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INDENTURE OF TRUST

By and Between

CITY OF FORT WORTH, TEXAS

and

BOKF, NA, as Trustee

DATED AS OF JULY 1, 2024

SECURING

[\$[PRELIMINARY PAR]

CITY OF FORT WORTH, TEXAS,

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (FORT WORTH PUBLIC  
IMPROVEMENT DISTRICT NO. 16 (WALSH RANCH/QUAIL VALLEY) IMPROVEMENT  
AREAS #1-3 PROJECT)

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## TABLE OF CONTENTS

Article I DEFINITIONS, FINDINGS AND INTERPRETATION.....	6
Section 1.01    Definitions.....	6
Section 1.02    Findings.....	15
Section 1.03    Table of Contents, Titles and Headings.....	15
Section 1.04    Interpretation.....	16
Article II THE BONDS .....	16
Section 2.01    Security for the Bonds.....	16
Section 2.02    Limited Obligations.....	16
Section 2.03    Authorization for Indenture.....	16
Section 2.04    Contract with Owners and Trustee.....	17
Article III AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS.....	17
Section 3.01    Authorization of the Bonds.....	17
Section 3.02    Date, Denomination, Maturities, Numbers and Interest.....	17
Section 3.03    Conditions Precedent to Delivery of Bonds.....	18
Section 3.04    Medium, Method and Place of Payment.....	18
Section 3.05    Execution and Registration of Bonds.....	19
Section 3.06    Ownership.....	20
Section 3.07    Registration, Transfer and Exchange.....	20
Section 3.08    Cancellation.....	21
Section 3.09    Temporary Bonds.....	22
Section 3.10    Replacement Bonds.....	22
Section 3.11    Book-Entry Only System.....	23
Section 3.12    Successor Securities Depository: Transfer Outside Book-Entry-Only System.....	24
Section 3.13    Payments to Cede & Co.....	24
Article IV REDEMPTION OF BONDS BEFORE MATURITY .....	24
Section 4.01    Limitation on Redemption.....	24
Section 4.02    Mandatory Sinking Fund Redemption.....	24
Section 4.03    Optional Redemption.....	25
Section 4.04    Extraordinary Optional Redemption.....	25
Section 4.05    Partial Redemption.....	25
Section 4.06    Notice of Redemption to Owners.....	26
Section 4.07    Payment Upon Redemption.....	27
Section 4.08    Effect of Redemption.....	27
Article V FORM OF THE BONDS.....	27
Section 5.01    Form Generally.....	27
Section 5.02    CUSIP Registration.....	28
Section 5.03    Legal Opinion.....	28
Article VI FUNDS AND ACCOUNTS.....	28
Section 6.01    Establishment of Funds and Accounts.....	28
Section 6.02    Initial Deposits to Funds and Accounts.....	29
Section 6.03    Pledged Revenue Fund.....	30
Section 6.04    Bond Fund.....	31
Section 6.05    Project Fund.....	31
Section 6.06    Redemption Fund.....	34

Section 6.07	Reserve Fund.....	34
Section 6.08	Rebate Fund: Rebate Amount.....	37
Section 6.09	Administrative Fund.....	38
Section 6.10	Investment of Funds.....	38
Section 6.11	Security of Funds.....	39
Article VII	COVENANTS.....	40
Section 7.01	Confirmation of Assessments.....	40
Section 7.02	Collection and Enforcement of Assessments.....	40
Section 7.03	Against Encumbrances.....	40
Section 7.04	Records, Accounts, Accounting Reports.....	41
Section 7.05	Covenants to Maintain Tax-Exempt Status.....	41
Article VIII	LIABILITY OF CITY.....	44
Article IX	THE TRUSTEE.....	45
Section 9.01	Trustee as Paying Agent/Registrar.....	45
Section 9.02	Trustee Entitled to Indemnity.....	45
Section 9.03	Responsibilities of the Trustee.....	46
Section 9.04	Property Held in Trust.....	50
Section 9.05	Trustee Protected in Relying on Certain Documents.....	50
Section 9.06	Compensation.....	50
Section 9.07	Permitted Acts.....	51
Section 9.08	Resignation of Trustee.....	51
Section 9.09	Removal of Trustee.....	51
Section 9.10	Successor Trustee.....	52
Section 9.11	Transfer of Rights and Property to Successor Trustee.....	52
Section 9.12	Merger, Conversion or Consolidation of Trustee.....	53
Section 9.13	Trustee to File Continuation Statements.....	53
Section 9.14	Construction of Indenture.....	53
Article X	MODIFICATION OR AMENDMENT OF THIS INDENTURE.....	53
Section 10.01	Amendments Permitted.....	53
Section 10.02	Owners' Meetings.....	55
Section 10.03	Procedure for Amendment with Written Consent of Owners.....	55
Section 10.04	Procedure for Amendment Not Requiring Owner Consent.....	56
Section 10.05	Effect of Supplemental Indenture.....	56
Section 10.06	Endorsement or Replacement of Bonds Issued After Amendments.....	56
Section 10.07	Amendatory Endorsement of Bonds.....	56
Section 10.08	Waiver of Default.....	57
Section 10.09	Execution of Supplemental Indenture.....	57
Article XI	DEFAULT AND REMEDIES.....	57
Section 11.01	Events of Default.....	57
Section 11.02	Immediate Remedies for Default.....	58
Section 11.03	Restriction on Owner's Action.....	59
Section 11.04	Application of Revenues and Other Moneys After Default.....	59
Section 11.05	Effect of Waiver.....	60
Section 11.06	Evidence of Ownership of Bonds.....	60
Section 11.07	No Acceleration.....	61
Section 11.08	Mailing of Notice.....	61

Section 11.09	Exclusion of Bonds.....	61
Article XII	GENERAL COVENANTS AND REPRESENTATIONS .....	61
Section 12.01	Representations as to Trust Estate. ....	61
Section 12.02	Accounts, Periodic Reports and Certificates.....	62
Section 12.03	General.....	62
Article XIII	SPECIAL COVENANTS.....	62
Section 13.01	Further Assurances; Due Performance. ....	62
Section 13.02	Additional Obligations or Other Liens.....	62
Section 13.03	Books of Record.....	63
Article XIV	PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE.....	63
Section 14.01	Trust Irrevocable.....	63
Section 14.02	Satisfaction of Indenture. ....	63
Section 14.03	Bonds Deemed Paid.....	63
Article XV	MISCELLANEOUS.....	64
Section 15.01	Benefits of Indenture Limited to Parties.....	64
Section 15.02	Successor is Deemed Included in All References to Predecessor.....	64
Section 15.03	Execution of Documents and Proof of Ownership by Owners.....	64
Section 15.04	No Waiver of Personal Liability.....	65
Section 15.05	Notices to and Demands on City and Trustee.....	65
Section 15.06	Partial Invalidity.....	67
Section 15.07	Applicable Laws. ....	67
Section 15.08	Payment on Business Day.....	67
Section 15.09	Reimbursement Agreements.....	68
Section 15.10	Counterparts.....	68
Section 15.11	Verifications of Statutory Representations and Covenants.....	68
Section 15.12	Municipal Bond Insurance and Reserve Fund Surety Policy.....	69
<b>EXHIBIT A</b>	.....	FORM OF BOND
<b>EXHIBIT B</b>	.....	CERTIFICATE FOR PAYMENT
<b>EXHIBIT C</b>	.....	MUNICIPAL BOND INSURANCE AND RESERVE FUND SURETY PROVISIONS

## INDENTURE OF TRUST

THIS INDENTURE, dated as of July 1, 2024, is by and between the CITY OF FORT WORTH, TEXAS (the "City"), and BOKF, NA, a national banking association, Houston, Texas, as trustee (together with its successors, the "Trustee"). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, a petition (the "Petition") was submitted and filed with the City Secretary of the City (the "City Secretary") pursuant to the Public Improvement District Assessment Act, Texas Local Government Code, Chapter 372, as amended (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) (the "District"); and

