

May 9, 2023

## **Honey Creek Development Term Sheet**

The non-binding terms below are conceptual and final terms would be the subject of a detailed Development Agreement, including exhibits and graphics under Chapter 172 of the Texas Local Government Code. This Term Sheet is executed by and between McKinney Ranch, LTD. or its permitted assigns and the City of McKinney, Texas, as Texas home rule municipality (“CITY”). OWNER and the Developer may be jointly obligated for certain performance requirements of OWNER in the Term Sheet, as set out in the Development Agreement.

### **OWNER/District rights and obligations:**

1. **OWNER Obligations.** OWNER shall satisfy all conditions pursuant to the CITY Consent Resolution (“Consent”) adopted on December 20, 2022, supporting establishment of the Honey Creek Improvement District #1 (the “HCID”) through passage of special legislation in the 88<sup>th</sup> Texas Legislature (“HCID Legislation”) including, but not limited to, the following:
  - a. Development Agreement execution pursuant to the terms described hereinafter.
  - b. Annexation and zoning of the Property consisting of ~1,648 acres depicted in Exhibit A – PROPERTY consistent with, and contingent upon, an executed Development Agreement and passage of the HCID Legislation.
2. **Zoning.** OWNER shall submit a formal application for zoning or rezoning, consistent with the Development Agreement, for the entirety of the PROPERTY not more than ten (10) business days after the later of (i) the submittal to CITY of a complete Development Agreement drafted by OWNER and conditionally approved by CITY staff containing the terms herein, (ii) 60 days after the execution and the City Council’s approval of this Term Sheet and (iii) the passage of the HCID Legislation. In any case, OWNER shall obtain zoning approvals from CITY on or before the HCID Dissolution date set forth in the HCID Legislation, September 1, 2024 or this Term Sheet shall be null and void.
3. **Annexation.** OWNER shall seek voluntary annexation for all properties not already incorporated into the city’s corporate limits which are intended to be included as a part of the HCID concurrent with the formal application for zoning described in Paragraph 2 above.
4. **OWNER Infrastructure.** OWNER shall be responsible for the design, construction, and conveyance to CITY of all easements, rights-of-way, and public infrastructure (“OWNER Infrastructure”) required by the CITY’s Unified Development Code and any other CITY ordinance governing development of the Property including, but not limited to, the following items, further detailed in Exhibit B – INFRASTRUCTURE, including alignments, sizes and with agreed construction/phasing timelines:
  - a. Roadway improvements required by the CITY’s Master Thoroughfare Plan and required to serve the development of the Property as confirmed in a Transportation Impact Analysis (“TIA”) obtained and funded by OWNER, subject to CITY’s approval.
  - b. Water, Sewer and Drainage improvements required by the CITY’s Master Water/Sewer Plans reflected in Exhibit B – INFRASTRUCTURE and all other water and sewer improvements required to serve development of the PROPERTY excluding CITY obligations as described on Exhibit B –INFRASTRUCTURE.
  - c. CITY shall participate in the funding of the construction of the Laud-Howell Parkway bridge

as described herein.

5. Public Land. OWNER shall dedicate, at no cost, the following land to the CITY, at locations and in amounts to be agreed upon in the Development Agreement, which dedications may be reimbursed to the Developer by the HCID to the extent allowed by the HCID Legislation:
  - a. A 2.5-acre site identified on the City's Waster Master Plan to accommodate a three-million-gallon CITY elevated water storage tank.
  - b. Strips of land between public utilities and the Property's outer boundary to be formalized in the Development Agreement.
  - c. Site(s) for CITY public facilities, including a 3-5 acre fire station site, a park maintenance facility site, and a 10-acre municipal facility site, details and general locations of which to be determined in the Development Agreement.
  
6. Community Enhancements. OWNER shall construct Community Enhancements, as hereinafter defined, including but not limited to those containing special benefits as referenced in the HCID Legislation, Chapter 375, Subchapter F, Texas Local Government Code or Section 372.003 of the Texas Local Government Code such as amenities, parks and open space, trails and enhanced monumentation signage for the benefit of the Property as a high-quality Master-Planned Community and the CITY. "Community Enhancements" shall mean facilities open to the public as well as facilities for private resident use only as detailed below, recognizing that any facilities for private resident use only may not be eligible for financing by the HCID.
  - a. Amenity Facilities. OWNER shall construct a minimum of three (3) Amenity Facilities, of which a minimum of one (1) shall contain a resort-style swimming pool, indoor air-conditioned space, restrooms, and a playground. As part of or separate from the Amenity Facilities, OWNER shall provide additional amenities which shall include, at a minimum, tennis courts, fitness center(s), bocce ball, pickleball, and community gardens. Amenity Facilities may be restricted for private resident access only at OWNER's discretion, and OWNER shall create a Homeowner's Association (the "HOA") for purposes of maintenance of the Amenity Facilities.
  - b. Parkland and Open Space Dedication. OWNER shall provide an enhanced Parks and Open Space network for the Property (the "Parks & Open Space"), to be constructed and improved by OWNER, maintained in perpetuity by the HOA, and at all times made accessible to the public, as further detailed in Exhibit C – PARKS & OPEN SPACE subject to, and inclusive of the items below:
    - i. CITY Parkland Dedication and Improvements: Prior to issuance of a development permit for CITY Parkland, OWNER shall escrow with CITY \$6,000,000 to design and construct 20 acres of CITY Parkland contemplated to occur through two (2) equal cash escrows of \$3,000,000 each, for two (2) Parks. The parkland shall be conveyed by OWNER to CITY at no cost and located entirely outside of the floodplain, to be used for active recreation, such as ball fields, playground, or other park/recreation uses as determined by the CITY. Following construction by OWNER and conveyance to CITY, OWNER shall retain responsibility for ongoing maintenance through a contract by and between the HOA and CITY and shall receive, if the City elects, an annual, per acre, reimbursement from CITY for that portion(s) of the HOA's maintenance costs which are above the CITY's costs of maintenance on a CITY park with similar attributes. The location of the parcel(s) and the timing of OWNER's escrow and construction shall be determined by OWNER and CITY in the Development Agreement.

