

**CITY OF MANOR, TEXAS DEPOSIT AGREEMENT
PROPOSED PUBLIC IMPROVEMENT DISTRICT
MUSTANG VALLEY PID**

THIS DEPOSIT AGREEMENT (this “Agreement”) is made and entered into as of _____, 2023 (the “Effective Date”) by and between the **CITY OF MANOR, TEXAS** (the “City”) and **KB Home Lone Star Inc.**, a Texas corporation (including its Designated Successors and Assigns, the “Owner”).

WHEREAS, the Owner has requested that City of Manor (the “City”) create a Public Improvement District (the “District”) that includes real property within the corporate limits of the City, and enter into a PID Financing Agreement under which the City will, among other things, conduct proceedings pursuant to the provisions of Texas Local Government Code Chapter 372 to levy special assessments, and to issue one or more series of bonds (the “Bonds”) to provide for the construction, acquisition, or furnishing of certain public improvements within the District; and

WHEREAS, the Owner is developing approximately 136.904 acres of real property that would be included within the boundaries of the proposed District; and

WHEREAS, the Owner has agreed to advance moneys to be used by the City Manager of the City (the “City Manager”) to pay reasonable and necessary costs and expenses associated with retaining the Consultants (herein defined) to assist the City with evaluating assessing the feasibility and desirability of entering into a PID Financing Agreement, forming the District, levying assessments, and issuing Bonds (the “PID Feasibility”) such advances being subject to reimbursement or credit upon the approval of the Attorney General and City Council and a successful issuance of the Bonds; or the termination or abandonment of such proceedings as provided herein; and

WHEREAS, the parties hereto wish to enter into the Agreement to define the terms and conditions under which moneys will be advanced by and reimbursed to the Owner.

NOW THEREFORE, the parties, for mutual consideration, agree as follows:

SECTION 1. DEPOSITS. The Owner shall deposit with the City the amount of \$45,000.00 (the “Moneys”) to the City Manager within five (5) business days after this Agreement is executed and delivered by the City, which Moneys shall be used by the City exclusively to pay costs generally described in Section 2 hereof. If the Moneys are not deposited in accordance with this Section 1, the City shall not proceed with evaluating the PID Feasibility. The City will draw from the deposit for the Consultant fees and other fees related to the PID Feasibility (the “Consultant Deposit”). Whenever the account for the Consultant Deposit reaches a balance below \$10,000.00, the Owner shall deposit an additional \$25,000.00 within five (5) business days of notification by the City Manager (the “Additional Moneys”). If the Additional Moneys are not deposited in accordance with this Section 1, the City shall not proceed with evaluating the PID Feasibility. The City Manager shall cause all Moneys received from the Owner to be deposited into a separate account maintained by or at the direction of the City Manager and the Office of the City Director of Finance. All interest or other amounts earned on Moneys (if any) in such account shall be held in such account for the payment of Project Costs, defined below, or otherwise applied as set forth in Section 3 hereof.

SECTION 2. USE OF MONEYS ON DEPOSIT. The City has engaged or will engage P3 Works, LLC as assessment consultant and the City has engaged or will engage additional consultants, including but not limited to appraisers, attorneys and engineers (collectively, “Consultants”). The Consultants will assist the City with evaluating the PID Feasibility. The Consultants will be responsible to, and will act as consultants to, the City in connection with the PID Feasibility. The City Manager will use the Moneys to reimburse reasonable and necessary costs and expenses of the Consultants that are associated with or incidental to the PID Feasibility (collectively, “Project Costs”). The scope of work and terms and conditions of the agreement for the Consultants is, or will be, set forth in an agreement on file in the City Secretary’s office. The City Manager may also use the Moneys for other direct City expenses relating to the PID, such as statutorily required public notices and recording of documents. The City Manager shall maintain records of the payment of all Project Costs and keep such records on file and available for inspection and review by the Owner in the City’s office. Upon request, but not more than monthly, the City agrees to provide the Owner with copies of all invoices for the PID Feasibility that have been paid since the last request. If the Owner objects to any portion of an invoice, the City and the Owner agree in good faith to attempt to resolve the dispute within a reasonable period of time.

SECTION 3. UNEXPENDED MONEYS. If proceedings for approval of the PID Financing Agreement or formation of the District are unsuccessful and are terminated or abandoned prior to the issuance of the Bonds, the City Manager shall transfer to the Owner all Moneys, including any interest earnings thereon, then on deposit in the account established and maintained pursuant to Section 1, exclusive of Moneys necessary to pay Project Costs or portions thereof that (i) have been actually incurred and (ii) are due and owing as of the date of such termination or abandonment. Upon the successful issuance of the Bonds, the City shall return unexpended Moneys, and the interest thereon, if any, to Owner.

SECTION 4. RESERVED RIGHTS. This Agreement does not in any way create an obligation or commitment that the City will execute any agreements, and the City expressly reserves the right to terminate or abandon the proceedings at any time, if in the City's sole discretion, it deems such termination or abandonment to be in the best interests of the City.

SECTION 5. BINDING EFFECT. This Agreement shall be binding on the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date above written.

EXECUTED and ACCEPTED this _____ of _____ 2023.

CITY OF MANOR, TEXAS, a municipal corporation

By: _____
Dr. Christopher Harvey, Mayor

ATTEST:

Lluvia T. Almaraz, City Secretary

OWNER:

KB HOME LONE STAR INC.,
a Texas corporation

By: _____

Name: _____

Title: _____