WHEREAS, the Petition contained the signature of the owner of taxable real property representing more than fifty percent of the appraised value of taxable real property liable for assessment within the District, as determined by the then current ad valorem tax rolls of the Tarrant County and Parker County Central Appraisal Districts, and the signature of the property owner who owns taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment by the District; and

WHEREAS, on September 20, 2016, after due notice, the City Council of the City (the "City Council") opened and held a public hearing (the "Creation Hearing") on the advisability of the improvement projects and services described in the Petition as required by Section 372.009 of the PID Act; and

WHEREAS, on September 27, 2016, the City Council (i) made the findings required by Section 372.009(b) of the PID Act and (ii) approved Resolution No. 4686-09-2016 (the "Creation Resolution") authorizing the creation of the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on October 7, 2016, the City published notice of its authorization of the District in a newspaper of general circulation in the City and in the part of the City's extraterritorial jurisdiction in which the District is located, and no written protests of the District from any owners of record of property within the District were filed with the City Secretary within 20 days after such date; and

WHEREAS, on April 11, 2017, the City Council made findings and determinations relating to the Actual Costs of the Improvement Area #1 Funded Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for May 2, 2017 (the "Improvement Area #1 Assessment Hearing") and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the Improvement Area #1 Assessment Hearing as required by Section 372.016(c) of the PID Act; and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the City published notice of the Improvement Area #1 Assessment Hearing in a newspaper of general circulation in the City and in

the part of the City's extraterritorial jurisdiction in which the District is located, to consider the proposed Service and Assessment Plan and the Improvement Area #1 Assessment Roll and the levy of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property, and, pursuant to Section 372.016(c) of the PID Act, the City mailed notice of the Improvement Area #1 Assessment Hearing to consider the proposed Service and Assessment Plan and the Improvement Area #1 Assessment Roll and the levy of the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, the City Council convened the Improvement Area #1 Assessment Hearing on May 2, 2017, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #1 Assessment Roll and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of estimated costs of the Improvement Area #1 Funded Improvements, the purposes of the Improvement Area #1 Assessments, the special benefits of the Improvement Area #1 Funded Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Improvement Area #1 Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #1 Funded Improvements, the Improvement Area #1 Assessment Roll, or the levy of the Improvement Area #1 Assessments; and

WHEREAS, the City Council closed the Improvement Area #1 Assessment Hearing, and, after considering all written and documentary evidence presented at the Improvement Area #1 Assessment Hearing, including all written comments and statements filed with the City, the City adopted the Improvement Area #1 Assessment Ordinance, which levied the Improvement Area #1 Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, on August 18, 2020, the City Council made findings and determinations relating to the Actual Costs of the Improvement Area #2 Funded Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for September 1, 2020 (the "Improvement Area #2 Assessment Hearing") and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the Improvement Area #2 Assessment Hearing as required by Section 372.016(c) of the PID Act; and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the City published notice of the Improvement Area #2 Assessment Hearing in a newspaper of general circulation in the City and in the part of the City's extraterritorial jurisdiction in which the District is located, to consider the proposed Service and Assessment Plan and the Improvement Area #2 Assessment Roll and the levy of the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property, and, pursuant to Section 372.016(c) of the PID Act, the City mailed notice of the Improvement Area #2 Assessment Hearing to consider the proposed Service and Assessment Plan and the Improvement Area #2 Assessment Roll and the levy of the Improvement Area #2 Assessments on the Improvement

Area #2 Assessed Property to the last known address of the owners of the property liable for the Improvement Area #2 Assessments; and

WHEREAS, the City Council convened the Improvement Area #2 Assessment Hearing on September 1, 2020, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #2 Assessment Roll and the Improvement Area #2 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #2 Assessments, the allocation of estimated costs of the Improvement Area #2 Funded Improvements, the purposes of the Improvement Area #2 Assessments, the special benefits of the Improvement Area #2 Funded Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Improvement Area #2 Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #2 Funded Improvements, the Improvement Area #2 Assessment Roll, or the levy of the Improvement Area #2 Assessments; and

WHEREAS, the City Council closed the Improvement Area #2 Assessment Hearing, and, after considering all written and documentary evidence presented at the Improvement Area #2 Assessment Hearing, including all written comments and statements filed with the City, the City adopted the Improvement Area #2 Assessment Ordinance, which levied the Improvement Area #2 Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, on September 13, 2022, the City Council made findings and determinations relating to the Actual Costs of the Improvement Area #3 Funded Improvements, received and accepted a preliminary service and assessment plan and a proposed assessment roll, called a public hearing for September 27, 2022 (the "Improvement Area #3 Assessment Hearing") and directed City staff to (i) file said proposed assessment roll with the City Secretary and to make it available for public inspection as required by Section 372.016(b) of the PID Act, and (ii) publish and mail such notice relating to the Improvement Area #3 Assessment Hearing as required by Section 372.016(c) of the PID Act; and

WHEREAS, pursuant to Section 372.016(b) of the PID Act, the City published notice of the Improvement Area #3 Assessment Hearing in a newspaper of general circulation in the City and in the part of the City's extraterritorial jurisdiction in which the District is located, to consider the proposed Service and Assessment Plan and the Improvement Area #3 Assessment Roll and the levy of the Improvement Area #3 Assessments on the Improvement Area #3 Assessed Property, and, pursuant to Section 372.016(c) of the PID Act, the City mailed notice of the Improvement Area #3 Assessment Hearing to consider the proposed Service and Assessment Plan and the Improvement Area #3 Assessment Roll and the levy of the Improvement Area #3 Assessments on the Improvement Area #3 Assessed Property to the last known address of the owners of the property liable for the Improvement Area #3 Assessments; and

WHEREAS, the City Council convened the Improvement Area #3 Assessment Hearing on September 27, 2022, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the proposed Service and Assessment Plan, the proposed Improvement Area #3 Assessment Roll and the Improvement Area #3

Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #3 Assessments, the allocation of estimated costs of the Improvement Area #3 Funded Improvements, the purposes of the Improvement Area #3 Assessments, the special benefits of the Improvement Area #3 Funded Improvements, and the penalties and interest on Annual Installments and on delinquent Annual Installments of the Improvement Area #3 Assessments, and there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of estimated costs of the Improvement Area #3 Funded Improvements, the Improvement Area #3 Assessment Roll, or the levy of the Improvement Area #3 Assessments; and

WHEREAS, the City Council closed the Improvement Area #3 Assessment Hearing, and, after considering all written and documentary evidence presented at the Improvement Area #3 Assessment Hearing, including all written comments and statements filed with the City, the City adopted the Improvement Area #3 Assessment Ordinance, which levied the Improvement Area #3 Assessments and approved the Service and Assessment Plan, in conformity with the requirements of the PID Act; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Actual Costs of the Funded Improvements, (ii) funding the Reserve Fund for payment of principal and interest on the Bonds, and (iii) paying costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, with such bonds to be entitled “City of Fort Worth, Texas, Special Assessment Revenue Bonds, Series 2024 (Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Areas #1–3 Project)”, and such Bonds being payable as provided in this Indenture; and

WHEREAS, concurrently with the sale of the Bonds, the Service and Assessment Plan will be updated to reflect the final pricing; and

WHEREAS, the Trustee has agreed to accept the trusts herein created and to serve as Trustee upon the terms set forth in this Indenture;

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in and first lien on all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

#### FIRST GRANTING CLAUSE

The Pledged Revenues, as herein defined, and all moneys and investments held in the Pledged Funds, including any and all proceeds thereof and any contract or any evidence of indebtedness related thereto or other rights of the City to receive any of such moneys or investments, whether now existing or hereafter coming into existence, and whether now or hereafter acquired; and



## SECOND GRANTING CLAUSE

Any and all other property or money of every name and nature which is, from time to time hereafter by delivery or by writing of any kind, conveyed, pledged, assigned or transferred, to the Trustee as additional security hereunder by the City or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to receive any and all such property or money at any and all times and to hold and apply the same subject to the terms thereof;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its successors or assigns;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture;

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on Assessed Property associated with such Assessment Prepayment shall be released, and the rights of the Trustee and the Owners under this Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released Assessed Property shall terminate;

PROVIDED, FURTHER, HOWEVER, if the City or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price of and the interest on all the Bonds at the times and in the manner stated in the Bonds, according to the true intent and meaning thereof, then this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture is to be and remain in full force and effect; and

IN ADDITION, the Bonds are special, limited obligations of the City payable solely from the Trust Estate, as and to the extent provided in this Indenture. The Bonds do not give rise to a charge against the general credit or taxing powers of the City and are not payable except as provided in this Indenture. Notwithstanding anything to the contrary herein, the Owners of the Bonds shall never have the right to demand payment thereof out of any funds of the City other than the Trust Estate. The City shall have no legal or moral obligation to pay for the Bonds out of any funds of the City other than the Trust Estate.