- ii. Neighborhood Open Space: OWNER shall improve not less than 200 acres for Neighborhood Open Space, to be maintained in perpetuity by the HOA and available, at all times, to the public. Individual Neighborhood Open Spaces shall include (1) a minimum of 35 acres of Neighborhood Parks, each consisting of a minimum of 1.2 acres, or (2) more intimate pocket, alley, and mews parks, each consisting of a minimum 0.25 acres, or (3) neighborhood trail corridors, each being at least 20' wide and which provide connectivity within the neighborhoods, or (4) more expansive linear trail corridors, each connecting Parks and Open Space within the Property to adjacent properties, or (5) open space that promotes view corridors such as enhanced landscape buffers. Neighborhood Open Space may include not more than 33 percent of parkland within the flood plain and shall be programmed with both active and passive improvements, such as enhanced landscaping, trails, playgrounds, furniture and other seating areas, event lawns, pavilions, public art, shade structures, basketball goals, campsites, restrooms and other landscape/hardscape features. CITY may allow more than 33% of parkland in the floodplain the 200 acres requirement of this Paragraph if certain Community Enhancements are provided by OWNER as further detailed in the Development Agreement.
- c. Trails. OWNER shall design and construct a network of hike and bike trails with widened sidewalks (the "Trail Network") within public, pedestrian access easements and rights-of-way, in conformance with the CITY'S Master Parks & Trails Plan to provide alternative non-motorized access throughout the Parks and Open Space network as well as schools, neighborhoods, civic, commercial and other destinations within the Property and to the surrounding region as referenced in Exhibit D – OWNER Trail Network. The Trail Network shall be accessible to the public, including an underpass at Laud-Howell Pkwy to establish a pedestrian connection between the Property and Erwin Park. The hike and bike trails shall contain a minimum of 30 miles of linear footage.
- d. OWNER's Parks and Open Space Improvements including the Trail Network shall satisfy CITY Park Dedication and Park Development Fee requirements as stated in the Unified Development Code for up to 9,000 single-family and multi-family units in aggregate on the Property at build-out. To the extent the amended zoning allows more than 9,000 units and if subsequent development results in the issuance of permits of greater than 9,000 units, the Property shall be subject to CITY Park Dedication, Park Development Fees, and Park Development Requirements for the development of any units thereafter.
- e. Right-of-Way Medians: OWNER shall have the right, but not the obligation to maintain ROW medians above CITY standards. If OWNER elects to do so, the HOA shall be responsible for full maintenance expense of such median and receive an annual, pro-rata reimbursement from CITY for that portion of the cost equal to CITY standard level of maintenance. If OWNER elects not to maintain medians, CITY will do so consistent with CITY standards.
- f. Affordable Housing: OWNER shall cooperate with CITY in pursuing partnership opportunities to create up to 50 affordable, entry-level ownership units.
- g. Residential Architectural and Site Standards: Prior to any vertical construction, OWNER shall implement certain Architectural building standards for residential units, including exterior finish materials and other building and site elements as described in the Development Agreement, as such are approved in advance by CITY. In addition, and prior to any vertical construction, OWNER agrees to create and implement Design Guidelines and a Pattern Book to establish and regulate the building architectural to further enhance the development of the Property, as such are approved in advance by CITY. These private covenants and restrictions,

managed by OWNER and HOA shall establish the architectural vision and intent for any development within the Property and ensure future architectural and building standards across residential and commercial buildings, support improved streetscapes, bolster property valuation, and provide an enhanced community. A representative conceptual design of the residential products, including their spatial relationship to the Community Enhancements, within the Property is graphically depicted in Exhibit E which conceptual design elements shall be incorporated into an exhibit of the Property in the Development Agreement. The zoning and rezoning applications in Paragraph 2 shall incorporate these designs.

7. Assessments. HCID may levy assessments on the Property in accordance with regulations stated in Chapter 372, Texas Local Government Code, the HCID Legislation and the Development Agreement.
  - a. HCID assessments shall only be levied for a period of up to 30 years.
  - b. The annual HCID assessment to property owners within the HCID (the “HCID Assessment”) shall be determined by OWNER at OWNER’s sole discretion so long as the maximum allowable bond authorization does not exceed \$350,000,000, in the aggregate.
  - c. Property that is publicly owned by the CITY or McKinney Independent School District (“MISD”) shall not be subject to HCID assessments.
8. Disclosures. OWNER shall ensure that sales of assessable property in the HCID will include disclosure of the proposed special assessments on the property per State Law. OWNER shall take additional measures to ensure disclosures for all parties in the Development Agreement.
9. Bond Financing. The public infrastructure to be financed by the HCID shall include all projects authorized under Section 372.003 and Chapter 375, Subchapter F of the Texas Local Government Code or the HCID Legislation, including all water, wastewater, drainage, and roadway improvements, parks, trails, landscaping, public parking and floodplain reclamation costs. The issuance of HCID Bonds shall be subject to Chapter 372 and Chapter 375 of the Texas Local Government Code, the HCID Legislation and the following conditions pursuant to the Development Agreement:
  - a. The terms of repayment for any bonds issued for HCID shall specify a maturity date not longer than thirty (30) years from the date of issuance, and:
  - b. HCID bonds shall only be issued on a reimbursement basis.
  - c. Costs incurred by the CITY that are associated with administration of the HCID shall be paid out of special assessment revenues levied against the Property within the HCID in an amount not to exceed \$20,000 in annual reimbursement to CITY.
  - d. OWNER shall be current on all taxes, assessments, fees and obligations under the Development Agreement to the CITY and not otherwise in default under the Development Agreement.
10. OWNER Ongoing Requirements.
  - a. OWNER and the HCID shall provide periodic information and notices of material events to the CITY and 3<sup>rd</sup> Parties as required by State Law, any continuing disclosure agreements, and the Development Agreement including notices and copies of annual budgets, Service & Assessment Plans, reporting, etc. as available.

