

DEPOSIT AND REIMBURSEMENT AGREEMENT

This Deposit and Reimbursement Agreement (this "Agreement"), effective as of the ____ day of _____, 20____, (the "Effective Date"), is made and entered into by and between the City of Saginaw, Texas and Saginaw Belmill, LLC (the "Developer"), herein collectively referred to as ("Party" or "Parties").

WHEREAS, the Developer is the owner of approximately 115.432 acres of land in the City that it desires to develop as a mixed use residential and commercial development which is further described in Exhibit A hereto (the "Property"); and

WHEREAS, the Developer has petitioned the City to create a Public Improvement District (the "PID") under Texas Local Government Code, Chapter 372, as amended, entitled the Public Improvement District Assessment Act (the "PID Act"); and

WHEREAS, the Parties have determined that the financing of a portion of the costs of the Public Improvements necessary for the development of the Property, can be achieved by means of the PID Act; and

WHEREAS, the City and the Developer recognize that the City will continue to incur expenses through the entire PID review process, including but not limited to: professional services, legal publications, notices, reproduction of materials, public hearing expenses, recording of documents, engineering fees, attorney fees, special consultant fees, costs related to the issuance of debt (the "Bonds") and fees for administrative time of City staff; and additionally agree that issues associated with and necessitated by developing the Property, include drafting, negotiating and executing a development agreement (and other agreements referred to therein, herein collectively referred to as a "Development Agreement"), and implementing the PID will require the City to obtain professional services from independent, third-party consultants including, but not limited to: (i) engineering services to identify infrastructure needs; (ii) planning services; (iii) financial advisory services; and (iv) legal services (all set forth in this paragraph hereafter referred to as "City Expenses"); and

WHEREAS, as a result and in consideration of the foregoing, the Developer desires and hereby agrees to advance moneys to be used by the Manager of the City (the "City Manager") to pay for the City Expenses in accordance with the terms of this Agreement; and

WHEREAS, the City Council of the City, by and through this Agreement, shall maintain sufficient controls to ensure that the public purpose and best interest of the City are carried out.

NOW, THEREFORE, in consideration of the mutual benefits and promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Payment for City Expenses. Upon execution of this Agreement, the Developer shall deposit with the City \$50,000.00 for payment of City Expenses necessary to conduct the review and creation of the PID and negotiate a Development Agreement:

- (a) City agrees to hold all Developer's contributions in a separate fund maintained by the City (the "Escrow Account") which may only be used for City Expenses.
- (b) The City will pay City Expenses out of the amount deposited with the City and keep accounting of all charges for City Expenses and any unused funds in the Escrow Account shall be returned to the Developer, as set forth below in Section 3.
- (c) Developer agrees that in the event the Escrow Account balance falls below \$5,000.00, the City Manager shall provide notice to the Developer, and the Developer shall deposit an additional \$10,000.00 into the Escrow Account within five (5) business days.
- (d) In the event the balance for City Expenses is exhausted, upon notice, Owner shall pay the balance owed in full within fifteen (15) days in addition to the remittance of the additional funds as provided above.
- (e) In the instance that deposits of additional funds are not timely made, the City has no obligation to incur any additional costs and expenses in connection with the PID.
- (f) Failure of Developer to meet its obligations above may result in the suspension or revocation of any active development permits.

2. Obligation of City.

- (a) Creation of PID. The Developer acknowledges that the City has no obligation to establish the PID, levy assessments, or to issue Bonds or other indebtedness with respect hereto, and nothing contained within this Agreement shall create any such obligation.
- (c) Duty to Pay. The Developer's obligation to pay the City Expenses shall exist and continue independent of whether the PID related agreements, assessment levy, or Bonds are approved by the City Council.
- (d) No Vested Rights. This Agreement shall confer no vested rights or development rights on the Property or to the Developer. Further, this Agreement shall provide no assurances, promises, or covenants to approve any development in the Property.

3. Termination.

- (a) Unless earlier terminated as provided in Section 3(b) below, this Agreement shall automatically terminate when assessments have been levied in accordance with a final service and assessment plan for the PID and Bonds, if any, have been issued; whereupon the unexpended balance of the Escrow Account, after all outstanding invoices incurred as of the date of the Bond sale have been paid, shall be refunded to the Developer.
- (b) Either party may, in its sole judgment, terminate this Agreement upon delivery of written notice to the other party; whereupon the City shall: (1) provide an accounting of the Escrow Account and all City Expenses as of the date of termination and (2) direct payment of the unexpended balance of the Escrow Account as follows: (i) all remaining invoices for City Expenses that are outstanding (and not payable contingent upon the successful issuance of the Bonds) and due and owing as of the date notice of termination is delivered to the City, provided that such invoices were incurred and performed in accordance with the terms of this Agreement; (ii) all invoices for professional services incurred and performed in accordance with this Agreement prior to the date notice of termination is delivered to the City but not yet billed to the City; and (iii) any remaining balance in the Escrow Account after all invoices have been paid in accordance with the terms of this Agreement shall be refunded to the Developer.

