon their inclusion on a future IFCIP (and the CITY agrees that it will revise the IFCIP to include such lines if it requires the OWNER to construct lines not shown on the IFCIP). The CITY shall have the option to grant or award water and wastewater impact fee credits against the actual costs of constructing any of the water and/or wastewater oversize improvements above the twelve-inch (12") diameter portion of the utility lines rather than paying an oversize reimbursement. Impact fee credits shall be calculated based on the CITY's then current Utility Impact Fee schedule. In the event CITY has imposed impact fees with respect to any portion of the Property during the 12 month period immediately preceding the effective date of this Agreement, such impact fees shall be paid or reimbursed, as applicable, to the applicable OWNER.

EXHIBIT C TO ANNEXATION AGREEMENT
HIKE AND BIKE TRAIL DIAGRAM



**EXHIBIT D TO ANNEXATION AGREEMENT
DIAGRAM OF DEVELOPMENT "PODs"**



ROAD IMPACT FEE CREDIT

**AUBURN HILLS
MCKINNEY, TEXAS**