- b. OWNER shall not be required to follow municipal bidding procedures on HCID-funded improvements if the improvement qualifies for an exemption outlined in Section §252.022 of the Texas Local Government Code or the HCID Legislation.

**CITY rights and obligations:**

11. Development Agreement: OWNER shall submit a first draft of a formal Development Agreement outlining the terms herein within sixty (60) days after the CITY's approval and execution of this Term Sheet.
12. CITY shall reasonably cooperate with the OWNER, in the creation and operation of the HCID within the Property pursuant to the Development Agreement, including any actions necessary for the issuance of HCID Bonds by the HCID.
13. Impact Fees and Credits. Impact fee credits shall be available for all applicable OWNER infrastructure dedicated to and accepted by the City, in accordance with applicable City Ordinances, as amended. Additionally, pro rata agreements shall be available for offsite water and wastewater lines that are constructed by OWNER in accordance with City Ordinances, as amended. The HCID shall not impose an impact fee within the Property.
14. HCID Rights to Issue Bonds. The CITY acknowledges that the HCID has the authority to issue bonds pursuant to the HCID Legislation (the "HCID Bonds") solely secured by funds available to the HCID for financing and constructing the Public Improvements and subsequent conveyance to the CITY, the proceeds of which will be used to reimburse OWNER for, among other things, its actual costs.
15. CITY Infrastructure. Unless otherwise stated herein, CITY agrees to design and construct, at its expense, or fund OWNER's construction of the following infrastructure:
  - a. One elevated storage tank, sized per the CITY's Water Master Plan, conditioned upon a CITY utility study confirming need and specifications.
  - b. Acquire easements, at OWNER's expense, only for offsite water lines noted in Paragraph 3.b, if required to serve the property.
  - c. Hardin Boulevard bridge. If the Hardin Blvd. bridge is needed, as the CITY determines, CITY shall be responsible for the design and construction of the Hardin Blvd. bridge spanning Honey Creek. Prior to CITY's execution of the construction contract for any project which includes the Hardin Blvd. bridge, OWNER shall escrow with the CITY that amount of the construction costs, as determined by the unit prices in the awarded bid, for that cost of constructing four (4) lanes of the roadway, which includes the bridge segment, spanning Honey Creek. Once the escrowed funds have been received by CITY, OWNER shall have no other obligations to build or fund the construction of a Hardin Blvd. bridge spanning Honey Creek. OWNER shall receive lane-mile roadway impact fee credits for the horizontal segment of roadway funded, but OWNER shall not seek or receive reimbursement in any form, impact fee credits, HCID proceeds or otherwise for that portion of Hardin Blvd. bridge construction funded by CITY.
  - d. Laud Howell Parkway bridge. OWNER shall design and construct the six (6) lane Laud Howell Parkway bridge spanning Honey Creek. CITY shall have final approval of the architectural and aesthetic design of the bridge, which is intended to complement the branding of the development, such approval not to be unreasonably withheld. Upon completion and final acceptance of said bridge, CITY agrees to reimburse OWNER for its construction costs, currently estimated to be \$18,500,000, but in any event shall not exceed a maximum cost reimbursement of \$23,000,000, less the cost of constructing four (4) lanes of an at-grade Major

Arterial roadway, as determined by CITY, of equal length to the bridge spanning Honey Creek. Prior to execution of the Development Agreement, OWNER and CITY will utilize an Opinion of Probable Cost from a mutually agreed, third-party engineer to agree on the CITY's maximum cost reimbursement in the preceding sentence. OWNER shall receive lane-mile roadway impact fee credits for the horizontal segment of roadway funded, but OWNER shall not seek or receive reimbursement in any form, impact fee credits, HCID proceeds or otherwise for that portion of Laud Howell Parkway bridge construction funded by CITY.

