

PROJECT AGREEMENT

THIS PROJECT AGREEMENT ("Agreement") is executed by and between the City of Coppell, Texas (the "City"), and the Coppell Recreation Development Corporation (the "Corporation").

WITNESSETH

WHEREAS, the Corporation is a nonprofit development corporation duly established and created by and on behalf of the City of Coppell, Texas (the "City") pursuant to Section 4B of The Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes, as amended, and now operates under the provisions of Chapters 501, 502 and 505, Texas Local Government Code (the "Act"); and

WHEREAS, pursuant to the authority granted in the Act, the City has levied a one-half of one percent sales and use tax for the benefit of the Corporation (the "Sales Tax"), to be used exclusively for the purposes set forth in the Act, pursuant an election held May 4, 1996, and reauthorized and extended pursuant to an election held November 5, 2013 (the "Election"); and

WHEREAS, the City Council of the City (the "Council") and the Board of Directors of the Corporation (the "Board") have determined to undertake the following projects: (i) construction, acquisition and equipment of a performing arts center and (ii) construction, acquisition and equipment of related parking facilities, related roads, streets and water and sewer facilities and other related improvements that enhance any of the items listed above (collectively, the "Projects") and to pay maintenance and operating costs of the Projects, all as authorized by the Act and the Election; and

WHEREAS, the City and the Corporation have found that the costs related to the Projects to be paid from the Sales Tax pursuant to this agreement will not exceed the costs of such Projects that are eligible to be paid from the Sales Tax; and

WHEREAS, after due consideration of the available means to finance the costs of the Projects, the benefit to the City, the Corporation and the citizens of the City of providing the Projects, and the purposes for which the Corporation was created and the Sales Tax was authorized, the Council and Board have further determined that the most cost effective and beneficial arrangement would be for the City to issue certificates of obligation secured in part from the City's ad valorem tax taxing authority with the understanding and agreement that the Corporation would pay the costs of such Projects as described below by remitting to the City from the receipts from the Sales Tax amounts equal to the portion of the principal of and interest on the certificates of obligation issued by the City to finance the costs of the Projects as such principal and interest shall become due and payable; and

WHEREAS, the parties hereto find it necessary and advisable to enter into this Agreement with respect to the Projects in accordance with Texas Local Government Code, Section 501.054 to set forth the duties and responsibilities of the respective parties for the implementation and funding of the Projects;

NOW, THEREFORE, in consideration of the covenants and agreements herein made, and subject to the conditions herein set forth, the City and the Corporation agree as follows:

Section 1. DEFINITIONS AND INCORPORATION OF PREAMBLES. The terms and expressions used in this Agreement, unless the context shows clearly otherwise, shall have meanings set forth herein, including terms defined in the preambles hereto, which preambles are incorporated in and made a part hereof for all purposes.

Section 2. FINANCING OF PROJECTS.

(a) The parties agree that the costs of the construction of the Projects, in the amount of \$16,000,000, will be paid from a portion of the proceeds of certificates of obligation (the "Certificates") to be issued and sold by the City under and pursuant to Subchapter C of Chapter 271, Texas Local Government Code. The City and the Corporation acknowledge and agree that the Certificates may be issued for other purposes in addition to providing funds to pay the costs of the Projects, and that the Certificates may be issued in one or more series.

(b) The debt service costs related to the Projects to be paid by the Corporation shall be an amount equal to the principal amount of the Certificates issued to fund the Projects, plus interest on such principal amount.

Section 3. OBLIGATION OF THE CORPORATION.

(a) The Corporation agrees to pay costs related to the Projects as set forth in Section 2(b) above, in accordance with the provisions hereinafter set forth. The City agrees to establish and maintain a separate account (the "Payment Account") on the books of the City for all payments made by the Corporation in accordance with this Section.

(b) Attached hereto and incorporated herein is **Exhibit A** showing the payments described in Section 2(b).

(c) For each annual period beginning October 1 and ending the next September 30, commencing October 1, 2018, the Corporation shall make a payment to the City, on or before the September 1 preceding each such annual period, of the amount to be paid for such annual period as described in Section 2(b) above. Such payments shall be made until all amounts to be paid pursuant to Section 2(b) have been made.

(d) No later than August 15 of each year, the City shall calculate the amount of investment earnings and any other amounts on deposit in the Payment Account and the annual payment due on the next September 1, taking into account such investment earnings and any other amounts credited to the Payment Account, and shall provide such calculations and annual payment amount to the Corporation.

(e) If for any reason the Corporation does not make its payments in full on the due dates thereof, any such deficiency shall, subject to subsection (f) hereof, be made up from the next available Sales Tax revenues of the Corporation.

(f) The Corporation agrees that the payments due hereunder to the City for the payment of the debt service on the Certificates will be incorporated and included in the Corporation's annual budget, as adopted or amended, and the City shall be entitled to a first claim on and right to the amounts budgeted each year for the payment of the Certificates; provided, however, that the Corporation's obligation to make the payments due hereunder shall be subject to the Corporation's annual budgeting and appropriation and shall be subordinate to the Corporation's obligations which are secured by a pledge of the Sales Tax in accordance with the terms of said obligations.

(g) The Corporation may prepay the amounts described in subsection (c) above, and any such amounts prepaid shall be credited against the next amount or amounts due from the Corporation.

(h) The Corporation agrees that the City shall be entitled to a first claim on and right to the amounts budgeted each year by the Corporation for the payment of debt service on the Certificates, except as limited by subsection (f) above.

Section 4. CONSTRUCTION CONTRACTS; OWNERSHIP OF THE PROJECTS.

(a) The City will construct the Projects and the Projects will be owned by the City.

(b) The Corporation and/or the City shall be responsible for maintenance and operating costs of the Projects.

(c) The Corporation shall be solely responsible for any costs of the Projects in excess of the proceeds of the Certificates available for such purpose.

Section 5. FINANCING OF THE PROJECTS, CONSTRUCTION AND COMPLETION. The City agrees that upon receipt of the proceeds of sale of the Certificates it will proceed with due diligence with the construction and completion of the Projects.

Section 6. FORCE MAJEURE. If, by reason of Force Majeure, either party hereto shall be rendered unable wholly or in part to carry out its obligations under this Agreement, then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability then claimed, except as hereinafter provided, but for no longer period, and any such party shall endeavor to remove or overcome such inability with all reasonable dispatch. The term Force Majeure as employed herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of public enemy, orders of any kind issued by the federal or state government, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines or canals, or other causes not reasonably within the

control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable to it in the judgment of the party having the difficulty. It is specifically excepted and provided, however, that in no event shall any Force Majeure relieve the Corporation of its obligation to transfer sales tax revenues to the City as required under the Act.

Section 7. REGULATORY BODIES. This Agreement shall be subject to all valid rules, regulations and laws applicable thereto passed or promulgated by the United States of America, the State of Texas, or any governmental body or agency having lawful jurisdiction or any authorized representative or agency of any of them.

Section 8. COUNTERPARTS. This Agreement may be executed in a number of identical counterparts, each of which shall be deemed an original for all purposes.

Section 9. SEVERABILITY. In case any provision herein shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 10. TERM OF AGREEMENT. The term of this Agreement shall be for the period during which the Certificates are outstanding.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, The Corporation and the City, acting under authority of their respective governing bodies have caused this Agreement to be duly executed and effective as of the date first set forth above.

COPPELL RECREATION DEVELOPMENT CORPORATION

By: _____
President, Board of Directors

CITY OF COPPELL, TEXAS

By: _____
Mayor

Exhibit A

Schedule of Debt Service Payments
for the Certificates

[To be attached upon the sale of the Certificates]