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated, and delivered and the Trust Estate hereby created, assigned, and pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses, and purposes as hereinafter expressed, and the City has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners from time to time of the Bonds as follows:

Article I  
DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.01 Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Indenture, the following terms shall have the meanings specified below:

“*2024 Supplemental Service Plan Update*” means the Service and Assessment Plan Update approved by the Bond Ordinance.

“*Account*”, in the singular, means any of the accounts established pursuant to Section 6.01 of this Indenture, and “*Accounts*”, in the plural, means, collectively, all the accounts established pursuant to Section 6.01 of this Indenture.

“*Actual Costs*” means, with respect to Funded Improvements, the demonstrated, reasonable, allocable, and allowable costs of constructing such Funded Improvements. Actual Costs may include (i) the costs incurred for the design, planning, financing, administration/management, acquisition, installation, construction and/or implementation of such Funded Improvements, (ii) the costs incurred in preparing the construction plans for such Funded Improvements, (iii) the fees paid for obtaining permits, licenses or other governmental approvals for such Funded Improvements, (iv) the costs incurred for external professional costs, such as engineering, geotechnical, surveying, land planning, architectural landscapers, appraisals, legal, accounting and similar professional services, taxes (property and franchise) related to the Funded Improvements, (v) all labor, bonds and materials, including equipment and fixtures, incurred by contractors, builders and materialmen in connection with the acquisition, construction or implementation of the Funded Improvements, and (vi) all related permitting, zoning and authorized approval expenses; architectural, engineering, legal and consulting fees; financing charges; taxes; governmental fees and charges; insurance premiums’ and miscellaneous expenses.

“*Additional Interest*” means the amount collected by application of the Additional Interest Rate.

“*Additional Interest Rate*” means the 0.50% additional interest rate charged on the Assessments pursuant to Section 372.018 of the PID Act.

“*Additional Obligations*” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary notes or time warrants secured in whole or in part by an assessment, other than the Assessments securing the Bonds, levied against property within the District in accordance with the PID Act.

“*Administrative Expenses*” means the administrative, organizational, maintenance and operation costs and expenses associated with, or incident to, the administration, organization, maintenance and operation of the District, including, but not limited to, the costs of (i) legal counsel, engineers, accountants, financial advisors, investment bankers or other consultants and advisors, (ii) creating and organizing the District and preparing the Assessment Rolls, (iii) computing, levying, collecting and transmitting the Assessments or the Annual Installments thereof, (iv) maintaining the record of Assessments, including payments, reallocations and/or cancellations of the Assessments or

Annual Installments thereof, (v) issuing, making debt service payments on, and redeeming the Bonds, (vi) investing or depositing the Assessments or other monies, (vii) complying with the PID Act with respect to the District, (viii) paying the Trustee’s fees and expenses (including the fees and expenses of their respective legal counsel) related to the Bonds, and (ix) City costs of administering the construction of that portion of the Authorized Improvements to be funded through the District. Administrative Expenses do not include the amounts for payment of the actual principal of, redemption premium, if any, and interest on the Bonds. Annual Administrative Expenses collected and not expended shall be carried forward and applied to reduce Administrative Expenses in subsequent years to avoid over collection.

“*Administrative Fund*” means that Fund established by Section 6.01 and administered pursuant to Section 6.09 hereof.

“*Administrator*” means an employee of the City or third-party designee of the City who shall have the responsibilities provided in the Service and Assessment Plan, this Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District. The initial Administrator is MuniCap, Inc.

“*Annual Debt Service*” means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“*Annual Installment*” means, with respect to each Parcel of Assessed Property, each annual payment of the (i) Assessments (including the principal of and interest thereon) as shown on the applicable Assessment Roll attached to the Service and Assessment Plan (or any Annual Service Plan Update); (ii) Administrative Expenses and (iii) Additional Interest.

“*Annual Service Plan Update*” means an update to the Service and Assessment Plan prepared no less frequently than annually by the Administrator and approved by the City Council.

“*Applicable Laws*” means the PID Act, and all other laws or statutes, rules, or regulations, and any amendments thereto, of the State of Texas or of the United States, by which the City and its powers, securities, operations, and procedures are, or may be, governed or from which its powers may be derived.

“*Assessed Property*” means, collectively, the Improvement Area #1 Assessed Property, the Improvement Area #2 Assessed Property, and the Improvement Area #3 Assessed Property.

“*Assessment Ordinances*” means, collectively, the Improvement Area #1 Assessment Ordinance, the Improvement Area #2 Assessment Ordinance and the Improvement Area #3 Assessment Ordinance.

“*Assessment Revenue*” means monies collected by or on behalf of the City on or after June 11, 2024 from the collection of Assessments, including Prepayments, Annual Installments and Foreclosure Proceeds.

“*Assessment Rolls*” means, collectively, the Improvement Area #1 Assessment Roll, the

Improvement Area #2 Assessment Roll, and the Improvement Area #3 Assessment Roll.

“*Assessments*” means, collectively, the Improvement Area #1 Assessment, the Improvement Area #2 Assessment, and the Improvement Area #3 Assessment.

“*Authorized Denomination*” means \$5,000 and any integral multiple of \$1,000 in excess thereof; provided, however, that if the total principal amount of any Outstanding Bond is less than \$5,000, then the Authorized Denomination of such Outstanding Bond shall be the amount of such Outstanding Bond.

“*Authorized Improvements*” means improvements authorized by Section 372.003 of the PID Act, including those described in the Service and Assessment Plan.

“*Bond*” means any of the Bonds.

“*Bond Counsel*” means McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman LLP or any other attorney or firm of attorneys designated by the City that are nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

“*Bond Date*” means the date designated as the initial date of the Bonds as set forth in Section 3.02 of this Indenture.

“*Bond Fund*” means the Fund of such name established pursuant to Section 6.01 and administered as provided in Section 6.04.

“*Bond Improvement Accounts*” means, collectively, the Improvement Area #1 Bond Improvement Account, the Improvement Area #2 Bond Improvement Account, and the Improvement Area #3 Bond Improvement Account.

“*Bond Ordinance*” means Ordinance No. \_\_\_\_\_ adopted by the City Council on June 11, 2024 authorizing the issuance of the Bonds pursuant to this Indenture.

“*Bond Pledged Revenue Account*” means the Account of such name established pursuant to Section 6.1.

“*Bond Year*” means the one-year period beginning on September 2 in each year and ending on September 1 in the following year.

“*Bonds*” means the City's bonds authorized to be issued by Section 3.01 of this Indenture entitled “City of Fort Worth, Texas, Special Assessment Revenue Bonds, Series 2024 (Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Areas #1–3 Project)” and, in the event the City issues Refunding Bonds pursuant to Section 13.2 hereof, the term “Bonds” shall include such Refunding Bonds.