16. CITY Rights to 3<sup>rd</sup> Party Funding. Should CITY secure funding from 3<sup>rd</sup> parties, including other Governmental Entities, for any CITY-funded Infrastructure required under Paragraph 15 above, CITY shall be the sole beneficiary of such funds thereby decreasing its funding obligations by amount of 3<sup>rd</sup> Party funding. To the extent CITY secures 3<sup>rd</sup> Party Funding, CITY shall escrow at time of construction for Laud-Howell Parkway or thereafter if received prior to completion.
17. District Boundaries. CITY shall permit OWNER to annex into the HCID, the two portions of land adjacent to the Property depicted on Exhibit F – HCID Land Annexation (the “Annexation Tracts”) subsequent to OWNER submitting a petition the HCID Board on the express condition that OWNER simultaneously submits a petition to the CITY to voluntarily annex the Annexation Tracts into the CITY's corporate limits and CITY provides a consent resolution for such addition of land to the HCID prior to annexation. Upon the addition of the Annexation Tracts into the HCID and their annexation into the CITY's corporate limits, such land shall be subject to the same zoning and all other regulations provided in the Development Agreement provided that the development of the Annexation Tracts complies with the City's then applicable Master Plans, Park Dedication and Park Development Fee requirements, and Subdivision Ordinance. OWNER acknowledges that additional exactions shall apply to the Annexation Tracts, in addition to those described in this Term Sheet. OWNER and HCID shall not exclude any of the Property or the Annexation Tracts from the HCID without the express consent of the CITY. The HCID shall not be divided into separate HCIDs without the express consent of the CITY.
18. CITY Maintenance: Upon construction completion and conveyance of OWNER Infrastructure and inspection and acceptance by the CITY of same, the CITY shall own and maintain all infrastructure that is dedicated to and accepted by the CITY, unless the HOA agrees to such maintenance in lieu of CITY. OWNER shall provide CITY will a maintenance bond for all infrastructure in accordance with the ordinances of the CITY.
19. Dissolution. CITY may not dissolve or request dissolution of the HCID until OWNER is fully reimbursed for all authorized improvements eligible for funding by HCID.
20. Term of Agreement. The term of this Agreement shall be the later of: (i) thirty (30) years after the Effective Date; or (ii) the date of issuance of the final series of HCID Bonds or bonds issued by an HCID to finance Public Infrastructure but not to exceed thirty-five (35) years, unless extended by mutual agreement.
21. Agreement to Non-Binding Term Sheet. By their signatures below, the parties agree to negotiate on the proposed terms contained in this non-binding Term Sheet.

