

EXHIBIT

"A"

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is made by and between the City of Round Rock, Texas (the "City") and KR Acquisitions LLC, a Delaware limited liability company ("KR").

RECITALS

WHEREAS, KR is a well-known destination resort hotel and convention center company; and

WHEREAS, KR has 355 acres of land (the "Property") under contract located east of Kenney Fort Blvd. and south of the Union Pacific Railroad as shown on Exhibit "A"; and

WHEREAS, KR is considering the construction of a master-planned mixed use project (the "Project") anchored by a Kalahari Resort and Convention Center (the "Resort") on the Property; and

WHEREAS, the Resort will include up to 1,000 guest rooms, a convention and exhibition center and an indoor water park; and

WHEREAS, the Project will also include additional entertainment, recreation and other mixed uses; and

WHEREAS, the Project will add millions of dollars in property tax base, generate millions of dollars in new sales tax and hotel occupancy tax revenues, and add approximately 700 new jobs to the Round Rock economy; and

WHEREAS, the City desires businesses such as KR to locate in the City; and

WHEREAS, the City is willing to consider granting certain incentives to KR if it develops the Project in the City; and

WHEREAS, the parties acknowledge that the terms and conditions listed herein are not legally binding against either party, but merely serve as a memorandum of the current understanding of the parties;

NOW THEREFORE, the City and KR agree to work cooperatively and in good faith to draft and approve future agreements and to develop the Project in the manner set forth herein.

ARTICLE I GENERAL SCOPE OF FACILITY

1.01 The Project will consist of approximately 355 acres of master planned mixed use development anchored by the Resort with up to 1,000 guest rooms, a convention and exhibition center and an indoor water park. The Project will also include additional entertainment, recreation and other mixed uses.

ARTICLE II KR INTENTIONS

2.01 KR intends to develop the Project on the Property that is described in Exhibit “A”.

2.02 KR intends to begin construction of the Resort within thirty-six (36) months.

2.03 KR intends to invest a minimum of \$250,000,000.00 in real and personal property in the City within five (5) years of opening the Resort.

2.04 KR intends to employ approximately 700 full-time and part time employees in the City no later than twelve (12) months after the Resort is opened.

ARTICLE III CITY INTENTIONS

3.01 In consideration of KR performing as set forth in Article II above, the City intends to enter into one or more economic development incentive agreements to include provisions as set forth below.

3.02 The City will provide KR with a loan of approximately \$11,000,000 to be utilized for the purchase of a 155-acre portion the Property, in the form of a real estate lien note at a reasonable rate of interest, secured by a first lien deed of trust on the Property which first lien deed of trust will be automatically subordinated on those portions of the Property not financed with the City loan to the lien of any lender advancing funds for the construction of improvements on the Property.

3.03 The City will issue bonds in an amount to be determined in order to provide funds for the construction of the convention center, and related infrastructure. The City will own the convention center, but will lease it to KR for \$1.00/year for a term to be determined. The lease will provide that KR is responsible for all operation and maintenance costs. When the debt associated with the issuance of the bonds is retired, the City will convey the convention center to KR at no cost.

3.04 The City will issue bonds in an amount to be determined in order to provide funds for the construction of public roadway improvements, public utility extensions and other public infrastructure necessary for the Project. The public infrastructure improvements include, but are not limited to, ingress and egress from US Hwy. 79, and the eastern portion of the Property; ingress and egress from and/or extension of Kenney Fort Blvd; traffic control improvements at the Project’s main entrance; and water, sewer and other public infrastructure.

3.05 The City intends to enter into a Texas Local Government Code Chapter 380 Economic Development Program Agreement enforceable without annual appropriations, to the extent allowed by applicable law. Said Agreement will provide for performance based program payments to KR based in part on the amount of tax revenue that the City receives as a result of the Project. The tax revenues include the 7% Hotel Occupancy Tax, 1% General Use Sales Tax, Mixed Beverage Tax, City Property Tax and any rebates of State taxes made available under § 3.08 of this MOU (collectively, the “Total Tax Revenues”).

3.06 The City will waive the following fees for the development of any commercial enterprise located on all or any portion of the Property that is owned or operated by KR: site and construction permit fees, water and wastewater impact fees, and road impact fees. However, the City retains the discretion to not waive the aforesaid fees for commercial enterprises which are national or regional chains, franchise restaurants, retail outlets, or similar commercial enterprises. The City will also expedite the review and approval of required permits.

3.07 The City intends to encourage and work with Williamson County to provide one or more economic development incentive agreements to KR in exchange for KR's location of the Project in the City.

3.08 The City intends to make appropriate application(s) to the Texas Comptroller of Public Accounts to receive the benefits under Section 2303.5055, Government Code, to utilize eligible taxable proceeds generated by the Project to help finance the qualified hotel project.

ARTICLE IV LEGAL EFFECT OF MOU

4.01 This MOU is intended to provide an outline of the current understanding of the parties hereto, and is not intended to legally bind the parties to the terms and conditions stated herein. The parties, however, agree that the terms and conditions stated herein are reasonable and provide an outline for future actions by the parties.

Executed and effective this 23rd day of June, 2016.

CITY OF ROUND ROCK, TEXAS

By: _____
Alan McGraw, Mayor

KR ACQUISITIONS LLC,
a Delaware limited liability company

By: _____
Todd Nelson, _____



**EXHIBIT
"A"**

E Palm Valley Blvd

S Kenney Fort Blvd

Kalahari Resort