“*Business Day*” means any day other than a Saturday, Sunday or legal holiday in the State of Texas observed as such by the City or the Trustee or any national holiday observed by the Trustee.

“*Certificate for Payment*” means a certificate substantially in the form of **Exhibit B** to this

Indenture or otherwise approved by the Developer and a City Representative executed by the Developer and approved by a City Representative, delivered to a City Representative and the Trustee specifying the amount of work performed related to the Funded Improvements and the Actual Costs thereof, and requesting payment for such Actual Costs from money on deposit in the Bond Improvement Accounts of the Project Fund as further described in the Reimbursement Agreements and Section 6.05 herein.

“*City Certificate*” means a certificate signed by the City Representative and delivered to the Trustee.

“*City Representative*” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the City Manager, the Chief Financial Officer / Director of Financial Management Services and/or their respective designees are the authorized City Representatives.

“*Closing Date*” means the date of the initial delivery of and payment for the Bonds.

“*Code*” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

“*Costs of Issuance Account*” means the Account of such name established pursuant to Section 6.01.

“*Defeasance Securities*” means Investment Securities then authorized by applicable law for the investment of funds to defease public securities.

“*Delinquency and Prepayment Reserve Account*” means the reserve account administered by the City and segregated from other funds of the City in accordance with the provisions of Section 6.07 of this Indenture.

“*Delinquency and Prepayment Reserve Requirement*” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds to be funded from Assessment Revenues to be deposited to the Pledged Revenue Fund and transferred to the Delinquency and Prepayment Reserve Account.

“*Delinquent Collection Costs*” means the costs related to the foreclosure on a Parcel of Assessed Property and the costs of collection of a delinquent Assessment or any other delinquent amounts due under the Service and Assessment Plan, all in accordance with the PID Act, including penalties and reasonable attorney’s fees actually paid, but excluding amounts representing interest and penalty interest.

“*Designated Payment/Transfer Office*” means (i) with respect to the initial Paying Agent/Registrar named in this Indenture, the transfer/payment office located in Houston, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“*Developer*” shall have the meaning assigned to such term in the Service and Assessment Plan.

“DTC” shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Parcel(s) of Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

“Fund” means any of the funds established pursuant to Section 6.01 of this Indenture.

“Funded Improvements” means, collectively, the Improvement Area #1 Funded Improvements, the Improvement Area #2 Funded Improvements, and the Improvement Area #3 Funded Improvements as further described in the Service and Assessment Plan.

“Improvement Area #1” means that portion of the District shown on Table II-B of the Service and Assessment Plan and described in Appendix B to the Service and Assessment Plan.

“Improvement Area #1 Assessed Property” means the Parcels of land located within Improvement Area #1 of the District against which an Improvement Area #1 Assessment is levied by the Improvement Area #1 Assessment Ordinance in accordance with the Service and Assessment Plan.

“Improvement Area #1 Assessment” means the assessment levied against Improvement Area #1 Assessed Property pursuant to the Improvement Area #1 Assessment Ordinance.

“Improvement Area #1 Assessment Ordinance” means Ordinance No. 22706-05-2017 adopted by the City Council on May 2, 2017, that levied the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

“Improvement Area #1 Assessment Roll” means the Improvement Area #1 Assessment Roll attached as Appendix A-1 to the Service and Assessment Plan, as updated, modified or amended from time to time.

“Improvement Area #1 Bond Improvement Account” means the Account of such name established pursuant to Section 6.01.

“Improvement Area #1 Funded Improvements” means the Authorized Improvements which benefit only property within Improvement Area #1 of the District and are described in Section III.B to the Service and Assessment Plan.

“Improvement Area #1 Reimbursement Agreement” means the “Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Public Improvement District Improvement Area #1 Reimbursement Agreement” by and between the City and the Developer dated to be effective as of May 2, 2017.

“Improvement Areas #1–3” means, collectively, Improvement Area #1, Improvement Area

#2, and Improvement Area #3.

“*Improvement Area #2*” means that portion of the District shown on Table II-B of the Service and Assessment Plan and described in Appendix B to the Service and Assessment Plan.

“*Improvement Area #2 Assessed Property*” means the Parcels of land located within Improvement Area #2 of the District against which an Improvement Area #2 Assessment is levied by the Improvement Area #2 Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Improvement Area #2 Assessment*” means the assessment levied against Improvement Area #2 Assessed Property pursuant to the Improvement Area #2 Assessment Ordinance.

“*Improvement Area #2 Assessment Ordinance*” means Ordinance No. 24386-09-2020 adopted by the City Council on September 1, 2020, that levied the Improvement Area #2 Assessments on the Improvement Area #2 Assessed Property.

“*Improvement Area #2 Assessment Roll*” means the Improvement Area #1 Assessment Roll attached as Appendix A-2 to the Service and Assessment Plan, as updated, modified or amended from time to time.

“*Improvement Area #2 Bond Improvement Account*” means the Account of such name established pursuant to Section 6.01.

“*Improvement Area #2 Funded Improvements*” means the Authorized Improvements which benefit only property within Improvement Area #2 of the District and are described in Section III.C to the Service and Assessment Plan.

“*Improvement Area #2 Reimbursement Agreement*” means the “Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Public Improvement District Improvement Area #2 Reimbursement Agreement” by and between the City and the Developer dated to be effective as of September 1, 2020.

“*Improvement Area #3*” means that portion of the District shown on Table II-B of the Service and Assessment Plan and described in Appendix B to the Service and Assessment Plan.

“*Improvement Area #3 Assessed Property*” means the Parcels of land located within Improvement Area #3 of the District against which an Improvement Area #3 Assessment is levied by the Improvement Area #3 Assessment Ordinance in accordance with the Service and Assessment Plan.

“*Improvement Area #3 Assessment*” means the assessment levied against Improvement Area #3 Assessed Property pursuant to the Improvement Area #3 Assessment Ordinance.

“*Improvement Area #3 Assessment Ordinance*” means Ordinance No. 25775-09-2022 adopted by the City Council on September 27, 2022, that levied the Improvement Area #3 Assessments on the Improvement Area #3 Assessed Property.

“*Improvement Area #3 Assessment Roll*” means the Improvement Area #1 Assessment Roll

attached as Appendix A-3 to the Service and Assessment Plan, as updated, modified or amended from time to time.

*“Improvement Area #3 Bond Improvement Account”* means the Account of such name established pursuant to Section 6.01.

*“Improvement Area #3 Funded Improvements”* means the Authorized Improvements which benefit only property within Improvement Area #3 of the District and are described in Section III.D to the Service and Assessment Plan.

*“Improvement Area #3 Reimbursement Agreement”* means the “Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Public Improvement District Improvement Area #3 Reimbursement Agreement” by and between the City and the Developer dated to be effective as of June 18, 2023.

*“Indenture”* means this Indenture of Trust as originally executed or as it may be from time to time supplemented or amended by one or more indentures supplemental hereto and entered into pursuant to the applicable provisions hereof.

*“Independent Financial Consultant”* means any consultant or firm of such consultants appointed by the City who, or each of whom: (i) is judged by the City, as the case may be, to have experience in matters relating to the issuance and/or administration of the Bonds; (ii) is in fact independent and not under the domination of the City; (iii) does not have any substantial interest, direct or indirect, with or in the City, or any owner of real property in the District, or any real property in the District; and (iv) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

*“Initial Bond”* means the Initial Bond as set forth in **Exhibit A** to this Indenture.

*“Interest Payment Date”* means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing on March 1, 2025.

*“Investment Securities”* means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; and provided further investments are, at the time made, included in and authorized by the City’s official investment policy as approved by the City Council from time to time.

*“Maximum Annual Debt Service”* means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

*“Outstanding”* means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond, shall have been made as provided in Article IV, (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein, and any Bond alleged to have been mutilated, destroyed, lost or stolen, but which have been paid as provided in



this Indenture.