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**CITY OF MCKINNEY, TEXAS**

By: \_\_\_\_\_

Its: \_\_\_\_\_

Date: \_\_\_\_\_

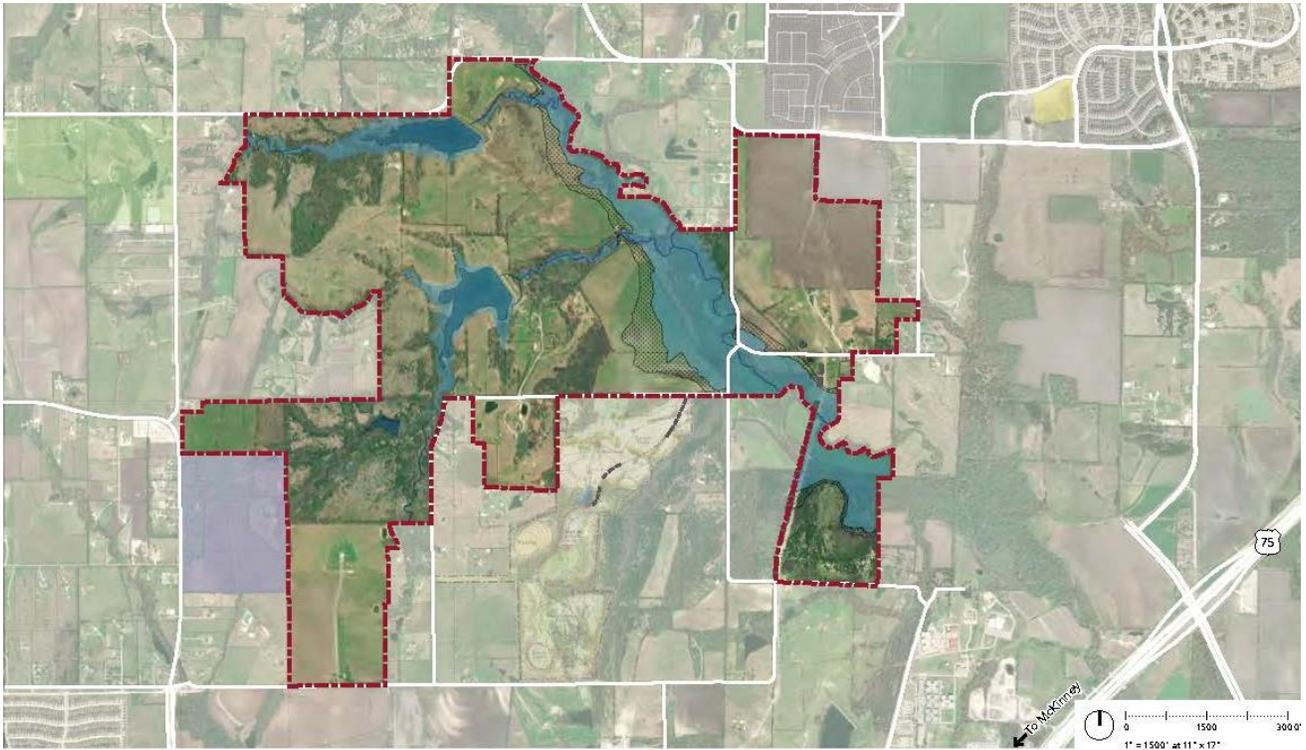
**MCKINNEY RANCH, LTD.**

By: \_\_\_\_\_

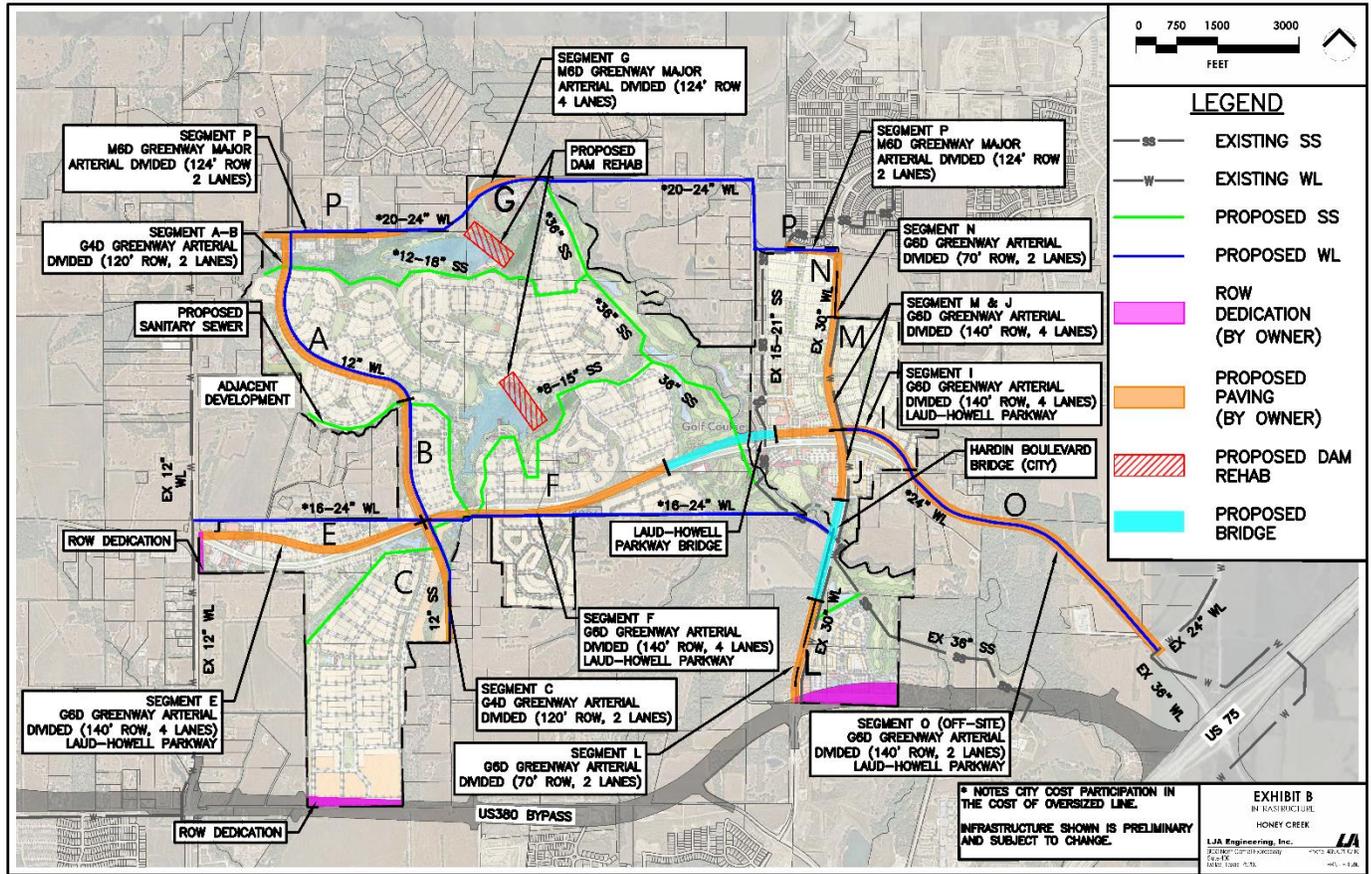
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Date: \_\_\_\_\_

**EXHIBIT A – PROPERTY 1,648 ACRES**



## EXHIBIT B – INFRASTRUCTURE



OWNER Roadway Improvements. OWNER shall fund, design, fully dedicate, construct or cause the construction of the following items:

1. Laud Howell Parkway. Four (4) lanes of Laud Howell Pkwy. –G6D Greenway Arterial Divided 6 lanes (140' ROW).
  - a. OWNER and CITY shall cooperate to achieve the roadway alignment reflected in Exhibit B, considering adjustments to the CITY's roadway master plan. On the earlier of (i) not more than ten (10) days following the issuance of a development permit from the CITY for Laud Howell Parkway or (ii) six (6) months following execution of the Development Agreement, OWNER shall reimburse CITY \$2,310,520 for the City's cost of previous alignment studies and designs ("LHP Engineering Reimbursement") Upon request, CITY shall acquire ROW for off-site portions through eminent domain or otherwise subject to compliance with state and federal law, City Council's finding of a public necessity, and OWNER paying for all legal and acquisition costs solely for portions of roadway being constructed by OWNER, based on following schedule:
  - b. OWNER shall commence construction of two (2) lanes of Laud Howell Parkway, as a single, unified construction project, from its current terminus at Lake Forest Dr. to US Highway 75, including segments Sections E, F, I, and off-site Section O. OWNER shall also construct the Laud Howell Parkway Bridge subject to City's funding obligation under Paragraph 10 above. OWNER shall complete all of the above segments, including the Laud Howell Pkwy bridge on or before December 31, 2026, subject to timely acquisition of ROW and CITY approvals as further detailed in the Development Agreement.
  - c. OWNER shall thereafter construct two (2) additional lanes for segments E, F and I and all

onsite portions per OWNER's phasing plans subject to the CITY's subdivision regulations or sooner pursuant to an approved Traffic Impact Analysis ("TIA").

