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CITY SECRETARY

THE STATE OF TEXAS

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COUNTY OF COLLIN

FIRST AMENDED TAX ABATEMENT AGREEMENT

This First Amended Tax Abatement Agreement is entered into by and between the *City of McKinney, Texas*, a home rule municipality of Collin County, Texas, duly acting herein by and through its City Manager (hereinafter referred to as CITY) and *Traxxas, L.P.*, a Texas limited partnership (hereinafter referred to as "Traxxas"), duly acting herein by and through its General Partner, Traxxas Management, LLC.

WITNESSETH:

WHEREAS, on June 14, 2010, the City entered into a tax abatement agreement ("Original Tax Abatement Agreement") for real property containing approximately twelve (12) acres of land and located at the corner of Henneman Way and Stacy Road in McKinney, Texas, and

WHEREAS, the parties to the Original Tax Abatement were Traxxas, L.P. and the City of McKinney, Texas; and

WHEREAS, the City and Traxxas desire to amend the date by which the certificate of occupancy must be received by Traxxas.

NOW, THEREFORE, the Parties hereby mutually agree as follows:

Section 1. The Original Tax Abatement Agreement as executed by the City and Traxxas, L.P. is attached hereto as Exhibit A.

Section 2. The second paragraph of Section 3 of the Original Tax Abatement Agreement is amended to read as follows:

This Tax Abatement Agreement is conditioned upon Traxxas receiving a Certificate of Occupancy for the Improvements on or before February 3, 2013.

- Section 3. All of the other terms, conditions and consideration for the Original Tax Abatement Agreement are unmodified by this First Amended Tax Abatement Agreement and are continued in full force and effect.
- Section 4. This First Amended Tax Abatement Agreement shall not be considered a default of the Original Tax Abatement Agreement; however, the default provisions in Section 6 of the Original Tax Abatement Agreement remain in full force and effect for the term of the Abatement.
- Section 5. This First Amended Tax Abatement Agreement shall constitute a valid and binding Agreement between the *City* and *Traxxas L.P.* when executed.
- Section 6. This Agreement is performable in Collin County, Texas, to be effective as of the 19th day of July, 2011 ("effective date").

ATTEST:

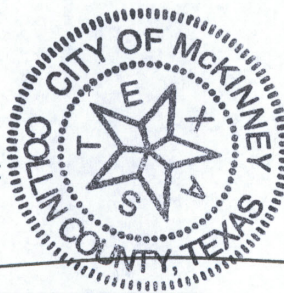
Sandy Hart 7/19/11

SANDY HART, TRMC, MMC
City Secretary
BLANCA I. GARCIA
Assistant City Secretary

CITY MCKINNEY, TEXAS

Jason Gray
JASON GRAY
City Manager

APPROVED AS TO FORM:



Mark S. Houser
MARK S. HOUSER
City Attorney for the
City of McKinney, Texas

TRAXXAS, L.P.,
a Texas limited partnership,

By TRAXXAS MGMT, LLC
Its General Partner

By: 

Title: MANAGING MEMBER

Date: 7/26/2011

EXHIBIT A

THE STATE OF TEXAS

COUNTY OF COLLIN

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TAX ABATEMENT AGREEMENT

This Tax Abatement Agreement is entered into by and between the City of McKinney, Texas, a home-rule municipality of Collin County, Texas, duly acting herein by and through its City Manager (hereinafter referred to as the "City") and Traxxas, L.P., a Texas limited partnership (hereinafter referred to as the "Traxxas"), duly acting herein by and through its General Partner, Traxxas Management, LLC.

