

TERM SHEET
CITY OF MCKINNEY
AND
AIMBRIDGE HOSPITALITY

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

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

1. Incentive Agreements

- a. The City will approve a Chapter 380 Economic Development Agreement (the “EDA”) whereby the Developer, by itself or through an approved assignee, agrees commits to construct, manage and operate the Facility, with requirements for final completion of construction and opening for business by January 31, 2020. The EDA shall provide for performance-based, Facility-generated reimbursement incentives as follows:
 - i. Reimbursement to the Developer quarterly of seventy-five percent (75%) of the Sales Tax Receipts (hereinafter defined) for a five (5) year period commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Facility and fifty percent (50%) of the Sales Tax Receipts for an additional five (5) years thereafter;
 - ii. Reimbursement to the Developer annually of an amount equal to seventy-five percent (75%) of the real property improvement and business personal property ad valorem taxes assessed against the Facility and actually received by the City, exclusive of ad valorem taxes assessed on the land and assessments of other taxing entities, for a period of five (5) years commencing on the year in which a certificate of occupancy is issued for the Facility and fifty percent (50%) of the real property improvement and business personal property ad valorem taxes assessed against the Facility for an additional five (5) years thereafter;

- iii. A quarterly operations grant to the Developer equal in an amount equal to seventy-five percent (75%) of the Hotel Occupancy Taxes (HOT) received by the City for room-night transactions at the Facility for a period of five (5) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Facility and fifty percent (50%) of the HOT received by the City for room-night transactions at the Facility for an additional five (5) years thereafter;
 - iv. The cumulative reimbursements to Developer pursuant to 1(a)(i) through 1a(iii) above shall not exceed Ten Million and No/100 Dollars (\$10,000,000.00).
 - v. For purposes of this section, the term "Sales Tax Receipts" shall mean and include net receipts actually received by the City from the State of Texas for taxable items sold at the Facility during the periods of time set forth above, which receipts shall not include those allocated to the McKinney Economic Development or McKinney Community Development corporations.
- b. The McKinney Community Development Corporation will approve a performance agreement in favor of the Developer or an approved assignee containing the following:
- i. A term loan to Developer, secured by a subordinate lien on the Facility, and repayable in whole or in part at any time without penalty by the Developer, in the amount of Five Million and No/100ths Dollars (\$5,000,000.00) to be funded at the commencement of construction of the Facility and bear interest thereafter until the earlier of (i) eight (8) years from the issuance of the certificate of occupancy or (ii) a sale or refinancing event that occurs after the initial refinancing of any interim construction loan (including extensions thereof) into a permanent loan (both (i) and (ii) above being a "Repayment Event") at a rate of 3% per annum, which will not be payable periodically but will accrue annually as simple, not compounded, interest on the loan amount, with all accrued and unpaid interest being due and payable along with the principal at the Repayment Event; and
 - ii. A grant to Developer in the amount of Three Million and No/100ths Dollars (\$3,000,000.00) payable at the time of the issuance of a certificate of occupancy for the Facility.

2. Branding and Franchise

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

3. Project

The Project shall contain at a **minimum** the following:

- a. Land: Approximately 8.011 acres located on the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway
- b. Guest rooms: 285
- c. 33,000 square feet of conference space consisting of:
 - i. At least a 6,000 square feet main ballroom
 - ii. At least a 4,000 square feet junior ballroom
 - iii. At least 12,000 square feet of breakout rooms
 - iv. At least 1,000 square feet of boardrooms
 - v. At least 5,000 square feet of pre-function space
 - vi. At least 5,000 square feet of outdoor event space
- d. On-site amenities shall include a resort style pool with “lazy river”, fitness center, concierge, three-meal restaurant, lounge with terrace/pool seating and food/beverage service, coffee/bakery kiosk, structured parking, valet and self-parking, gift/sundries shop, business center and Facility-wide high speed internet.
- e. Access to off-site amenities shall include guest access to the TPC golf course and Cooper Aerobics Center fitness facility, together with at least 3,000 square feet of conference meeting space.

Agreed:

City of McKinney, Texas

Date: _____

Owner

Date: _____