2. Hardin Boulevard. Four (4) lanes of Hardin Blvd. - G6D Greenway Arterial Divided 6 lanes (140' ROW).  
Segments J, L, M, and N shall be constructed by OWNER based upon OWNER's phasing plans and the CITY's subdivision regulations or sooner pursuant to an approved TIA.
3. Taylor-Burk Drive. Four (4) lanes of Taylor-Burk Drive – G4D Greenway Arterial Divided 4 lanes (120' ROW)  
Segments A, B and C shall be constructed by OWNER based upon OWNER's phasing plans subject to agreed adjustments based on the CITY's subdivision regulations or sooner under an approved TIA. To the extent the Parties agree in the Development Agreement or otherwise, Taylor-Burk Drive may be classified in the future as a smaller roadway section.
4. CR 168 / Unnamed 5 / Weston Road. Two (2) lanes of Westin Road/CR 168 where adjacent to the Property – M6D Major Arterial Divided 6 lanes (124' ROW)  
Segments P and G shall be constructed by OWNER based upon OWNER's phasing plans based on the CITY's subdivision regulations or sooner pursuant to an approved TIA.
5. Other On-Site and Off-site roadway improvements required per City standards, or sooner based on an approved TIA including intersection improvements, turn lanes, etc., however excluding CITY obligations as described in Section 15.
6. Notwithstanding any of the foregoing qualifiers, to the extent any of the foregoing roadway segments may be required if additional development and other considerations create a need for the completion of such roadway improvements, as determined by the CITY, then OWNER shall dedicate necessary ROW and easements and CITY shall escrow funds sufficient to fully design and construct the infrastructure to be completed. CITY shall then cause the OWNER and HCID to utilize CITY's funds to construct infrastructure. Upon completion, and levy of assessment through HCID for qualifying costs, OWNER and HCID shall forthwith initiate a debt issuance which includes, at a minimum, the amount of the CITY's funds expended, and CITY shall immediately thereafter be reimbursed HCID bond proceeds for same.

OWNER Sewer Improvements. OWNER shall design, fully dedicate easements for, and construct or cause the construction of the OWNER Sewer Improvements referenced as "PROPOSED SS" in Exhibit B – INFRASTRUCTURE per CITY standards consistent with the Master Plan based on OWNER's phasing schedule subject to CITY regulations and/or a CITY-approved Sewer Study, including portions currently under design anticipated to be funded by a third-party, as referenced in item 4 below. OWNER and CITY shall coordinate with respect to the CITY's CIP related to timing of infrastructure in the Development Agreement.

1. 36" sewer line extension from terminus of existing CITY sewer line to northern boundary of Property.
2. 15"-18" sewer line connection from 36" line to northwestern portion of Property.
3. 8"-15" sewer line connection from 36" line to western portion of Property.
4. A third-party is currently contemplated to construct the 36" line between terminus of existing CITY line and the referenced 8"-15" line, as well as the balance of the 8"-15" line. In such case OWNER shall not receive sewer impact fee credits for infrastructure funded by the third-party. To the extent this does not occur, OWNER shall fund and construct the referenced sewer line, as well as be entitled to sewer impact fee credits, per the then existing CITY ordinance.

5. Notwithstanding any of the foregoing qualifiers, to the extent any of the foregoing sewer improvements may be required if additional development and other considerations create a need for the completion of such sewer improvements, as determined by the CITY, then OWNER shall dedicate necessary easements and CITY shall escrow funds sufficient to fully design and construct the sewer improvements to be completed. CITY shall then cause the OWNER and HCID to utilize CITY's funds to construct the sewer improvements. Upon completion, and levy of assessment through HCID for qualifying costs OWNER and HCID shall forthwith initiate a debt issuance which includes, at a minimum, the amount of the CITY's funds expended, and CITY shall immediately thereafter be reimbursed HCID bond proceeds for same.

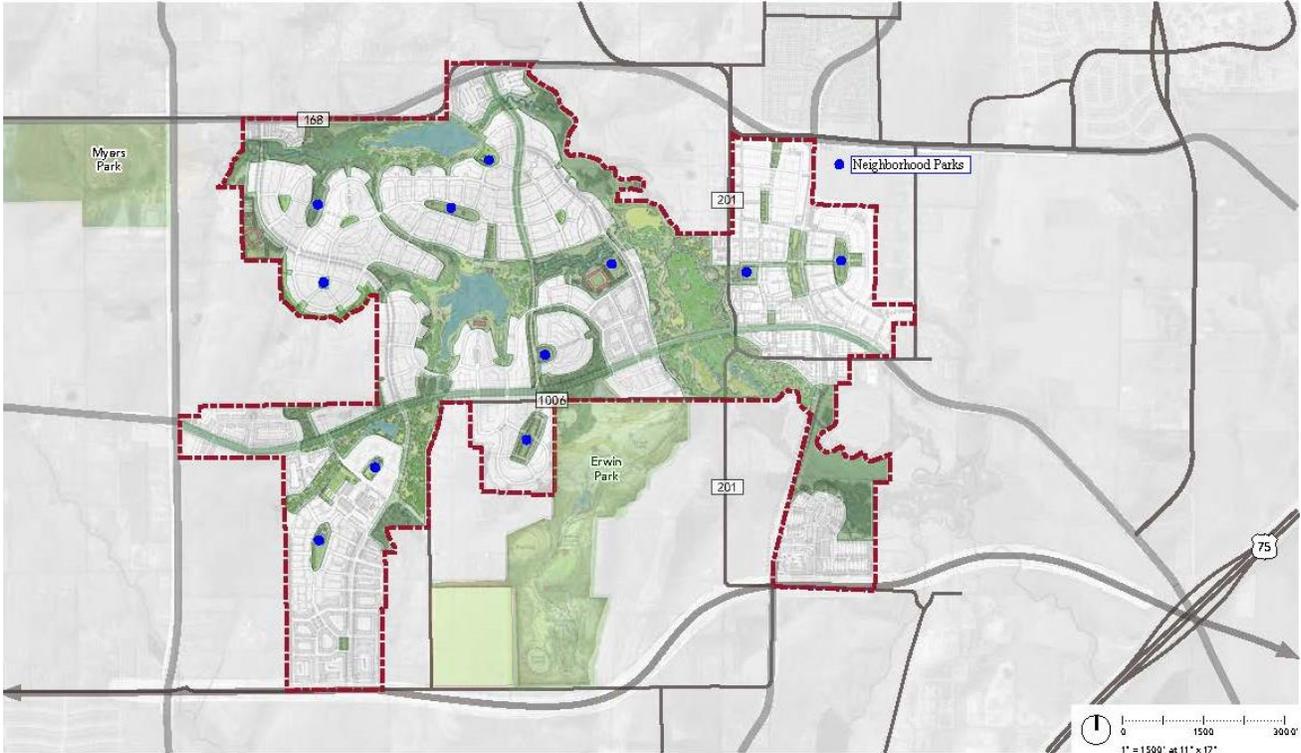
OWNER Water Improvements. OWNER shall design, fully dedicate easements for, and construct or cause construction of the OWNER Water Improvements referenced as "WL" in Exhibit B - INFRASTRUCTURE per CITY standards consistent with this agreement and the Master Plan based on OWNER's phasing schedule subject to CITY regulations and/or a CITY-approved Water Study, including portions currently under design anticipated to be funded by a third-party referenced in 2 below. OWNER and CITY shall coordinate with respect to the CITY's CIP related to timing of infrastructure in the Development Agreement.