WITNESSETH:

WHEREAS, Section 312.002(a) of the Texas Tax Code requires the City to pass a resolution indicating the City's desire to become eligible to participate in tax abatement agreements; and

WHEREAS, the City Council of the City of McKinney, Texas, has previously adopted a resolution stating that the City elected to be eligible to participate in tax abatements; and

WHEREAS, on the 2nd day of September, 2008, City Council of the City, adopted Tax Abatement Guidelines and Criteria, pursuant to Section 312.002 of the Texas Tax Code, which are attached hereto as *Exhibit A*, and referred to as the Policy Statement; and

WHEREAS, the Policy Statement attached hereto as *Exhibit A*, constitutes appropriate guidelines and criteria governing tax abatement agreements to be entered into by the City as contemplated by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code; and

WHEREAS, on the 15th day of June, 2010, the City Council of the City passed Ordinance No. 25 establishing Reinvestment Zone No. 25, for the City of McKinney, Texas, for commercial-industrial tax abatement, hereinafter referred to as the "Ordinance"), as authorized by chapter 312 of the Texas Tax Code, as amended; and

WHEREAS, Traxxas presently owns the real property located within Reinvestment Zone No. 25, within the City of McKinney, Texas; and

WHEREAS, Traxxas acknowledges and agrees that the tax abatements granted by this Agreement are contingent upon its compliance with this Agreement in accordance with the terms and conditions set forth herein; and

WHEREAS, the tax abatement will maintain and enhance the commercial-industrial economic and employment base of the City of McKinney thereby benefiting the City in accordance with the Policy Statement and the Property Redevelopment and Tax Abatement Act; and

WHEREAS, the contemplated use and improvement of the Real Property, and the locating of the taxable situs of the Personalty, as hereinafter defined, in the amounts and for the purposes set forth in this Agreement and the other terms hereof are consistent with encouraging development of said Reinvestment Zone No. 25, City of McKinney, Texas, in accordance with the purposes for its creation and are in compliance with the Policy Statement and the Ordinance, and similar guidelines and criteria adopted by the City and all applicable law; and

WHEREAS, Traxxas acknowledges and agrees that as a condition to receiving a tax abatement Traxxas will employ an annual average of 130 employees working on the Real Property during a portion of the term of this Agreement; and

WHEREAS, Traxxas acknowledges and agrees that as a condition to receiving a tax abatement a minimum taxable value (whether actual or rendered; and including an equivalent method through the execution of a Payment in Lieu of Tax Agreement) of Twelve Million Dollars (\$12,000,000.00) on new real estate improvements and business personal property located on the Real Property that was not located in the City previous to the Effective Date of this Agreement; and

WHEREAS, this Tax Abatement Agreement was approved by the City at a regularly scheduled meeting consistent with Section 312.207(a) of the Texas Tax Code.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. Findings Incorporated.

All the above premises are hereby found to be true and correct and are hereby approved and incorporated into the body of this Agreement as if copied in their entirety.

SECTION 2. Definitions.

The following words shall have the following meanings when used in this Agreement.

- (a) **Agreement.** The word "Agreement" means this Tax Abatement Agreement, together with all exhibits and schedules attached to this Agreement from time to time, if any.
- (b) **City.** The word "City" means the City of McKinney, Texas. For purposes of this Agreement, City's address is City of McKinney, 222 N. Tennessee Street, McKinney, Texas 75069.

- (c) **Improvements.** The word "Improvements" means a building or buildings consisting of office, warehouse, retail space, and a related "test track" constructed on the Real Property, and as generally depicted in *Exhibit C* of this Agreement.
- (d) **Traxxas.** The word "Traxxas" means Traxxas, L.P., a Texas limited partnership and shall also include any entities, including but not limited to Starfish Investments, LP, which are affiliated or related thereto. For purposes of this Agreement, Traxxas' address is 1100 Klein Road, Plano, Texas 75074.
- (e) **Real Property.** The words "Real Property" mean the approximately twelve (12) acre tract of land generally located at the corner of Henneman Way and Stacy Road in McKinney, Texas, and as further described and or depicted in *Exhibit B* of this Agreement, on which the Improvements will be constructed.

SECTION 3. Property Subject to Tax Abatement.

The real property subject to this Agreement shall be a fee simple interest owned by Traxxas or Starfish Investments, LP, in certain real property located at the corner of Henneman Way and Stacy Road in McKinney, Texas, and as further described and or depicted in *Exhibit B* of this Agreement, which is attached hereto and incorporated herein for all purposes. The property is hereinafter referred to as the Real Property and is located within said Reinvestment Zone No. 25, City of McKinney, Texas. The Real Property is the situs of the Improvements. The Real Property shall be subject to a tax abatement to the extent the market value thereof, as reflected on the tax rolls of the Collin Central Appraisal District, in any eligible year, exceeds the value thereof, as reflected on the tax rolls, in the year immediately preceding the commencement of construction of the Improvements on the Real Property.