4. City Attorney's Obligations. Notwithstanding anything to the contrary contained herein, the Developer acknowledges that the City Attorney shall exclusively represent the legal interest of the City of Saginaw, Texas, and that no attorney-client privilege between the Developer and the offices of the City Attorney, or any of its attorneys, shall be established by virtue of this Agreement.

5. Entire Agreement. This Agreement contains the entire agreement between the Parties with respect to the transactions contemplated herein.

6. Amendment. This Agreement may only be amended, altered or revoked by written instrument approved by the City Council.

7. Successors and Assigns. Neither City nor Developer may assign or transfer their interest in the Agreement without prior written consent of the other Party.

8. Notice. Any notice and/or statement required and permitted to be delivered shall be deemed delivered by depositing same in the United States Mail, Certified, with Return Receipt Requested, postage prepaid, addressed to the appropriate party at the following addresses, or at such other addresses provided by the Parties in writing:

City:

City of Saginaw

333 West McLeroy Blvd.
Saginaw, Texas 76179
Attn: Gabe Reaume, City Manager
Email Address: greaume@saginawtx.org
Phone Number: (817) 232-4640

Developer:

Saginaw Beltmill, LLC
c/o Lackland Holdings LLC
3045 Lackland Road
Fort Worth, Texas 76116
Attn: Don Allen
Email Address: dallen@lacklandholdings.com
Phone Number: (817) 703-7122

With a copy to: Shupe Ventura PLLC
 Attn: Misty Ventura
 9406 Biscayne Boulevard
 Dallas, TX 75218
 Email: misty.ventura@svlandlaw.com

9. Interpretation. Regardless of the actual drafter of this Agreement, this Agreement shall, in the event of any dispute over its meaning or application, be interpreted fairly and reasonably and neither more strongly for or against either party.
10. Applicable Law. This Agreement is made and shall be construed in accordance with the laws of the State of Texas and venue shall lie in Tarrant County, Texas.
11. Severability. In the event any portion or provision of this Agreement is illegal, invalid, or unenforceable under present or future law, then and in that event, it is the intention of the parties hereto that the remainder of this Agreement shall not be affected thereby, and it is also the intention of the parties to this Agreement that in lieu of each clause or provision that is found to be illegal, invalid or unenforceable, a provision be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.
12. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.
13. Sovereign Immunity. The Parties agree that the City has not waived its sovereign immunity by entering into and performing its respective obligations under this Agreement.
14. Consideration. This Agreement is executed by the Parties hereto without coercion or duress and for substantial consideration, the sufficiency of which is forever confessed.

15. Authority to Execute. The individuals executing this Agreement on behalf of the respective Parties below represent to each other and to others that all appropriate and necessary action has been taken to authorize the individual who is executing this Agreement to do so for and on behalf of the Party for which his or her signature appears, that there are no other parties or entities required to execute this Agreement in order for the same to be an authorized and binding agreement on the Party for whom the individual is signing this Agreement and that each individual affixing his or her signature hereto is authorized to do so, and such authorization is valid and effective on the date hereof.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, as allowed herein.

17. Attorney's Fees. In any legal proceeding brought to enforce the terms of this Agreement, the prevailing party may recover its reasonable and necessary attorneys fees from the non-prevailing party.

CITY OF SAGINAW, TEXAS

By: _____
Gabe Reaume, City Manager

Date: _____

SAGINAW BELTMILL, LLC
a Texas limited liability company

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A
METES AND BOUNDS DESCRIPTION
115.432 ACRES

Being all that certain lot, tract or parcel of land situated in the Heirs of Benjamin Thomas Survey, Abstract Number 1497, City of Saginaw, Tarrant County, Texas, and being part of that certain called 380.90 acre tract of land described in deed in favor of CFI Farm Properties, LLC, recorded in Instrument Number D209083859 of the Official Public Records of Tarrant County, Texas, and being more particularly described as follows:

COMMENCING at an axle found on the easterly line of said 380.90 acre tract at the southwest corner of that certain called 317.63 acre tract of land described in deed in favor of Clarence Sloan, recorded in Volume 1622, Page 102 of the Deed Records of Tarrant County, Texas;

THENCE N 89°55'00" E, 712.44 feet with the easterly line of said 380.90 acre tract and the south line of said 317.63 acre tract to a 3/8" rebar found at the most southerly southeast corner of said 617.63 acre tract and being the northwest corner of Lot 7-R, Block A of the B. Thomas Addition, an addition to Tarrant County, Texas, according to the plat thereof recorded in Cabinet A, Slide 5610 (Document Number D200017631) of the Plat Records of Tarrant County, Texas;