1. 12" water line along Taylor Burke Drive. Segments A, B and C shall be constructed concurrent with OWNER's roadway improvements based on OWNER's phasing schedule and the CITY Master Plan.
2. To the extent a third-party does not construct the 16"-24" water line along Laud Howell Pkwy. between the eastern boundary of the Property to the western boundary of the Property, OWNER shall construct this water line.
3. To the extent the 20"-24" off-site water line located northeast of the Property is required to serve the development of the Property as determined by the CITY in a water study, OWNER shall construct this water line.
4. 20"-24" water lines along Laud Howell Parkway within the Property to the extent it is required per a water study based on CITY requirements, and if not built by another developer first, OWNER shall construct this water line.
5. 24" off-site water line along Segment O of Laud Howell Pkwy between the Property and US Highway 75.
6. Notwithstanding any of the foregoing qualifiers, to the extent any of the foregoing water improvements may be required if additional development and other considerations create a need for the completion of such water improvements, as determined by the CITY, then OWNER shall dedicate necessary easements and CITY shall escrow funds sufficient to fully design and construct the water improvements to be completed. CITY shall then cause the OWNER and HCID to utilize CITY's funds to construct the water improvements. Upon completion, and levy of assessment through HCID for qualifying costs OWNER and HCID shall forthwith initiate a debt issuance which includes, at a minimum, the amount of the CITY's funds expended, and CITY shall immediately thereafter be reimbursed HCID bond proceeds for same.

OWNER Drainage Improvements.

NRCS Lake Dams. OWNER shall improve the dams as needed for development of the Property per OWNER's phasing schedule subject to CITY regulations and/or a CITY-approved Drainage Study. CITY shall coordinate with third parties consistent with prior NRCS dam rehabilitations should that option to coordinate become available. OWNER and CITY shall coordinate with respect to the CITY's CIP related to timing of infrastructure in the Development Agreement.

