

Mustang Valley Public Improvement District

Development Standards and Establishment of a Public Improvement District

KB Home Lone Star Inc. (the “KB Home”) intends to develop a tract of land as a master-planned community consisting of approximately 136.094 acres (the “Property”) which is located within the municipal boundaries of the City of Manor (the “City”). After due consideration, the City concluded that the development of the Property through the creation of a public improvement district (“PID”) would further the growth of the City, provide public recreational spaces, increase the assessed valuation of the real estate situated within the City, and otherwise be in the best interests of the City by furthering the health, safety, morals and welfare of its residents and taxpayers.

A Development Agreement between KB Home and the City (the “Agreement”) was executed on October 2, 2021 and established the terms under which a PID would be created. The City is now considering a petition for the creation of the Mustang Valley PID, which covers the area formerly referred to as the Holley/Smith tract which will be developed as a master-planned community containing 380 dwelling units. The development plan by KB Home conforms to the development standards of the city which will confer benefits to the City to a degree that is superior to benefits typically generated by projects that do not involve PID financing. The City will directly benefit from the creation of the PID through its control over development standards for the property, the expansion of public amenities, and the extension of roadway and water and wastewater systems, by KB Home.

KB Home has worked with the City engineer to obtain review and approval for construction plans and specifications for the development of the Property. In accordance with the Agreement, KB Home has also caused for the construction of a primary collector roadway and has dedicated the necessary right-of-way required for the needs of the property. The proposed intersection at Arnham Lane and FM 973 is shown on the Traffic Exhibit attached.

Under the terms of the Agreement, KB Home has agreed to comply with the City’s development standards which includes improvements that enhance the City’s master plan. KB Home plans to dedicate approximately 6.7 acres of parkland and open space and will design, construct and install public amenities consisting of basketball courts, playground equipment and walking trails as shown on the Park Exhibit attached. KB Home is also funding the cost and design of offsite water improvements to extend a water main to provide service to the property and create a looped system through the site. An exhibit showing the offsite water solution is shown on the Water Exhibit attached.

Through the use of the PID, funding will be efficiently allocated to the Authorized Improvements referenced in the Agreement with funding prioritized for roadway, water, wastewater and community park improvements needed to build a quality community.

Specific Areas of Benefit Provided by KB Home:

- Construction of Anderson Road as a primary collector roadway which was fully funded and constructed at a cost of \$1,246,458.79.
- 2.33 right-of-way dedication necessary for the extension of Cameron Road to the north of the Property.
- \$1,537,860 paid to the City of Manor as prepayment in 2021 towards the construction of a wastewater line, acquisition of easements and related appurtenances for the wastewater improvement project. Interest payments for a three-year period are estimated at \$405,000.
- KB arranged for the Property to be removed from the certificate of convenience and necessity (“CCN”) water service area of Aqua Water Supply Corporation which will allow the City to expand its water CCN service area and serve the Property.