“*Owner*” means the Person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.11 herein.

“*Parcel*” means property within the District that is identified by (1) a tax map identification number assigned by the Parker County Appraisal District or the Tarrant Appraisal District, as the case may be, for real property tax purposes, (2) a metes and bounds, (3) lot and block number in a final subdivision plat recorded in the official public records of either Parker County or Tarrant County, or (4) any other means determined by the City Council.

“*Paying Agent/Registrar*” means initially the Trustee, or any successor thereto as provided in this Indenture.

“*Person*” or “*Persons*” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“*PID Act*” means Texas Local Government Code, Chapter 372, as amended.

“*Pledged Funds*” means the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Reserve Fund, and the Redemption Fund.

“*Pledged Revenue Fund*” means that Fund of such name established pursuant to Section 6.01 and administered pursuant to Section 6.03 herein.

“*Pledged Revenues*” means the sum of (i) Assessment Revenue less the Administrative Expenses and Delinquent Collection Costs, (ii) the moneys held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

“*Prepayment*” means the payment of all or a portion of an Assessment before the due date thereof.

“*Principal and Interest Account*” means the Account of such name established pursuant to Section 6.01.

“*Project Fund*” means that fund of such name established pursuant to Section 6.1 and administered pursuant to Section 6.05 herein.

“*Purchase Agreement*” means the Bond Purchase Agreement between the City and the Underwriter, executed in connection with the sale of the Bonds.

“*Rating Agency*” means any nationally recognized securities rating agency.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Treasury Regulations.

“*Rebate Fund*” means that Fund of such name that may be established pursuant to Section 6.01 and administered pursuant to Section 6.08 herein.

“*Record Date*” means the close of business on the fifteenth calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“*Redemption Fund*” means that Fund of such name established pursuant to Section 6.01 and administered pursuant to Section 6.06 herein.

“*Redemption Price*” means, when used with respect to any Bond or portion thereof, the amount of par plus accrued and unpaid interest to the date of redemption.

“*Refunding Bonds*” means bonds issued to refund all or any portion of any Outstanding Bonds that are payable from and secured by a parity lien on the Trust Estate, and such Refunding Bonds and any Bonds that remain Outstanding following the issuance of such Refunding Bonds shall be equally and ratably secured by a parity lien on the Trust Estate in all respects, all as more specifically described in the indenture authorizing such Refunding Bonds.

“*Reimbursement Agreements*” means, collectively, the Improvement Area #1 Reimbursement Agreement, the Improvement Area #2 Reimbursement Agreement, and the Improvement Area #3 Reimbursement Agreement.

“*Register*” means the register specified in Article III of this Indenture.

“*Reserve Account*” means the Account of such name established pursuant to Section 6.01.

“*Reserve Account Obligation*” means, to the extent permitted by law, (i) a policy of insurance or a surety bond, issued by an issuer of policies of insurance insuring the timely payment of debt service on governmental obligations, provided that a Rating Agency, at the time of the delivery of such credit facility, would rate the Bonds fully insured by a standard policy issued by the City of such credit facility in any one of its three highest generic rating categories for such obligations; and/or (ii) a letter or line of credit issued by any financial institution, provided that a Rating Agency, at the time of delivery of such letter or line of credit, would rate the Bonds in any one of its three highest generic rating categories for such obligations if the letter or line of credit proposed to be issued by such financial institution secured the timely payment of the entire principal amount of the Bonds and the interest thereon.

“*Reserve Account Obligation Payment*” means any payment the City is obligated to make from Pledged Revenues deposited in the Reserve Account with respect to a Reserve Account Obligation.

“*Reserve Account Requirement*” means an amount equal to 50% of the Maximum Annual Debt Service as of the date of calculation, to be funded in the manner described in Article VI of this Indenture; provided, however, that, at the option of the City, such amount may be recalculated on any Interest Payment Date or any date of redemption, and the City shall provide a City Certificate to the Trustee with the applicable Reserve Account Requirement. As of the Closing Date, the Reserve Account Requirement is \$\_\_\_\_\_.

“*Reserve Fund*” means that Fund of such name established pursuant to Section 6.01 and administered in Section 6.07 herein.

“*Service and Assessment Plan*” means the “Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Service and Assessment Plan” dated May 2, 2017, as amended, updated, and/or restated by an Annual Service Plan Update, the 2024 Supplemental Service Plan Update, or otherwise.

“*Sinking Fund Installment*” means the amount of money to redeem or pay at maturity the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.02 herein.

“*Stated Maturity*” means the date the Bonds, or any portion of the Bonds, as applicable, are scheduled to mature without regard to any redemption or Prepayment.

“*Supplemental Indenture*” means an indenture which has been duly executed by the Trustee and the City Representative pursuant to an ordinance adopted by the City Council and which indenture amends or supplements this Indenture, but only if and to the extent that such indenture is specifically authorized hereunder.

“*Tax Certificate*” means the Certificate as to Tax Exemption delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the interest on such Bonds to be included in the gross income of the Owners thereof for Federal income tax purposes.

“*Treasury Regulations*” has the meaning set forth in Section 7.05(c) herein.

“*Trust Estate*” means the Trust Estate described in the granting clauses of this Indenture.

“*Trustee*” means BOKF, NA, a national banking association, Houston, Texas, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article IX, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

“*Underwriter*” means FMSbonds, Inc.

“*Value of Investment Securities*” means the lower of the cost of or the market value of Investment Securities.

#### Section 1.02 Findings.

The declarations, determinations, and findings declared, made and found in the preamble to this Indenture are hereby adopted, restated, and made a part of the operative provisions hereof.

#### Section 1.03 Table of Contents, Titles and Headings.

The table of contents, titles, and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Indenture or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04 Interpretation.

- (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.
- (b) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.
- (c) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.
- (d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

Article II  
THE BONDS

Section 2.01 Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on, security interest in, and pledge of the Trust Estate.

The lien on, security interest in, and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date, without physical delivery or transfer of control of the Trust Estate, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Trust Estate granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Trust Estate granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the lien on and security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Section 2.02 Limited Obligations.

The Bonds are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, and the Bonds shall never be payable out of funds raised or to be raised by taxation or from any other revenues, properties or income of the City.

Section 2.03 Authorization for Indenture.

The terms and provisions of this Indenture and the execution and delivery hereof by the City to the Trustee have been duly authorized by official action of the City Council. The City has

ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.04 Contract with Owners and Trustee.

The purposes of this Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the authorization, issuance, execution and delivery of, the Bonds and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

In consideration of the purchase and acceptance of any or all of the Bonds by those who shall purchase and hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the City with the Owners, and shall be deemed to be and shall constitute a contract among the City, the Owners, and the Trustee.

Article III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01 Authorization of the Bonds.

The Bonds are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly the PID Act. The Bonds shall be issued in the aggregate principal amount of \$[PRELIMINARY PAR] for the purpose of (i) paying a portion of the Actual Costs of the Funded Improvements, (ii) funding the Reserve Fund for payment of principal and interest on the Bonds, and (iii) paying costs of issuance of the Bonds.

Section 3.02 Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds.

- (i) The Bonds shall be dated July 1, 2024 (the “Bond Date”) and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons, and shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.
- (ii) Interest shall accrue and be paid on each Bond from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for, at the rate per annum set forth below until the principal thereof has been paid on the maturity date specified below, or on a date of earlier redemption, or otherwise provided for. Such interest shall be payable semiannually on an Interest Payment Date, commencing March 1, 2025, computed on the basis of a 360-day year of twelve 30-day months.
- (iii) The Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Year</u>	Principal	Interest
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Amount (\$)      Rate (%)

- (iv) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article IV herein, and shall otherwise have the terms, tenor, denominations, details, and specifications as set forth in the form of Bond set forth in **Exhibit A** to this Indenture.

Section 3.03 Conditions Precedent to Delivery of Bonds.