This Tax Abatement Agreement is conditioned upon Traxxas receiving a Certificate of Occupancy for the Improvements on or before February 3, 2012.

Further, Traxxas agrees to locate on the Real Property certain business personal property which was not on the tax rolls of the City prior to the Effective Date of this Agreement; such business personal property shall be referred to hereinafter as Personalty and shall be subject to the terms of the tax abatement described in this Agreement.

Traxxas agrees that to be eligible for the abatement described herein, the City shall be in receipt of a final, non-appealable determination of the Collin County Central Appraisal District of the taxable value of the Improvements and the Personalty (excluding the value of the land) which equals or exceeds **Twelve Million Dollars (\$12,000,000.00)**. If the Improvements and Personalty (excluding the value of the land) do not equal or exceed a taxable value of **Twelve Million Dollars (\$12,000,000.00)** as determined by the Collin County Central Appraisal District, eligibility may alternatively be met by the receipt of written confirmation that for any affected Tax Year, Traxxas has rendered the value of the Improvements and Personalty with the Central Appraisal District of Collin County ("CAD") at not less than **Twelve Million Dollars (\$12,000,000.00)**; or in the

alternative, and in conjunction with any affected Tax Year, Traxxas has elected and has executed a Payment in Lieu of Taxes Agreement with City covering any gap in City ad valorem taxes which would have been payable had the Improvements and Personalty been taxable at \$12,000,000.00.

SECTION 4. Tax Abatement.

Subject to the terms and conditions of this Agreement, and subject to the rights and holders of any outstanding bonds of the City, a portion of ad valorem taxes assessed upon the Real Property related to the Improvements, and the portion of the ad valorem taxes assessed upon the owned Personalty added to the Real Property of Traxxas and otherwise owed to the City shall be abated as follows:

- (a) Term and Conditions of Eligibility. The maximum number of years during which taxes shall be eligible to be abated on the Real Property and the Personalty shall be eight (8) years; however, notwithstanding anything herein to the contrary, such eight years of abatement may be realized at any time during a ten (10) year period commencing in the first tax year that begins after (i) the issuance of the Certificate of Occupancy for the Improvements to the Real Property, (ii) Traxxas satisfies all of the conditions in Section 3 above, and (iii) the employment by Traxxas of at least an annual average of 130 "qualified employees" (calculated using the number of employees each pay period divided by 26) working at the Real Property during a particular tax year (i.e., the tax abatement period starts on January 1 of such year). "Qualified employees" shall mean employees having an average annual salary of at least \$60,000.00/year. In addition to the average annual salary requirement, the aggregate annual payroll for the qualified employees shall be not less than \$7,800,000.00. Owners of Traxxas shall not be considered in the calculation of average annual salaries under this Section 4(a). In addition, Traxxas shall allow free public access to the "test tracks" on Saturdays, Sundays and legal holidays. The hours during which the public shall have free access (weather permitting) are:

Saturday	8 hours scheduled at Traxxas' discretion (primarily coinciding with the operating hours of the retail store)
Sunday	4 hours scheduled at Traxxas' discretion (primarily coinciding with the operating hours of the retail store)
Legal Holidays	Only during those operating hours of the retail store.

- (b) Abatement Amount. The tax abatement rate for each such eligible year during the tax abatement period shall be the following percentage of the portion of the value of the Improvements to the Real Property and Personalty added to and located on the Real Property that is subject to abatement, as set forth in Section 3, and such qualifications as noted elsewhere in this Agreement:

Tax Abatement Period (after its commencement)	Abatement Percentage for City
Ten (10) Years, beginning with the first year of eligibility; however not more than 8 years of abatement within the Tax Abatement Period	50%

Said abatement of the taxes assessed on the Improvements to the Real Property and Personalty added to and located on the Real Property shall be based upon the increased value of the Real Property and Personalty added to and located on the Real Property. The abatement of the taxes assessed on the Personalty excludes other tangible personal property that was located on the Real Property at any time before the period covered by this Agreement with the City in accordance with the terms of this Agreement and all applicable federal, state, and local laws and regulations. Further, said Personalty subject to the this tax abatement agreement shall be business personal property located upon the Real Property which as of the effective date of this Agreement was not on the tax rolls of the City from other property owned or leased by Traxxas.

