

CSE Commercial Real Estate, LP
4956 N. O'Connor Road, Irving, TX 75062

March 26, 2013

Mr. Clay Phillips
City Manager
City of Coppell
255 Parkway Boulevard
Coppell, TX 75019-6603

RE: Purchase of approximately 7.837± acres (341,380± square feet) of land along the east side of South Coppell Road south of Bethel Road.

Dear Clay,

This letter of intent summarizes the basis upon which CSE Commercial Real Estate, or its assignee ("CSE") would be willing to enter into a binding contract (the "Purchase Agreement") to purchase the Property from the Coppell Economic Development Foundation (the "CEDF"), which will have concurrently purchased the Property from the City of Coppell (the "City"). This transaction will be similar to the Main Street Coppell transaction, including the addition of this Property to the Main Street Coppell Owners Association, except that the City will not be required to install any infrastructure. To be clear, this means that CSE will be responsible for the installation, at CSE's cost, of all public streets and utilities to City standards as is typical of other residential developments, but will purchase completed lots in phases. The City will be required to grant CSE appropriate temporary and/or permanent easements to permit construction of the public improvements prior to closing on the lot purchases.

- 1. Property:** 7.837± acres (341,380± square feet) of land located generally as shown on the site plan attached hereto as Exhibit A (the "Property"). The actual boundary of the Property shall be agreed by City and CSE and set forth in a boundary survey prepared at City's cost prior to the Final Approval date. The Property must be developed in a manner required by City pursuant to a mutually agreed development plan (the "Plan") for the Property developed by CSE and approved by City during the Inspection Period concurrent with any required platting and/or re-zoning of the Property as more particularly described below. The Plan shall incorporate development and use standards substantially consistent with the lot numbers, lot sizes, and residential product mix described in the attached Exhibit B.
- 2. Purchase Terms:** CSE shall be granted a 3 year option to purchase the developed lots ("the Lots") within the Property for the price per gross square foot based on the fair market value of the Property as determined by an appraisal of the Property obtained by the City. At closing on the sale of the Lots, the purchase price paid by CSE to CEDF shall

consist of a payment of \$4.70 per allocable square foot in cash, with the balance of any portion of the Purchase Price exceeding \$4.70 per square foot consisting of a grant pursuant to Chapter 380 of the Texas Local Government Code (“380 Grant”) made by City to CSE to be used by CSE to purchase the Lot(s) from the CEDF (which must concurrently purchase the Lot(s) from City). In other words, if the entire area of the Property as surveyed is 341,380 square feet, the cash portion of the purchase price to be paid by CSE for all Lots will be 341,380 times \$4.70, or \$1,604,486, which amount shall be allocated at time of each closing based on the area of the Lots being sold at the time to total area of the Lots. If the appraisal obtained by City finds the fair market value of the Property exceeds \$4.70 per square foot, the balance of the purchase price to be paid at closing will consist of a 380 Grant. The first closing shall include no fewer than the sale and purchase of 10 lots and shall be not later than one year of the Final Approval Date, but, in any case, not until the earlier of (a) 15 days following the date upon which all but 10 residential lots in the Main Street Coppell project have received building permits or (b) the second anniversary of the Final Approval Date.