THENCE S 48°40'00" E, continuing with the east line of said 380.90 acre tract and the west line of said Lot 7-R, passing the southwest corner thereof and the northwest corner of Lot 6-R of said B. Thomas Addition, continuing with the west line thereof a distance of 1257.47 feet to the southeast corner thereof and being the southwest corner of Lot 5-R of said B. Thomas Addition, and being the northwest corner of that certain called 25 acre tract of land described in deed in favor of William V. Sloan and June Perner Sloan, recorded in Volume 4338, Page 81 of the Deed Records of Tarrant County, Texas;

THENCE S 00°48'00" E, 537.46 feet continuing with the easterly line of said 380.90 acre tract and the west line of said 25 acre tract to a 3/4" steel rod found at the southwest corner of said 25 acre tract and being the northwest corner of that certain called 25 acre tract of land described in deed in favor of CFI Farm Properties, LLC, recorded in Instrument Number D209083861 of the Real Property Records of Denton County, Texas;

THENCE N 89°50'10" E, with the south line of said 25 acre Sloan tract and the north line of said 25 acre CFI tract, passing at 1995.4 feet a 1" rebar found for witness on the west line of Wagley Robertson Road, A.K.A. County Road 4108, continuing a total distance of 2027.79 feet to the southeast corner of said 25 acre Sloan tract and the northeast corner of said 25 acre CFI tract;

THENCE S 00°37'30" E, with the east line of said 25 acre CFI tract in said Wagley Robertson Road, passing the southeast corner thereof and the most easterly northeast corner of said 380.90 acre tract, continuing with the east line thereof a distance of 1056.04 feet to a magnetic nail found at the POINT OF BEGINNING;

THENCE S 00°37'30" E, 1197.00 feet continuing with the east line of said 380.90 acre tract in said Wagley Robertson Road to a 1/2" capped rebar set (McAdams) at the north line of East Bailey Boswell Road, being the northeast corner of that certain called 3.318 acre tract of land

described in right-of-way deed in favor of the City of Saginaw, Texas, recorded in Instrument Number D198013681 of the Official Public Records of Tarrant County, Texas;

THENCE S 33°04'55" W, 345.29 feet with the north line of said East Bailey Boswell Road and the north line of said 3.318 acre tract to a 1/2" capped rebar set (McAdams) at the beginning of a curve to the left;

THENCE continuing with the north line of said East Bailey Boswell Road and the north line of said 3.318 acre tract with the arc of said curve to the left having a radius of 795.00 feet, a central angle of 56°44'17" and an arc length of 787.26 feet, whose chord bears S 61°27'03" W, 755.49 feet to a 1/2" rebar found at a point of tangency;

THENCE S 89°49'10" W, 660.43 feet continuing with the north line of said East Bailey Boswell Road and the north line of said 3.318 acre tract to a 1/2" capped rebar set (McAdams) at the southeast corner of that certain called 0.423 acre tract of land described in Easement and Right-of-Way Agreement in favor of the City of Saginaw, recorded in Instrument Number D217022485 of the Official Public Records of Tarrant County, Texas;

THENCE N 00°10'50" W, 12.00 feet continuing with the north line of said East Bailey Boswell Road and the east line of said 0.423 acre tract to a 1/2" capped rebar set (McAdams) at the northeast corner thereof;

THENCE S 89°49'10" W, 65.00 feet continuing with the north line of said East Bailey Boswell Road and the north line of said 0.423 acre tract to a 1/2" capped rebar set (McAdams) at an angle point;

THENCE N 84°42'10" W, 175.17 feet continuing with the north line of said East Bailey Boswell Road and the north line of said 0.423 acre tract to a 1/2" capped rebar set (McAdams) at the beginning of a curve to the left;

THENCE continuing with the north line of said East Bailey Boswell Road and the north line of said 0.423 acre tract with the arc of said curve to the left having a radius of 1038.00 feet, a central angle of 05°43'25" and an arc length of 103.69 feet, whose chord bears N 87°33'52" W, 103.65 feet to a 1/2" capped rebar set (McAdams) at a point of tangency;

THENCE S 89°34'25" W, 341.34 feet continuing with the north line of said East Bailey Boswell Road and the north line of said 0.423 acre tract to a 1/2" capped rebar set (McAdams) at the northwest corner of said 0.423 acre tract, being on the east of the Fort Worth and Denver Railroad as evidenced in Volume 3299, Page 285 of the Deed Records of Tarrant County, Texas, and being on the west line of said 380.90 acre tract;

THENCE N 36°58'20" E, 2216.89 feet with the east line of said Fort Worth and Denver Railroad and the west line of said 380.90 acre tract to a 1/2" capped rebar found (Peleton);

THENCE N 89°12'40" E, 3517.44 feet to the **POINT OF BEGINNING** and containing approximately 115.432 acres of land.

Bearings based Texas Coordinate System, North Central Zone (4202), NAD '82.