SECTION 5. Use of Property.

As consideration for the agreements of the City contained herein, Traxxas agrees that it will pursue the commencement and completion of the Improvements on the Real Property consistent with the requirements set forth herein. Traxxas agrees that construction of the Improvements will be in accordance with all applicable federal, state, and local laws and regulations. The Real Property shall be limited in its use to office and commercial-industrial real property consistent with the City's development goals which is to encourage development or redevelopment of the zone.

SECTION 6. Default and Recapture Provision.

(a) Event of Default.

In the event that (1) Traxxas fails to complete construction of the Improvements to the Real Property in accordance with this Agreement; (2) Traxxas allows its personal property taxes owed the City to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of any such taxes; (3) Traxxas fails to render the Personalty added to the Real Property after the Effective Date of this Agreement during any year of this Agreement or fails to maintain the taxable situs thereof in the City of McKinney, Collin County, Texas; (4) Traxxas fails to employ an annual average of at least 130 qualified employees working at the Real Property following commencement of the abatement period as described in Section 4 (a) hereof; or (5) Traxxas breaches any of the terms or conditions of this Agreement, then this Agreement shall be in default. In the event that Traxxas defaults in its performance of (1), (2), (3), (4), or (5) above, then the City shall give Traxxas written notice of such default and if Traxxas has not cured such default within sixty (60) days of said written notice, then the tax abatement applicable to the year in which such default occurred and during any subsequent year in which the default continues, shall

be suspended, and the full amount of taxes for such year(s) shall be due. If any ongoing default is subsequently cured, in the sole judgment of the City, then the tax abatement shall be reinstated for any remaining years of eligibility within the term described in Section 4 (a) hereof.

(b) Notice, Effect of Default.

Notice shall be in writing and shall be delivered by personal delivery or certified mail, return receipt requested, or overnight delivery to the addresses below.

Notice to Traxxas:

Mike Jenkins
President
Traxxas, L.P.
1100 Klein Road
Plano, Texas 75074

Notice to City:

Frank Ragan
City Manager
City of McKinney
P.O. Box 517
McKinney, Texas 75069

SECTION 7. Right of Access for Inspection.

Traxxas further agrees that the City, its agents and employees, shall have reasonable right to access to the Real Property and Personalty added to the Real Property for the purpose of inspecting the Improvements and other items subject to this Agreement in order to ensure that the construction of the Improvements are in accordance with this Agreement and all applicable federal, state, and local laws and regulations. After completion of the Improvements, the City shall have the continuing right of inspection to ensure that such are thereafter maintained and operated in accordance with this Agreement.

SECTION 8. Building Permit and Inspection Fee Waiver.

City agrees to reimburse Traxxas for building permit and inspection fees paid by Traxxas during the planning, design, development and construction of the Improvements, up to a maximum reimbursement amount of \$65,000.00. City's reimbursement shall be payable on October 1, 2011 and shall be based on only those building permit and inspection fees paid by Traxxas prior to

October 1, 2011. No reimbursement shall be paid unless Traxxas complies with the valuation requirements of Section 3 above.

SECTION 9. Annual Certification.

On or before April 1 of each year, Traxxas shall provide to City written certification that Traxxas is in compliance with each applicable term of this Agreement. Such certification shall be in a form mutually agreed upon between Traxxas and the City, and shall include, at a minimum, information supporting Traxxas' conclusions that it met (or expects to meet) each condition and requirement to abatement set forth in this Agreement during the years in which Traxxas is eligible for abatement as described herein. Any failure of the City to request or demand such certification shall not constitute a waiver of such certification or any future certification.

SECTION 10. Cancellation or Modification of Agreement.

The City and Traxxas agree that this Agreement may only be cancelled, amended or modified by mutual agreement of the parties hereto.

SECTION 11. Authorization to Sign this Agreement.

This Agreement was authorized by Resolution of the City Council at its council meeting on the 15th day of June, 2010, authorizing the City Manager to execute the Agreement on behalf of the City.

