

Confidential Economic Development Negotiations

March 27, 2025

THIRD AMENDED TERM SHEET

**CITY OF MCKINNEY, TEXAS
MCKINNEY COMMUNITY DEVELOPMENT CORPORATION
MCKINNEY ECONOMIC DEVELOPMENT CORPORATION
AND
CR JW HOTEL, LLC**

This non-binding Third Amended Term Sheet ("Term Sheet") is entered into by and between the City of McKinney (the "City") the McKinney Community Development Corporation (the "MCDC"), the McKinney Economic Development Corporation (the "MEDC")(collectively, the "City Parties") and CR JW Hotel, LLC ("Developer") concerning the construction and operation of a resort hotel with 290 guest rooms, a conference center containing approximately 51,000 square feet as more fully described in Paragraph 3.d. herein, a resort-style pool with "lazy river", a fitness center, a three-meal restaurant and specialty restaurant, a lounge with terrace/pool seating and food/beverage service, pickleball courts, structured parking, valet and self-parking, a gift/sundries shop and a business center (the "Hotel"). In addition, above the Hotel structure will be situated at least forty-five (45) for-sale condominiums served by a separate amenity deck (the "Condominiums"). The Hotel and Condominiums will be located on an 8.011 acre parcel at the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway, and include guest access to the TPC Craig Ranch golf club and the Life Time McKinney at Craig Ranch facility (collectively, the "Project"). The Developer intends to form a joint venture to develop the Hotel and as such the City Parties agree to allow Developer to either (1) assign agreements contemplated by this term sheet to the joint venture or (2) negotiate those agreements between the City Parties and the joint venture. This Term Sheet supersedes and amends that one certain Term Sheet dated effective December 21, 2023.

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, commits to construct, manage and operate the Hotel, with requirements for final completion of construction and opening for business by April 30, 2028. Expressly conditioned upon a timely Hotel opening, the EDA shall provide for performance-based, Hotel-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 period of twelve (12) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Hotel; and

- 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 Hotel and actually received by the City for the applicable Tax Year, exclusive of ad valorem taxes assessed on the land, the Condominiums and any assessments of other taxing entities, for twelve (12) Tax Years, the first of which shall be the Tax Year after which a certificate of occupancy is issued for the Hotel; and
 - iii. A quarterly operations grant to the Developer 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 Hotel for a period of twelve (12) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Hotel; and
 - iv. The cumulative reimbursements to Developer pursuant to Paragraph 1(a)(i) through Paragraph 1(a)(iii) above shall not exceed Eighteen Million and No/100ths Dollars (\$18,000,000.00) (the "Incentive Cap") or be less than Thirteen Million and No/100ths Dollars (\$13,000,000.00) (the "Incentive Floor"). A pro rata decrease in the cumulative reimbursements will be made on the date of issuance of a certificate of occupancy should the Final Project Costs (acquisition, construction, financing, and soft costs) be less than \$324,000,000.00 for the Hotel and Condominiums, but in no event will the cumulative reimbursements be less than the Incentive Floor. If the Incentive Floor is not reached during the twelve (12) year period, the cumulative reimbursements shall extend annually thereafter until the Incentive Floor is earned.
 - 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 Hotel during the periods of time set forth above, which receipts shall not include those allocated to the MEDC or the MCDC.
 - vi. The City shall also waive the payment of the 2022 Park Development Fee for the Condominiums in the amount of \$1,600.00 for each condominium unit, up to a maximum of \$80,000.00.
- b. The MCDC 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 Hotel, and repayable in whole or in part at any time without penalty by the Developer, in the advanced amount of Ten Million Two Hundred Fifty Thousand and No/100ths Dollars (\$10,250,000.00), to be funded at the commencement of construction of the Hotel and bear interest thereafter until the earlier of (i) eight (8) years from the issuance of the Hotel certificate of occupancy or (ii) upon a sale, equity distribution, or refinancing event that occurs after the refinancing of any interim construction loan (including extensions thereof) into a permanent loan (both (i) and (ii) above being a "Repayment Event") at a variable interest rate equal to the then existing Fed Funds

Effective Rate (EFFR) [currently 4.33%], adjusted semi-annually. The interest on the term loan shall be payable annually on the loan amount, with all accrued and unpaid interest being due and payable along with the principal on the date of any Repayment Event; and

- ii. A grant to Developer in the aggregate amount of Twenty-Five Million and No/100ths Dollars (\$25,000,000.00), payable at the time of the issuance of a certificate of occupancy for the Hotel.
- c. The MEDC will approve a performance agreement in favor of Developer or an approved assignee containing a grant in the amount of up to Two Million and No/100ths Dollars (\$2,000,000.00) payable at the issuance of a certificate of occupancy for the Hotel to the verified reimbursement of costs for Weiskopf right-of-way work (\$600,000.00), for converting a section of Van Tuyl Parkway to bi-directional traffic (\$400,000.00) and for general utility and drainage work related to the Hotel (\$1,000,000.00).
- d. The Developer shall fund (through periodic payment of invoices under the City's consultant agreement) the cost of a consultant, selected and engaged solely by the City, to make application to the Texas Comptroller for funding under the Brimer Bill to enable the City to provide, if at all, additional incentives under the EDA in favor of the Developer, or an approved assignee, in accordance with the following:
 - i. A quarterly operations grant to the Developer in an amount equal to one hundred percent (100%) of the Hotel Occupancy Taxes (HOT) received by the State and remitted to the City for room-night transactions at the Hotel for a period of ten (10) years commencing on the first day of the month following the month in which a certificate of occupancy is issued for the Hotel (the "Commencement Date"); and
 - ii. A quarterly operations grant to the Developer in an amount equal to one hundred percent (100%) of the State portion of the Sales Tax Receipts received by the State and remitted to the City for a period of ten (10) years commencing on the Commencement Date; and
 - iii. A quarterly operations grant to the Developer in an amount equal to one hundred percent (100%) of the State Mixed Beverage Gross Receipts Tax received by the State and remitted to the City for a period of ten (10) years commencing on the Commencement Date.
 - iv. The City shall have no obligation to provide additional incentives under this Paragraph 3.d if funding is not approved by the Texas Comptroller. Failure to receive funding shall not modify the obligations of any party under this Term Sheet or any agreement contemplated thereby. The City and Developer shall share equally (50%/50%) all Brimer Bill funding received under Paragraph 1(d)(i-iv) in excess of \$31,000,000.00. In addition, Developer shall indemnify and hold harmless the City for any recapture payment(s), attributable to Developer's receipt of grant