- (a) The Bonds. The Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate the Bonds and, upon payment of the purchase price of the Bonds, shall deliver the Bonds upon the order of the City, but only upon delivery (which delivery may be via electronic mail in portable document (PDF) or similar format) to the Trustee of:
  - (i) certified copies of the Assessment Ordinances;
  - (ii) a certified copy of the Bond Ordinance;
  - (iii) a copy of each of the executed Reimbursement Agreements;
  - (iv) a copy of the executed Purchase Agreement;
  - (v) a copy of this Indenture executed by the Trustee and the City;
  - (vi) a City Certificate directing the authentication and delivery of the Bonds, describing the Bonds to be authenticated and delivered, designating the purchasers to whom the Bonds are to be delivered, stating the purchase price of the Bonds and stating that all items required by this Section are therewith delivered to the Trustee in form and substance satisfactory to the City;
  - (vii) an executed opinion of Bond Counsel; and
  - (viii) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.04 Medium, Method and Place of Payment.

- (a) Principal of and interest on the Bonds shall be paid in lawful money of the United States of America, as provided in this Section.
- (b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days

thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

- (c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, United States mail, first-class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as such appears in the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the Owner; provided, however, the Owner shall bear all risk and expense of such other banking arrangement.
- (d) The principal of each Bond shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.
- (e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the due date thereof as specified in Section 3.02 of this Indenture.
- (f) Unclaimed payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to the Owner of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas.

#### Section 3.05 Execution and Registration of Bonds.

- (a) The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem and City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

- (b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to hold such office before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.
- (c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein or in a Supplemental Indenture, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his or her duly authorized agent, which certificate shall be evidence that such Initial Bond has been duly approved by the Attorney General of the State of Texas, is a valid and binding obligation of the City, and has been registered by the Comptroller of Public Accounts of the State of Texas.
- (d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed with the manual or facsimile signatures of the Mayor or Mayor Pro Tem and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Underwriter or its designee. Upon payment for such Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriter of such Bonds one registered definitive Bond for each year of maturity of the Bonds, registered in the name of Cede & Co., as nominee of DTC.

#### Section 3.06 Ownership.

- (a) The City, the Trustee, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date or Special Record Date, as applicable) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.
- (b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

#### Section 3.07 Registration, Transfer and Exchange.

- (a) So long as any Bond remains Outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Indenture. The Paying Agent/Registrar represents and warrants that it will file and maintain a copy of the Register



with the City, and shall cause the Register to be current with all registration and transfer information as from time to time may be applicable.

- (b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.
- (c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds, and of the same maturity and bearing the same interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange.
- (d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged for other Bonds in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first-class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.
- (e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.
- (f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.
- (g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond redeemed in part.

### Section 3.08 Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Indenture, shall be cancelled, and proper records shall be made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the records retention requirements of the Trustee.

### Section 3.09 Temporary Bonds.

- (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.
- (b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.
- (c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

### Section 3.10 Replacement Bonds.

- (a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the City shall issue, and the Trustee shall authenticate and deliver in exchange therefor, a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.
- (b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:
  - (i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;
  - (ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;
  - (iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Trustee and the Paying Agent/Registrar and any tax or other

governmental charge that is authorized to be imposed; and

- (iv) satisfies any other reasonable requirements imposed by the City and the Trustee.
- (c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.
- (d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.
- (e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

### Section 3.11 Book-Entry Only System.

The Bonds shall initially be issued in book-entry-only form and shall be deposited with DTC, which is hereby appointed to act as the securities depository therefor, in accordance with the blanket issuer letter of representations from the City to DTC. On the Closing Date, the definitive Bonds shall be issued in the form of a single typewritten certificate for each maturity thereof registered in the name of Cede & Co., as nominee for DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations

with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the Owner at the close of business on the Record Date or Special Record Date, as applicable, the word “Cede & Co.” in this Indenture shall refer to such new nominee of DTC.

Section 3.12 Successor Securities Depository: Transfer Outside Book-Entry-Only System.

In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the blanket issuer letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

Notwithstanding any other provision of this Indenture to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the blanket issuer letter of representations from the City to DTC.

Article IV  
REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01 Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.02 Mandatory Sinking Fund Redemption.

- (a) The Bonds are subject to mandatory sinking fund redemption prior to their stated maturities and will be redeemed by the City in part at the Redemption Price from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article IV, on the dates and in the respective Sinking Fund Installments as set forth in the FORM OF BOND.

- (b) At least forty-five (45) days prior to each mandatory sinking fund redemption date and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.02, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.05) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.06.
- (c) The principal amount of Bonds of a stated maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.02 shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.
- (d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (a) of this Section 4.02 shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

#### Section 4.03 Optional Redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, \_\_\_\_\_, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, \_\_\_\_\_, such redemption date or dates to be fixed by the City, at the Redemption Price.

#### Section 4.04 Extraordinary Optional Redemption.

Notwithstanding any provision in this Indenture to the contrary, in the event of a Prepayment, or if any other transfers are made into the Redemption Fund under the terms of this Indenture, the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates or optional redemption date specified in Section 4.3 hereof, in whole or in part, in the amount specified in a City Certificate, on any date, from amounts on deposit in the Redemption Fund, at the Redemption Price.

#### Section 4.05 Partial Redemption.

- (a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, Section 4.03, or Section 4.04, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of bonds that is obtained by dividing the principal amount of the Bonds by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

- (b) In selecting the Bonds to be redeemed pursuant to Section 4.02, the Trustee shall conduct a random by lot selection process.
- (c) In selecting the Bonds to be redeemed pursuant to Section 4.03, the Trustee may rely on the directions provided in a City Certificate.
- (d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.04 hereof, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected on a pro rata basis among all Outstanding Bonds.
- (e) If less than all Bonds within a Stated Maturity are called for extraordinary optional redemption pursuant to Section 4.04 hereof, the Trustee may select Bonds, or portions thereof, in any method that results in a random selection, within such Stated Maturity and in such principal amounts, for redemption.
- (f) Upon surrender of any Bond for redemption in part, the Trustee, in accordance with Section 3.07 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds and in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.06 Notice of Redemption to Owners.

- (a) At least 45 days prior to the required notice mailing date provided below, unless a shorter period shall be acceptable to the Trustee, the City shall provide written notice of its intention to conduct an optional redemption of the Bonds. Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by United States mail, first-class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds are in book-entry-only form and held by DTC as security depository, references to Owner in this Indenture means Cede & Co., as nominee for DTC.
- (b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Outstanding Bonds are to be redeemed, and subject to Section 4.05 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.
- (c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.
- (d) The City has the right to rescind any optional redemption or extraordinary optional redemption described in Section 4.03 or Section 4.04 by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available and deposited with the Trustee on the Business Day prior to the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under

this Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

- (e) With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the Redemption Price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

#### Section 4.07 Payment Upon Redemption.

- (a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.
- (b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

#### Section 4.08 Effect of Redemption.

Notice of redemption having been given as provided in Section 4.06 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

### Article V FORM OF THE BONDS

#### Section 5.01 Form Generally.

- (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, the Assignment, and the Statement of Insurance to appear on each of the Bonds, (i) shall be substantially in the form set forth in **Exhibit A** to this Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture and the Purchase Agreement and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined

by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

- (b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.
- (c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.
- (d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

#### Section 5.02 CUSIP Registration.

The City may secure identification numbers through the CUSIP Services, managed by S&P Global Market Intelligence on behalf of The American Bankers Association, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and none of the City, the Trustee, nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

#### Section 5.03 Legal Opinion.

The approving legal opinion of Bond Counsel may be printed on or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

### Article VI FUNDS AND ACCOUNTS

#### Section 6.01 Establishment of Funds and Accounts.

- (a) Creation of Funds. The following Funds are hereby created and established under this Indenture:
  - (i) Pledged Revenue Fund;
  - (ii) Bond Fund;
  - (iii) Project Fund;
  - (iv) Reserve Fund;
  - (v) Redemption Fund;
  - (vi) Rebate Fund;
  - (vii) Administrative Fund; and



(b) Creation of Accounts.