This Agreement was entered into by Traxxas on the 14th day of June, 2010, pursuant to authority granted to Traxxas Management, LLC, General Partner of Traxxas.

SECTION 12. Miscellaneous Provisions.

- (a) **Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Collin County, Texas. Venue for any action arising under this Agreement shall lie in the state district courts of Collin County, Texas.
- (c) **Assignment.** This Agreement may not be assigned without the express written consent of the other party; however, notwithstanding anything herein to the contrary, Traxxas may assign this Agreement to any affiliate, including but not limited to Starfish Investments,

LP, without consent of the City.

- (d) **Binding Obligation.** This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. City warrants and represents that the individual executing this Agreement on behalf of City has full authority to execute this Agreement and bind City to the same. Traxxas warrants and represents that the individual executing this Agreement on its behalf has full authority to execute this Agreement and bind it to the same.
- (e) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- (f) **Effective Date.** The effective date (the "Effective Date") of this Agreement shall be the date of the later to execute this Agreement by Traxxas and City.
- (g) **Filing.** In order to receive the tax abatement pursuant to this Agreement, Traxxas understands it must file, between January 1 and April 30 of each year, with the appraisal district an application for property tax abatement exemption, in a form similar to the form attached hereto as *Exhibit D*, during the term of this Agreement.
- (h) **Severability.** In the event any provision of this Agreement shall be determined by any court of competent jurisdiction to be invalid or unenforceable, the Agreement shall, to the extent reasonably possible, remain in force as to the balance of its provisions as if such invalid provision were not a part hereof.
- (i) **Sovereign Immunity.** No party hereto waives any statutory or common law right to sovereign immunity by virtue of its execution hereof.
- (j) **Undocumented Workers.** Traxxas certifies that Traxxas does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Traxxas is convicted of a violation under 8 U.S.C. § 1324a(f), Traxxas shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of eight percent (8%), not later than the 120th day after the date the City notifies Traxxas of the violation.

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ATTEST:

CITY OF MCKINNEY, TEXAS,

Sandy Hart 6/15/10

SANDY HART, TRMC, MMC
CITY SECRETARY

[Signature]

DEPUTY CITY MANAGER

APPROVED AS TO FORM:

[Signature]

MARK S. HOUSER
CITY ATTORNEY FOR THE
CITY OF MCKINNEY, TEXAS



TRAXXAS, L.P.

a Texas limited partnership,

TRAXXAS MGMT, LLC

By: *[Signature]*

Its General Partner *MICHAEL S. JENKINS*

Date: *6/14/2010*

Exhibit A

Tax Abatement Guidelines and Criteria

CITY OF MCKINNEY
COMPREHENSIVE POLICY STATEMENT ON ECONOMIC DEVELOPMENT AND
COMMUNITY REDEVELOPMENT INCENTIVES
(Adopted 2008)

I. General Purpose and Objectives

The City of McKinney is committed to the promotion of high quality development in all parts of the City, and to an ongoing improvement in the quality of life for its citizens. Insofar as these objectives are generally served by the enhancement and expansion of the local economy, the City of McKinney will, on a case by case basis, give consideration to providing tax abatement as a stimulus for economic development in McKinney. It is the policy of the City of McKinney that said consideration will be provided in accordance with the procedures and criteria outlined in this document.

According to Texas law, Property Redevelopment and Tax Abatement Act, V.T.C.A., Tax Code, Chapter 312, the City of McKinney may grant a tax abatement on the increment in value added to a particular property by a specific development proposal which meets the economic goals and objectives of the City. The tax abatement shall not apply to any portion of the inventory or land value of the project. Tax abatement may be offered on improvements to real property owned by the applicant and/or on new personal property brought to the site by the applicant. Projects which are developed involving leased real or personal property shall be governed under special terms and conditions which may be set forth in the agreement governing each specific tax abatement.

Tax abatement will not be ordinarily considered for projects which would be developed without such incentives unless it can be demonstrated that higher development standards or other development and community goals will be achieved through the use of the abatement.

Nothing herein shall imply or suggest that the City of McKinney is under any obligation to provide tax abatement to any applicant. All applicants shall be considered on a case-by-case basis.