payments hereunder, owed to the Comptroller at the end of 20 years, including a lien on the Project/Property for any unpaid amounts.

2. Branding and Franchise

The Hotel shall be branded **JW MARRIOTT RESORT MCKINNEY CRAIG RANCH**, and the franchise therefore shall be maintained for the Hotel for the Term of the EDA.

3. Hotel Requisites

The above-referenced incentives are expressly conditioned upon the City Parties' review and approval of Developer's lender and equity partner final financing terms and construction requirements which shall contain the items in 3(a)-(g) below.

- a. Land: Approximately 8.011 acres located on the northeast corner of Collin McKinney Parkway and Van Tuyl Parkway.
- b. Receipt of an updated hotel market feasibility study, which contains an economic impacts analysis of the Project, (the "Market Study") from IIVS Consulting & Valuation, having an effective date of April 1, 2025, or later, that includes the projected IRR for the Hotel.
- c. Hotel guest rooms: 290
- d. At least 51,575 square feet of Hotel conference space, the size and configuration of which satisfies the Brimer Bill for the State revenues listed in Paragraph 1.d. above, consisting of:
 - i. At least 12,000 square feet main ballroom with movable partitions to create 4 separate spaces
 - ii. At least 5,000 square feet junior ballroom with movable partitions to create 3 separate spaces
 - iii. At least 4,500 square feet of breakout rooms with movable partitions to create 3 separate spaces
 - iv. An estimated 1,000 square feet of boardrooms
 - v. An estimated 12,825 square feet of pre-function space
 - vi. An estimated 11,750 square feet of banquet preparation and service space
 - vii. An estimated 6,750 square feet of outdoor event space
- e. Hotel amenities shall include a resort style pool with "lazy river", fitness center, concierge, three-meal restaurant and specialty restaurant, pickleball courts, lounge with terrace/pool seating and food/beverage service, structured parking, valet and self-parking, gift/sundries shop, business center. Day passes to the hotel's recreational amenities shall be available to non-guests on a "daily fee" basis, subject to agreed rules and blackout periods.
- f. Access to off-site amenities shall include Hotel guest access to the TPC golf course and Lifetime Fitness and Spa facility.

g. JW Marriott-specified finishes throughout the Hotel.

4. City Parties Incentive Conditions.

In addition to the foregoing and as a condition to funding any incentives, i) the City Parties shall have received conditional letters of financing approval from all lender and equity partners above prior to December 31, 2025, ii) the Developer shall have conveyed the land to the joint venture on or before April 30, 2025, and iii) the City Parties shall have approved, if at all, the updated Market Study on or before June 1, 2025. The project will target the development timeline provided in Exhibit A. Lastly, the Developer shall cooperate with the City Parties to obtain an extension of the current Chapter 380 Economic Development Agreement by and between the City, MCDC, and the Salesmanship Club Charitable Golf of Dallas, Inc. through the 2033 Byron Nelson CJ Cup tournament. This Term Sheet shall automatically terminate if any of the conditions in the first sentence of this Paragraph 4 are not timely satisfied.

AGREED:

CITY PARTIES:

CITY OF MCKINNEY, TEXAS,
a Texas home rule city

By: 

PAUL G. GRIMES
City Manager

Date: 3/27/25

AGREED:

MCKINNEY COMMUNITY
DEVELOPMENT CORPORATION,
a Texas non-profit corporation

By: 

ANGELA RICHARDSON-WOODS
Chairman of the Board

Date: 3-27-2025

AGREED:

**MCKINNEY ECONOMIC
DEVELOPMENT CORPORATION,**
a Texas non-profit corporation

By: Brian S. Loughmiller
BRIAN S. LOUGHMILLER

Chairman of the Board

Date: 4/11/25

By: Michael A. Kowski, Jr.
MICHAEL A. KOWSKI, JR.

President and CEO

Date: 3/28/25

AGREED:

DEVELOPER:

CR JW Hotel, LLC,
a Texas limited liability company

By: 

(Name) DAVE JOHNSON

(Title) Manager

Date: 3/27/25

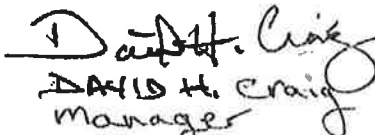

DAVID H. CRAIG
manager
3/27/25

Exhibit A: Project Development Timeline

JW Marriott Craig Ranch Estimated Development Timeline		
#	Milestones	Date
1	JV Term Sheet Signed	1/8/2025
2	JV Closing on the Land	4/30/2025
3	Debt Capital Secured	9/30/2025
4	Equity Capital Secured	12/31/2025
5	Construction Drawings 50% Complete	12/31/2025
6	Construction Drawings 100% Complete	3/31/2026
7	Construction Start	3/31/2026
8	Construction Completion	3/31/2028