3. **Earnest Money:** \$50,000 to be escrowed with the Title Company (the “Earnest Money”) not later than three (3) business days after the execution of a Purchase Agreement and an additional \$100,000 to be paid to the City (the “Option Fee”) upon the later of (i) the expiration of the Inspection Period, or (ii) 15 days following the final approval by the City of a subdivision plat for the Property and any necessary zoning change required to permit the Development Option (the “Final Approval Date”). The Earnest Money is to be released to City at the Final Approval Date and, along with the Option Fee, will be credited by against the Purchase Price of the final lots purchased.
4. **Title:** Good and indefeasible fee simple title to the Property shall be conveyed to CSE upon each closing by special warranty deed, free and clear of all liens and encumbrances, subject only to such exceptions as may be approved by CSE, standard Schedule B exceptions, any street, utility (including water, sanitary sewer, gas, and telecommunications), drainage, and other easements dedicated to City on behalf of the public on any final plat approved prior to closing, which easements shall be retained by reserved by City at closing, and reservation by City of all oil, gas and other minerals owned by City located in and under and that may be produced from the Property to the extent not reserved by prior grantors; provided, however, City, for itself and its successors and assigns will agree to waive all surface rights and other rights of ingress and egress in and to the Property, and agree that in conducting operations with respect to the exploration for and production, processing, transporting and marketing of oil, gas and other minerals from the Property, that no portion of the surface of the Property will be used, occupied or damaged and that fixtures, equipment, buildings or structures used in connection with the exploitation of the reserved mineral, oil and gas rights, shall not be placed on the surface of the Property; provided, however. the restrictions or prohibitions on use of the surface shall not prohibit the pooling or unitization of the portion of the mineral estate owned by City with land other than the Property; or the exploration or production of the oil, gas, and other minerals by means of wells that are drilled or mines that open on land other than the Property but enter or bottom under the Property, provided

that these operations in no manner interfere with the surface or subsurface support of any improvements constructed or to be constructed on the Property.

5. **Due Diligence Materials:** Within twenty (20) days after the effective date of the Purchase Agreement, City shall deliver copies of, or make available for CSE's review, applicable information on current zoning, environmental reports, surveys, soils reports, and all other information in Seller's possession or control regarding the Property. In addition, within fifteen (15) days following the effective date of the Purchase Agreement, City shall deliver to CSE a current survey of the Property consistent with the boundaries shown on Exhibit "A" hereto prepared by a registered surveyor and a current commitment for an owner's policy of title insurance issued by the Title Company. The Purchase Agreement will contain typical provisions for review and objection by CSE to matters shown in the title commitment and survey.
6. **Inspection Period:** CSE shall have an inspection period (the "Inspection Period") of One Hundred Twenty (120) days following the effective date of the Purchase Agreement to determine the suitability of the Property for development. In this regard, City shall grant CSE and its agents a right of entry on the Property to obtain appraisals and to perform engineering and environmental tests and such other studies necessary in connection with CSE's evaluation of the Property. CSE shall indemnify and hold the City and CEDF harmless from any claims resulting from such inspections. During the Inspection Period, CSE and the City shall attempt to finalize the Plan and get the Property platted and re-zoned, as necessary, but nothing herein or in the Purchase Agreement shall be construed as limiting the normal governmental approval rights held by City. In the event CSE determines prior to the expiration of the Inspection Period that the Property is not suitable for purchase, in its sole and absolute discretion, then CSE may give notice to City and the Purchase Agreement will terminate, the Earnest Money, less the amount of \$3200.00, which shall be retained by City as full consideration for the option granted to CSE, will be returned to CSE, and the parties will have no further obligations to one another.
7. **Zoning/Government Approvals:** CSE shall be solely responsible, at CSE's costs, for preparing and submitting any and all required applications necessary to develop the property for CSE's intended use. City shall cooperate to the extent of signing any necessary applications or plats as owner of the Property. Such applications may include but not limited to zoning applications, plats, permits, and any other normal and customary requirements for property development from the City.
8. **Title Company:** To be jointly agreed upon by City and CSE.
9. **Roll-Back Taxes:** CSE understands that there are no Roll-Back taxes affecting the Property. All taxes, other than roll back taxes, which would be paid fully by CEDF or City at each closing, will be pro-rated to each closing date.
10. **Notices:** All notices to CSE shall be addressed to: CSE Commercial Real Estate; 4956 N. O'Connor Boulevard, Irving, Texas 75062 - Attention: Charles Cotten.