II. Criteria for Tax Abatement

Any request for tax abatement shall be reviewed by the Joint Committee on Tax Abatement. In the event that a meeting of the Joint Committee on Tax Abatement cannot be convened in the timeframe needed to submit an economic development proposal, the City Manager or his designee is authorized to draft a tax abatement proposal to the company requesting an incentive package, subject to later review and approval by the Joint Committee on Tax Abatement and the City Council. The Joint Committee on Tax Abatement shall be comprised of:

- Two elected officials from the City of McKinney, as appointed by the Mayor,
- Two elected officials from the McKinney Independent School District, as appointed by the President of the Board of Trustees, if the McKinney Independent School District currently participates in tax abatements,
- One elected official from Collin County, as appointed by the County Judge, if Collin County currently participates in tax abatements, and
- One elected official from the Collin County Community College Board of Trustees, as appointed by the President of the Board of Trustees, if the Collin County Community College currently participates in tax abatements.

The Joint Committee on Tax Abatement serves as a recommending body to the taxing entities regarding whether economic development incentives should be offered in each individual case.

Their recommendation shall be based upon a subjective evaluation of job creation, additional taxable value created, other incentives provided by the City of McKinney and the McKinney Economic Development Corporation, length of time to recover value of all incentives provided through property taxes, and community impact. The applicant may be requested to address the following criteria in narrative format.

1. A breakdown of types and number of jobs along with total annual payroll in sufficient detail that wages per employee can be analyzed relative to existing average wage trends in the community.
2. A summary of real and personal property value added to the tax roll; direct sales tax generation from either purchases or sales by the applicant; community and applicant investment in infrastructure; projected annual facility generating budget; whether or not the applicant proposes new construction, rehab or reuse of existing buildings, or some combination. This information must be provided in sufficient detail to accommodate an analysis of the fiscal impact on the community.
3. Summarize relocated employees and where from along with projected employment from the local or regional labor market including any plans for enhancing local hired job skills and resultant wage earning capacity.
4. Describe project environmental impacts upon beginning operations to include air, noise, and water.

III. Value of Incentives

The subjective criteria outlined in Section II will be used by the Joint Committee on Tax Abatement in determining whether or not it is in the best interests of the affected taxing entities to recommend that tax abatement be offered to a particular applicant. Specific

considerations will include the degree to which the individual project furthers the goals and objectives of the community, as well as the relative impact of the project.

Once a determination has been made that a tax abatement should be offered, the value and term of the abatement will be determined by referencing the following table:

Value of Structure, Payroll & Personal Property	Years of Abatement	Percent of Abatement
\$80,000,000	10	25%
70,000,000	9	25%
60,000,000	8	25%
50,000,000	7	25%
40,000,000	6	25%
30,000,000	5	25%
20,000,000	4	25%
10,000,000	3	25%
5,000,000	2	25%

An additional number of years of abatement or an increased percentage of abatement may be granted to a project, subject to negotiation with the City, if the applicant meets one (1) or more of the following criteria:

1. The applicant's average wages for full-time employees exceeds the norm of McKinney wages within similar industry classifications by twenty (20) percent;
2. The applicant's value of improvements to real property exceeds the norm of McKinney building values by twenty-five (25) percent;
3. The estimated value of personal property (furniture, fixtures, inventory and equipment, etc.) to be added to the tax roll exceeds by thirty-five (35) percent the per square foot value of the building;
4. The value of the land owned by the applicant is abnormally higher as compared to the value of the real property improvements with a threshold for such a land value being fifty (50) percent of the value of the real property improvements thereon;
5. The applicant is an existing business in the City of McKinney which is expanding its operations; for these expansions, the Joint Committee on Tax Abatement may also choose to consider an abatement based on threshold values of structure, payroll & personal property that are fifty (50) percent of the values listed in the chart above;
6. The applicant presents a plan consistent with that established by the Equal Employment Opportunity Commission for the hiring of local disadvantaged and underemployed persons in McKinney; and/or

7. The applicant meets certain unique circumstances as specified in the abatement agreement.
8. The applicant is located in or will locate in a state-designated enterprise zone within the City of McKinney and is designated by the State of Texas as an official enterprise zone project. Such applicants will be eligible for an additional five (5) percentage points of abatement over and above the abatement offered in the City's basic policy outlined above.
9. The proposed project uniquely and significantly contributes to economic development goals of the City of McKinney, and is expected to attract other significant economic development projects to the City.