(i) The following Account is hereby created and established under the Pledged Revenue Fund:

(A) Bond Pledged Revenue Account.

(ii) The following Account is hereby created and established under the Bond Fund:

(A) Principal and Interest Account.

(iii) The following Accounts are hereby created and established under the Project Fund:

(A) Improvement Area #1 Bond Improvement Account;

(B) Improvement Area #2 Bond Improvement Account;

(C) Improvement Area #3 Bond Improvement Account;  
and

(D) Costs of Issuance Account.

(iv) The following Accounts are hereby created and established under the Reserve Fund:

(A) Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and each Account created within such Fund shall be maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds shall constitute trust funds which shall be held in trust by the Trustee as part of the Trust Estate solely for the benefit of the Owners of the Bonds.

(d) Interest earnings and profit on each respective Fund and Account established by this Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified below.

(e) The Trustee may, from time to time, upon written direction from the City pursuant to a City Certificate, create additional Funds or Accounts hereunder as may be necessary for the receipt and application of the Assessment Revenues, to account properly for the payment of the Actual Costs of the Funded Improvements or to facilitate the payment or redemption of the Bonds.

Section 6.02 Initial Deposits to Funds and Accounts.

(a) The proceeds from the sale of the Bonds shall be paid to the Trustee and deposited or transferred by the Trustee as follows:

(i) to the Improvement Area #1 Bond Improvement Account of the Project Fund: \$ \_\_\_\_\_;

(ii) to the Improvement Area #2 Bond Improvement Account of the Project Fund: \$ \_\_\_\_\_;

- (iii) to the Improvement Area #3 Bond Improvement Account of the Project Fund: \$ \_\_\_\_\_;
  - (iv) to the Costs of Issuance Account of the Project Fund: \$ \_\_\_\_\_; and
  - (v) to the Reserve Account of the Reserve Fund: \$ \_\_\_\_\_.
- (b) Funds received from the City attributable to Administrative Expenses collected prior to June 11, 2024 in the amount of \$[\_\_\_\_\_] shall be deposited into the Administrative Fund.

**Section 6.03 Pledged Revenue Fund.**

- (a) Upon receipt thereof, and no later than February 15 of each year while the Bonds are Outstanding and beginning upon the effectiveness of this Indenture, the City shall deposit or cause to be deposited the Pledged Revenues into the Pledged Revenue Fund. From amounts deposited to the Pledged Revenue Fund, the City shall deposit or cause to be deposited Pledged Revenues as follows:
  - (i) first, to the Bond Pledged Revenue Account of the Pledged Revenue Fund in an amount sufficient to pay debt service on the Bonds next coming due in the Bond year, and
  - (ii) second, if necessary, to the Reserve Account of the Reserve Fund in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement.

Notwithstanding anything to the contrary in this Section 6.03(a), the Additional Interest shall only be utilized for the purposes set forth in Section 6.07 hereof and, immediately following the initial deposit to the Pledged Revenue Fund, and prior to any other transfers or deposits being made under this Section 6.03(a), the Additional Interest shall be transferred to the Funds and Accounts as prescribed by Sections 6.07(a) and 6.07(f) hereof. In addition, in the event the City owes Rebatable Arbitrage to the United States Government pursuant to Section 6.08 hereof, the City shall provide a City Certificate to the Trustee to transfer to the Rebate Fund, prior to any other transfer under this Section 6.03(a), the full amount of Rebatable Arbitrage owed by the City, as further described in Section 6.10(f) hereof. If any Assessments and Annual Installments remain on deposit in the Pledged Revenue Fund after the foregoing deposits are made, the City shall have the option, in its sole and absolute discretion, to use such excess Assessments and Annual Installments for any one or more of the following purposes: (i) pay Actual Costs of the Funded Improvements, (ii) pay other costs permitted by the PID Act or (iii) deposit such excess into the Redemption Fund to redeem Bonds as provided in Article IV of this Indenture. Along with each transfer to the Trustee, the City shall provide a City of Certificate as to the Funds, Accounts and payments into which the amounts are to be deposited or paid.

- (b) From time to time as needed to pay the obligations relating to the Bonds, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Bond Pledged Revenue Account and transfer to the Principal and Interest Account of the Bond Fund, an amount, taking into account any amounts then on deposit in such Principal and Interest Account, such that the amount on deposit in the Principal and Interest Account equals the principal (including any Sinking Fund Installments) and interest due on the Bonds on the next Interest Payment Date.

- (c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.07 herein, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first, to the payment of interest and, second, to the payment of principal (including any Sinking Fund Installments) on the Bonds, as described in Section 11.04(a) hereof.
- (d) Notwithstanding Section 6.03(a) hereof, the Trustee shall deposit Prepayments to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer such Prepayments to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.04 of this Indenture.
- (e) Notwithstanding Section 6.03(a) hereof, the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first, to the Reserve Fund to restore any transfers from the Reserve Fund made with respect to the Parcel(s) of Assessed Property to which the Foreclosure Proceeds relate (*first*, to replenish the Reserve account, and *second*, to replenish the Delinquency and Prepayment Reserve Account), and second, to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.04 of this Indenture.
- (f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds and to fund any deficiency that may exist in each of the Accounts within the Reserve Fund, the Trustee shall transfer any Pledged Revenues remaining in the Pledged Revenue Fund for the purposes set forth in Section 6.03(a) hereof, as directed by the City in a City Certificate.

Section 6.04 Bond Fund.

- (a) On each Interest Payment Date, the Trustee shall withdraw from the Principal and Interest Account and transfer to the Paying Agent/Registrar the principal (including any Sinking Fund Installments) and/or interest then due and payable on the Bonds.
- (b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw from the Reserve Fund amounts to cover the amount of such insufficiency pursuant to and in the order of priority set forth in Section 6.07(f) hereof. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Section 6.05 Project Fund.

- (a) Money on deposit in the Project Fund shall be used for the purposes specified in clauses (i) and (iii) of Section 3.01 hereof. Except as provided in Section 6.05(d), (e), (f), (h), (i), (j), and (k), money on deposit in the Improvement Area #1 Bond Improvement Account shall only be used to pay Actual Costs of the Improvement Area #1 Funded Improvements, money on deposit in the Improvement Area #2 Bond Improvement Account shall only be used to pay Actual Costs of the Improvement Area #2 Funded Improvements, and money on deposit in the Improvement Area #3 Bond Improvement Account shall only be used to pay Actual Costs of the Improvement Area #3 Funded Improvements.

- (b) Except for the payment of costs of issuance of the Bonds to be paid on the Closing Date in accordance with instructions contained in a closing memorandum provided to the Trustee by the City or by the City's financial advisor on behalf of the City, disbursements from the Costs of Issuance Account of the Project Fund shall be made by the Trustee to pay costs of issuance of the Bonds pursuant to one or more City Certificates.
- (c) Disbursements from the Bond Improvement Accounts of the Project Fund to pay Actual Costs of the Funded Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certificate for Payment approving the disbursement to the Developer or the Developer's designee.
- (d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #1 Bond Improvement Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #1 Funded Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #1 Bond Improvement Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Improvement Area #1 Bond Improvement Account that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts identified on the City Certificate on deposit in the Improvement Area #1 Bond Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Improvement Area #1 Bond Improvement Account shall be closed.
- (e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #2 Bond Improvement Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #2 Funded Improvements, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #2 Bond Improvement Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Improvement Area #2 Bond Improvement Account that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts identified on the City Certificate on deposit in the Improvement Area #2 Bond Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Improvement Area #2 Bond Improvement Account shall be closed.
- (f) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #3 Bond Improvement Account of the Project Fund are not expected to be expended for purposes of such Account due to the abandonment, or constructive abandonment of the Improvement Area #3 Funded Improvements, such that, in the opinion

of the City Representative, it is unlikely that the amounts in the Improvement Area #3 Bond Improvement Account of the Project Fund will ever be expended for the purposes of such Account, the City Representative shall file a City Certificate with the Trustee, and provide a copy of such City Certificate to the Developer prior to filing with the Trustee, which identifies the amounts then on deposit in the Improvement Area #3 Bond Improvement Account that are not expected to be used for purposes of such Account. If such City Certificate is so filed, the amounts identified on the City Certificate on deposit in the Improvement Area #3 Bond Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture. Upon such transfers, the Improvement Area #3 Bond Improvement Account shall be closed.