11. Costs and Expenses: City/CEDF shall pay the cost of the basic premium for the owner's title policy (CSE shall pay for all endorsements and modifications). CSE shall pay the cost of the survey. All other costs and expenses shall be shared as is typical for a transaction of this nature in Dallas County, Texas. The amount to be paid by City/CEDF for the basic premium for owner's title policy shall be capped at the amount City/CEDF would pay if all lots within the Property were sold at one time, with CSE paying any remaining amounts.

This letter is not a contractual obligation. This Letter of Intent is expressly conditioned upon and subject to City, CEDF, and CSE entering into mutually satisfactory definitive agreements for the purchase of the Property by CSE from CEDF and by CEDF from City as described in the opening paragraph of this letter, and is not binding upon any of City, CSE, or CEDF in any way, except to the extent that it reflects the good faith intent to proceed to negotiate definitive written agreements with respect to the general terms and conditions herein contained. Unless and until such agreements are entered into, neither City, CSE, nor CEDF shall be under any obligation to any other party, regardless of this letter and regardless of any negotiations, agreements or understandings heretofore or hereinafter existing among the parties, it being understood that no contractual relationship shall exist between or among the parties unless and until the above-described agreements have been fully negotiated and signed by the applicable parties, and each party shall bear its own expenses incurred in connection with the transaction described herein. Notwithstanding the foregoing, in consideration of the time, effort and expense incurred and to be incurred by Purchaser, City agrees that for a period of 60 days following the execution of this letter of intent (the "No-Shop Period"), City will cease negotiations and not accept any other offers to purchase the Property from any other party and will negotiate exclusively with Purchaser for the sale of the Property. If the Purchase Agreement has not been executed prior to the end of the No-Shop Period, the agreement of City to negotiate exclusively with Purchaser shall terminate.

If the foregoing accurately describes your present intention concerning the transaction, please sign the enclosed counterpart of this letter and return it to the undersigned whereupon CSE shall direct its attorneys to immediately begin preparation of a formal Purchase Agreement.

Very truly yours,

CSE Commercial Real Estate, LP

By: Debco Partners, LLC, its general partner

By: _____
Charles Cotten
Member

CSE: ACCEPTED AND AGREED TO this _____ day of _____, 2013.