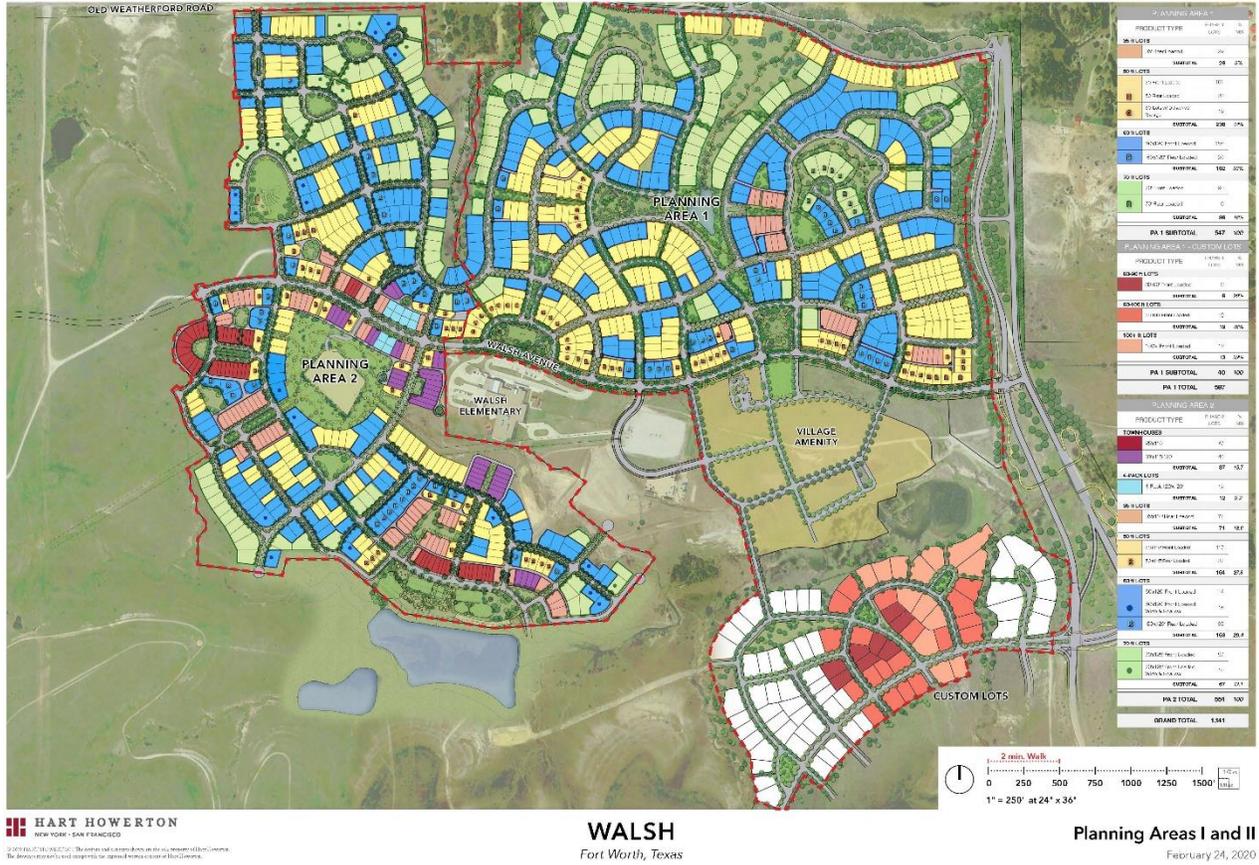
## **EXHIBIT C – PARKS & OPEN SPACE**



Parks and Open Space Framework. OWNER shall dedicate and fund an enhanced Parks and Open Space framework for the Property conceptually depicted on the Exhibit, subject to the provisions contained herein above and more specific details described in the Development Agreement.

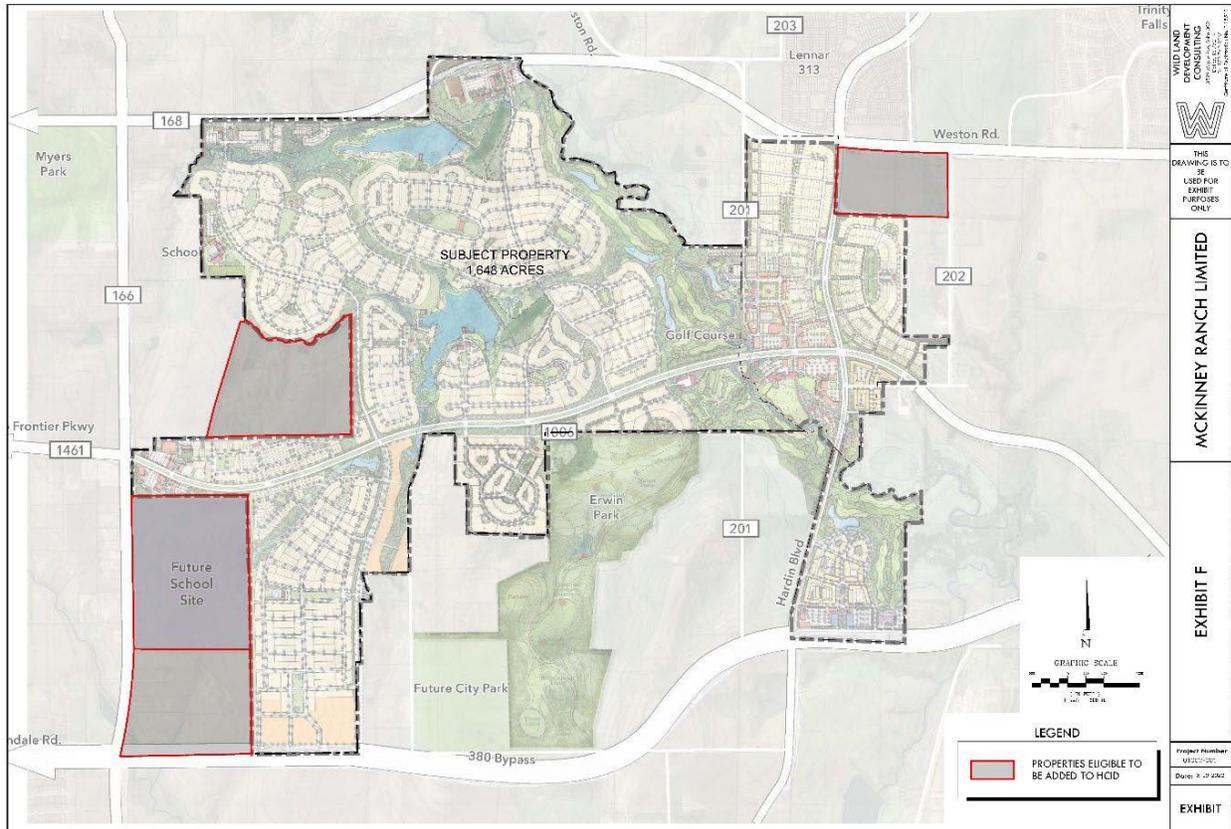


## EXHIBIT E -Conceptual Design Elements



CITY and OWNER shall modify the concept in Exhibit E to be contained as an exhibit in the Development Agreement to illustrate the conceptual design of the residential products, including their spatial relationship to the Community Enhancements, within the Property.

**EXHIBIT F – HCID Annexation Tracts**



WESTERN DEVELOPMENT CONSULTING  
 10000 W. 146th St., Suite 100  
 Overland Park, KS 66204  
 (913) 241-1111

THIS DRAWING IS TO BE USED FOR EXHIBIT PURPOSES ONLY

MCKINNEY RANCH LIMITED

EXHIBIT F

Project Number: MKR2000  
 Date: 8-27-2002

EXHIBIT

CITY shall permit OWNER to voluntarily annex the tracts depicted in the above Exhibit into the HCID subject to the provisions contained herein above and in the Development Agreement. OWNER shall seek annexation of all properties pictured above, which are under their ownership, into the city’s incorporated limits.