On a case-by-case basis, the City Council and the Joint Committee may consider offering an alternate tax abatement percentage where a project significantly improves the tax base or supports or attracts other commercial/industrial projects.

Any tax abatement granted a project shall become effective on January 1 of the year following the issuance of a Certificate of Occupancy (CO) unless otherwise specified in the tax abatement agreement.

Any person, organization or corporation desiring that McKinney consider providing tax abatement to encourage location or expansion of operations within the city limits of McKinney shall be required to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that McKinney is under any obligation to provide tax abatement in any amount or value to any applicant.

Preliminary Application Steps

- A. Applicant shall complete "Application for Tax Abatement" form.
- B. Applicant shall submit a cover letter describing the project, its expected benefits to the community, other impacts on the community, any incentives requested or approved by the McKinney Economic Development Corporation, and any additional information pertinent to the project.
- C. Applicant shall prepare a plat showing the precise location of the property, and all roadways within 500 feet of the site.
- D. If the property is described by metes and bounds, a complete legal description shall be provided.
- E. Applicant shall complete all forms and information detailed in items A through D above and submit them to the Assistant City Manager, City of McKinney, Post Office Box 517, McKinney, Texas 75069-0517.

Application Review Steps

- F. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested as needed.
- G. The application will be distributed to the appropriate City departments for internal review and comments. Additional information may be requested as needed.
- H. Copies of the complete application package and staff comments will be provided to the Joint Committee on Tax Abatement.

Consideration of the Application

- I. The Joint Committee on Tax Abatement will consider the application at a regular or called meeting(s). Additional information may be requested as needed.
- J. The recommendation of the Joint Committee on Tax Abatement will be forwarded, with all relevant materials, to the chief administrative officer of each taxing entity.
- K. The City Council of McKinney may consider a resolution calling for a public hearing to consider establishment of a reinvestment zone.
- L. The City Council of McKinney may hold the public hearing and determine whether the project is "feasible and practical and would be of benefit to the land to be included in the zone and to the municipality."
- M. The City Council of McKinney may consider adoption of an ordinance designating the area described in the legal description of the proposed project as a commercial/industrial reinvestment zone.
- N. The City Council of McKinney may consider adoption of a resolution approving the terms and conditions of a contract between the City and the applicant governing the provisions of the tax abatement.
- O. The governing bodies of the McKinney Independent School District, Collin County and Collin County Community College may consider ratification of and participation in the tax abatement agreement between the City of McKinney and the applicant.

Exhibit B

**Legal Description and or Depiction
of Real Property**

LEGAL DESCRIPTION OF 12.0 ACRES

BEING a 12.000 acre tract of land situated in the John W. Roberts Survey, Abstract Number 762, in the City of McKinney, Collin County, Texas and being a portion of a 27.898 acre tract of land described by deed to McKinney Seven 28, LP and recorded in Volume 5911, Page 5140 of the Deed Records of Collin County, Texas (DRCCT) and being more particularly described as follows:

BEGINNING at a 5/8 inch iron rod set for the northerly corner of a corner cut-off line at the point of intersection of the northwesterly right-of-way line Henneman Way (80' wide, Cabinet 2007, Page 298) west right-of-way line of Stacy Road (variable width);

THENCE following the northwesterly right-of-way line of said Henneman Way as follows:

SOUTH 16°04'40" WEST a distance of 20.03 feet to a 5/8 inch iron rod set for corner;

SOUTH 64°34'09" WEST a distance of 183.32 feet to a 5/8 inch iron rod set for corner;

SOUTH 62°39'39" WEST a distance of 150.08 feet to a 5/8 inch iron rod set for corner;

SOUTH 64°52'19" WEST a distance of 643.77 feet to a 5/8 inch iron rod set for corner;

THENCE departing the northwesterly right-of-way line of said Henneman Way, NORTH 00°38'52" EAST a distance of 680.20 feet to a 5/8 inch iron rod set for corner;

THENCE NORTH 64°52'20" EAST a distance of 704.09 feet to a 5/8 inch iron rod set in the west right-of-way line of said Stacy Road;

THENCE along the west right-of-way line of said Stacy Road, SOUTH 25°32'27" EAST a distance of 597.24 feet to POINT OF BEGINNING.