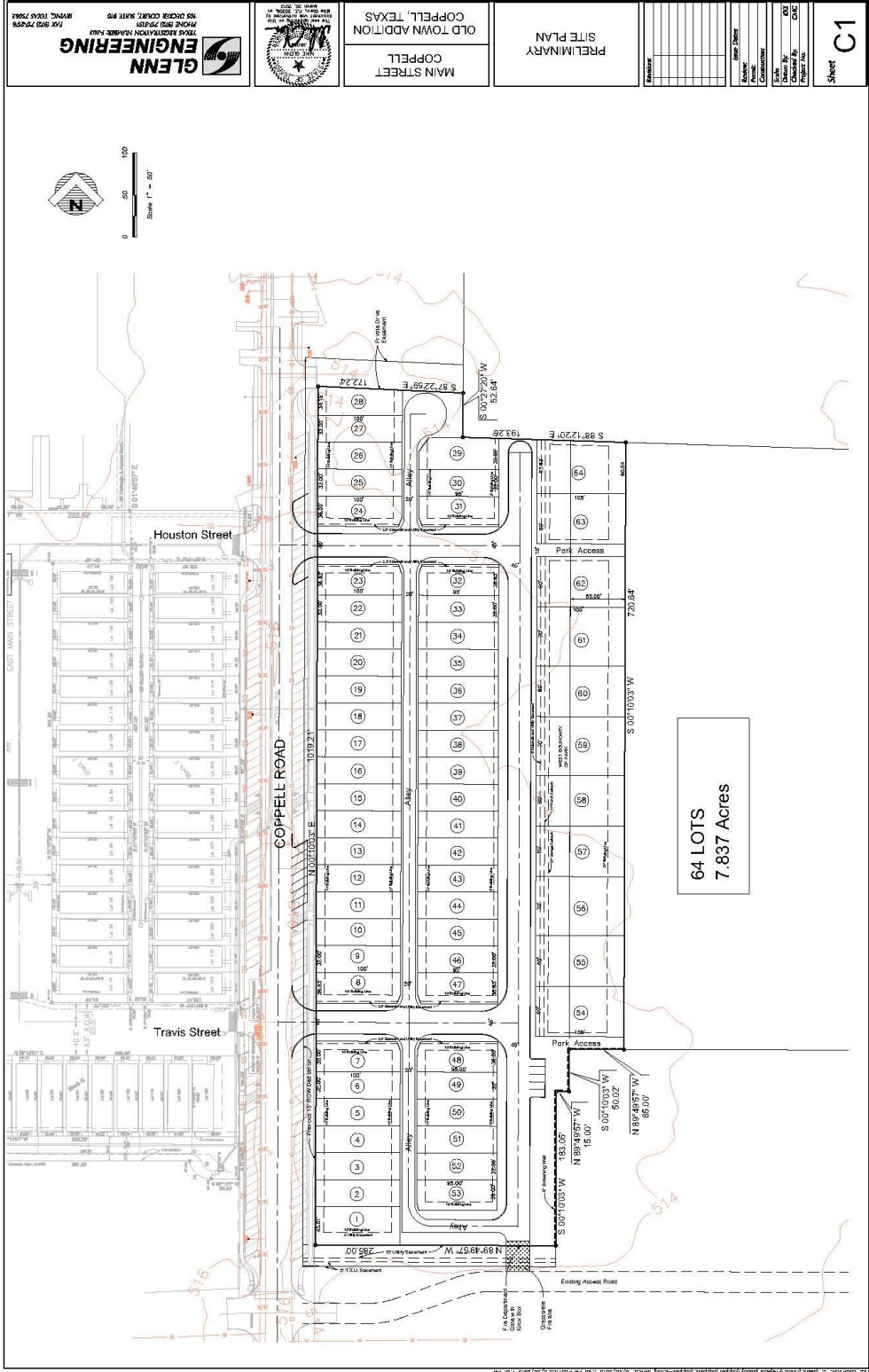
SELLER

By: _____
Clay Phillips
City Manager

CITY: ACCEPTED AND AGREED TO this _____ day of _____, 2013.

cc: Mindi Hurley
Jeffrey Fink

Exhibit "A" Site Plan



GLENN ENGINEERING
 105 DUNCAN COURT, SUITE 900
 FORT WORTH, TEXAS 76104
 PHONE (817) 735-4371
 FAX (817) 735-4372



MAIN STREET
 COPPELL
 COPPELL, TEXAS
 OLD TOWN ADDITION

PRELIMINARY
 SITE PLAN

Author	
Checker	
Designer	
Engineer	
Project No.	
Scale	
Date	
Sheet	

Sheet
C1

**Exhibit “B”
Development Option – 2 story American Craftsman**

Estimated acreage	7.837 acres
Estimated total lots	64+ lots
Price per square foot	\$4.70 per allocable gross square foot*
Estimated total price	\$1,604,486

Product (These are for concept and estimates only. Actual product may differ depending on final agreed development plan with the City)

South Coppel Rd: 25’ width – 2 story Craftsman with 10 foot porches and zero lot line with 7’ side yards (same as on west side of S Coppel Rd)
Approximately 28 lots

Interior street facing east: 25’ width – 2 story Craftsman with 10 foot porches and zero lot line with 7’ side yards (same as on west side of S Coppel Rd)
Approximately 25 lots

Interior street backing on park: 50’ width – 2 story front entry American Classic with 10 foot porches and 5’ side yards
Approximately 11 lots

*Allocable gross square foot applicable to each lot is that lot’s prorated share of the gross square footage of the entire site. This amount represents the cash portion to be paid by CSE or assigns and not portion of purchase price consisting of any 380 Grant.