



February 6, 2013

Mr. Jason Gray  
City Manager  
222 North Tennessee Street  
McKinney, Texas 75069

Dear Mr. Gray:

This letter is in reference to the Loan Agreement and Tax Abatement Agreement between Traxxas L.P., the McKinney Economic Development Corporation, and the City of McKinney as amended.

We request an extension of the certificate of occupancy dates for the Distribution Center from February 3, 2013 to April 1, 2013 and for the Office Building from July 31, 2013 to December 31, 2013.

Currently the Distribution Center is 90+% complete and will be occupied by April 1, 2013. The Office Building received its full permit on October 18, 2012. The foundation for this building is already complete and plans for steel delivery and construction are scheduled for late February 2013. There was a preliminary infrastructure walkthrough on Tuesday, February 5, 2013. Final acceptance of the infrastructure should occur within 12 working days. Since we have already completed most of the foundation and infrastructure for the Office Building, we believe the new completion dates will be met, barring any unforeseen delays.

As a review, the first land purchase of 16 acres was made in July 2010. The initial construction plans contemplated total construction cost of under \$20MM. The following August 2011, an additional 14 acres were purchased at the same location, for a total of 30 acres. The additional acreage resulted in a redesign of the Traxxas Campus and the first change to the completion dates. The estimated cost of the Traxxas Campus also increased to nearly \$50MM. Construction of the redesigned campus was scheduled to begin in the fall of 2011. However, prior to the start of construction, it was determined that the architectural drawings were incomplete and incorrect, requiring a complete redesign of the campus by new architects. The redesign delayed the start of construction until the summer of 2012 and a second amendment to the completion dates was asked for and received.

As of December 31, 2012, we have made capital improvements in excess of \$12MM, which meets the second amendment requirement of \$10MM in capital improvements for the 2013 tax year.

We do appreciate the continued cooperation and support the City Council has given us, and we look forward to relocating to the McKinney Traxxas Campus this year.

Sincerely,

A handwritten signature in blue ink that reads "E.A. Milo Mattorano".

E.A. Milo Mattorano  
Vice President of Finance

CC: Traxxas: Mr. Mike Jenkins, President; Mr. Rick DuPont, Chief Financial Officer  
City of McKinney: Mr. Jim Wehmeir, MEDC, CEO; Mr. Mark Houser, Legal Counsel

**SECOND AMENDMENT  
TO LOAN AGREEMENT**

February 3, 2013 (the "Effective Date")

This Second Amendment to Loan Agreement (the "Second Amendment"), dated as of the Effective Date, is entered into by and between **MCKINNEY ECONOMIC DEVELOPMENT CORPORATION**, a Texas nonprofit corporation ("**MEDC**"), and **TRAXXAS, L.P.**, a Texas limited partnership ("**Traxxas**").

**RECITALS**

**WHEREAS**, the MEDC and Traxxas have entered into that certain Loan Agreement, dated June 15, 2010 (the "**Agreement**") for a loan or loans and other financial accommodations to enable Traxxas, to locate its corporate headquarters to a new location in McKinney, Texas; and

**WHEREAS**, the MEDC and Traxxas have entered into that certain Amended and Restated Loan Agreement, dated July 19, 2011, ("First Amendment") to supersede that one certain Agreement between MEDC and Traxxas mentioned above, and

**WHEREAS**, the parties hereto desire to amend the First Amendment on the terms set forth below.

**NOW, THEREFORE**, for and in consideration of the foregoing recitals and the mutual covenants and promises of the MEDC and Traxxas set forth in this Second Amendment, the MEDC and Traxxas agree as follows:

1. **Affirmative Covenants**. Section 3b of the First Amendment is amended to read in full as follows:

**Certificate of Occupancy:** Traxxas shall obtain a Certificate of Occupancy for the Distribution Building on or before April 1, 2013, and is further conditioned upon Traxxas receiving a Certificate of Occupancy for the Office Building on or before December 31, 2013.

2. **Events of Default**. Section 6a of the First Amendment is amended to read in full as follows:

**Certificate of Occupancy:** Failure of Traxxas or Traxxas' Affiliate(s) to substantially complete the construction of the building improvements, site the equipment, and obtain a Certificate of Occupancy for the Distribution Building on or before April 1, 2013, and is further conditioned upon Traxxas receiving a Certificate of Occupancy for the Office Building on or before December 31, 2013.

3. Counterparts. This Second Amendment may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

4. Full Force and Effect. Except to the extent specifically herein amended, all other terms, provisions and conditions of the Agreement shall remain unmodified and in full force and effect. In the event of any conflict between the provisions of the Agreement and the provisions of this Second Amendment, the provisions of this Second Amendment shall control.

**IN WITNESS WHEREOF**, this Second Amendment has been executed as of the Effective Date.

**MEDC:**

MCKINNEY ECONOMIC DEVELOPMENT  
CORPORATION,  
a Texas Non-Profit corporation

By: \_\_\_\_\_  
JIM WEHMEIER  
President-CEO  
Date Signed: \_\_\_\_\_

**TRAXXAS:**

TRAXXAS, L.P.,  
a Texas limited partnership

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date Signed: \_\_\_\_\_

PREPARED IN THE OFFICES OF:

*BROWN & HOFMEISTER, L.L.P.*

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