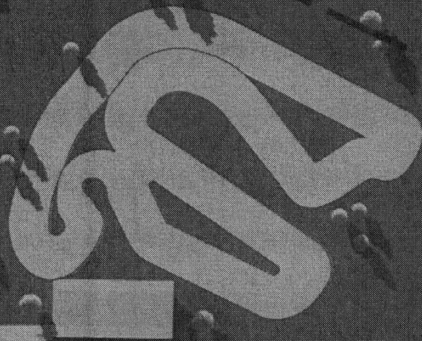
CONTAINING 12.000 acres or 522,717 square feet of land, more

MEM 2006-049-A-13.1 LEGAL 06/04/2010

Exhibit C

Depiction of Improvements to the Real Property

HENNINGMAN WAY



PROPOSED PROPERTY LINE

4 STORY OFFICE
120,000 GSF

POWERHOUSE
20,000 GSF

STACY ROAD

Exhibit D

**Application for Property Tax Exemption
Texas State Comptroller's Office
Form 50-116**

APPLICATION FOR PROPERTY TAX ABATEMENT EXEMPTION

YEAR

Appraisal district name		Phone (area code and number)	
Address			
<p>This application covers property you owned on January 1 of this year. You must file the completed application between January 1 and April 30 of this year. Be sure to attach any additional documents requested. You must apply for this exemption every year; it will not be automatically renewed.</p>			
Step 1: Owner's name and address	Owner's name		
	Present mailing address		
	City, state, ZIP Code		Phone (area code and number)
	Name of person preparing this application	Driver's License, Personal I.D. Certificate, or Social Security Number	Title
	Type of owner <input type="checkbox"/> Individual <input type="checkbox"/> Association <input type="checkbox"/> Corporation <input type="checkbox"/> Nonprofit corporation <input type="checkbox"/> Leasehold		
Step 2: Describe the property <i>If you applied last year and nothing has changed, and/or your agreement(s) were not modified, skip this step and Step 3. Sign in the renewal section below.</i> <i>If you complete Step 2 with attachments, return to this original page to complete Step 3.</i>	Legal description		
			Appraisal district account number (Optional)
	Please list the taxing units that have agreed to abate your taxes and attach copies of the abatement agreement for each unit.		
	Are the terms and duration of each taxing unit's agreement different or identical? <input type="checkbox"/> Different <input type="checkbox"/> Identical		
	If different, please copy this form for each taxing unit and complete Step 2 for each unit. In the area where you listed the taxing units, please circle the taxing unit that you are summarizing. If identical, please describe the nature of the abatement agreements for this year by completing the following: <input type="checkbox"/> Lump sum exemption of \$ _____ <input type="checkbox"/> Percentage exemption of _____ % <input type="checkbox"/> Other (Attach a statement describing the method of calculating abatement. Give dollar value to be exempted this year.) Does the agreement abate taxes on personal property? Yes <input type="checkbox"/> No <input type="checkbox"/> Are you in compliance with the agreement? Yes <input type="checkbox"/> No <input type="checkbox"/> If "No," attach a statement explaining the reason for non-compliance.		
Step 3: Sign and date the application	By signing this application, you certify that this information is true and correct to the best of your knowledge and belief.		
	sign here Authorized signature		Date
	On behalf of (name of organization)		Title
RENEWAL of existing exemption	I certify that the information given in the application filed for _____ is still true and correct to the best of my knowledge and belief.		
	sign here Authorized signature		Date
	On behalf of (name of organization)		Title
	If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.		

* You are required to give us this information on this form, in order to perform tax related functions for this office. Section 11.43 of the Tax Code authorizes this office to request this information to determine tax compliance. The chief appraiser is required to keep the information confidential and not open to public inspection, except to appraisal office employees who appraise property and as authorized by Section 11.48(b), Tax Code.