- (g) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.
- (h) Upon the filing of a City Certificate stating that all Improvement Area #1 Funded Improvements have been completed and that all Actual Costs of the Improvement Area #1 Funded Improvements have been paid, or that any such Actual Costs of such Funded Improvements are not required to be paid from the Improvement Area #1 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #1 Bond Improvement Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund, as directed in a City Certificate filed with the Trustee and (ii) shall close the Improvement Area #1 Bond Improvement Account.
- (i) Upon the filing of a City Certificate stating that all Improvement Area #2 Funded Improvements have been completed and that all Actual Costs of the Improvement Area #2 Funded Improvements have been paid, or that any such Actual Costs of such Funded Improvements are not required to be paid from the Improvement Area #2 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #2 Bond Improvement Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund, as directed in a City Certificate filed with the Trustee and (ii) shall close the Improvement Area #2 Bond Improvement Account.
- (j) Upon the filing of a City Certificate stating that all Improvement Area #3 Funded Improvements have been completed and that all Actual Costs of the Improvement Area #3 Funded Improvements have been paid, or that any such Actual Costs of such Funded Improvements are not required to be paid from the Improvement Area #3 Bond Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #3 Bond Improvement Account of the Project Fund to the Principal and Interest Account of the Bond Fund or to the Redemption Fund, as directed in a City Certificate filed with the Trustee and (ii) shall close the Improvement Area #3 Bond Improvement Account.
- (k) Not later than six months following the Closing Date, or upon a determination by the City Representative that all costs of issuance of the Bonds have been paid, any amounts remaining in the Costs of Issuance Account shall be transferred to (i) the Bond Improvement Accounts

in the Project Fund on a pro rata basis to the extent such Bond Improvement Accounts have not been closed and used to pay Actual Costs or (ii) if no Funded Improvements remain to be funded, to the Principal and Interest Account of the Bond Fund and used to pay interest on the Bonds, as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed.

#### Section 6.06 Redemption Fund.

Subject to adequate amounts on deposit in the Pledged Revenue Fund, the Trustee shall cause to be deposited to the Redemption Fund from the Bond Pledged Revenue Account of the Pledged Revenue Fund an amount sufficient to redeem Bonds as provided in Section 4.03 and Section 4.04 on the dates specified for redemption as provided in Section 4.03 and Section 4.04. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article IV.

#### Section 6.07 Reserve Fund.

- (a) The City agrees with the Owners of the Bonds to accumulate and, when accumulated, maintain in the Reserve Account of the Reserve Fund, an amount equal to not less than the Reserve Account Requirement, which amount may be funded with cash, Investment Securities and/or Reserve Account Obligations. Upon initial delivery of the Bonds, the Reserve Account Requirement will be funded fifty percent (50%) from Bond proceeds and fifty percent (50%) with a Reserve Account Obligation. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purposes set forth in this Indenture. In addition, on or before March 1, 2025, and on or before March 1 of each year thereafter, the Trustee shall transfer the Additional Interest from the Pledged Revenue Fund to the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated in the Delinquency and Prepayment Reserve Account. At the time the Delinquency and Prepayment Reserve Requirement is fully accumulated in the Delinquency and Prepayment Reserve Account, the Trustee shall provide written notice thereof to the City, and thereafter, the Trustee shall begin transferring the Additional Interest to either (i) the Administrative Fund for the payment of Administrative Expenses or (ii) the Redemption Fund to be used to redeem Bonds pursuant to Section 4.04 hereof, as directed by the City pursuant to a City Certificate. In the event the Trustee does not receive a City Certificate directing the transfer of the Additional Interest to the Administrative Fund within forty-five (45) days of providing the foregoing notice to the City, the Trustee shall transfer the Additional Interest to the Redemption Fund to redeem Bonds pursuant to Section 4.04 hereof and provide the City with written notification of such transfer. Notwithstanding the foregoing, if at any time the amount on deposit in the Delinquency and Prepayment Reserve Account falls below the Delinquency and Prepayment Reserve Requirement, the Trustee shall resume depositing the Additional Interest into the Delinquency and Prepayment Reserve Account until the Delinquency and Prepayment Reserve Requirement has been accumulated therein. In transferring the amounts pursuant to this Section, the Trustee may conclusively rely on a City Certificate (which shall be based on the Annual Installments as shown on the Assessment Rolls in the Service and Assessment Plan) unless and until it receives a City Certificate directing that a different amount be used. The Additional Interest shall continue to be collected and deposited pursuant to this Section

6.07 until the Bonds are no longer Outstanding.

- (b) Whenever a transfer is made from an Account of the Reserve Fund to the Principal and Interest Account of the Bond Fund due to a deficiency in the Bond Fund, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn and the source of said funds.
- (c) Whenever the value of cash together with the Value of Investment Securities, when added to the value of any Reserve Account Obligation, then on deposit in the Reserve Account exceeds the Reserve Account Requirement, the Trustee shall provide written notice to the City Representative of the amount of the excess cash and/or Investment Securities then on deposit in the Reserve Account. Such excess cash and/or Investment Securities shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds on the next Interest Payment Date in accordance with Section 6.04 hereof, unless within thirty days of such notice to the City Representative, the Trustee receives a City Certificate instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.08 hereof, (ii) to the Administrative Fund in an amount not more than the Administrative Expenses for the Bonds, (iii) to the Bond Improvement Accounts of the Project Fund on a pro rata basis to the extent such Bond Improvement Accounts have not been closed to pay the Actual Costs of Funded Improvements if such application and the expenditure of funds is expected to occur within three years of the date hereof, or (iv) to the Redemption Fund to be applied to the redemption of Bonds. Alternatively, the City may elect to reduce the face amount of any Reserve Account Obligation then on deposit in the Reserve Account in lieu of the aforementioned transfers.
- (d) Whenever the amount on deposit in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess, and such excess shall be transferred, at the direction of the City pursuant to a City Certificate, to the Administrative Fund for the payment of Administrative Expenses or to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.04 hereof. In the event the Trustee does not receive a City Certificate directing the transfer of such excess to the Administrative Fund within forty-five (45) days of providing notice to the City of such excess, the Trustee shall transfer such excess to the Redemption Fund to redeem Bonds pursuant to Section 4.04 hereof and provide the City with written notification of the transfer.
- (e) In the event of an extraordinary optional redemption of Bonds resulting from funds being deposited into the Redemption Fund pursuant to any provision of this Indenture, the Trustee, pursuant to a City Certificate, shall transfer from the Reserve Account of the Reserve Fund to the Redemption Fund the amount specified in such City Certificate, which shall be an amount equal to the principal amount of Bonds to be redeemed multiplied by the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund divided by the principal amount of Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the funds on deposit in the Redemption Fund toward payment of accrued interest, there are insufficient funds in the Redemption Fund to pay the principal amount plus accrued and

unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed pursuant to this Section 6.07(e), the Trustee shall transfer an amount equal to the shortfall, or any additional amounts necessary to permit the Bonds to be redeemed in minimum principal amounts of \$1,000, from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

- (f) Whenever, on any Interest Payment Date, the amount on deposit in the Principal and Interest Account of the Bond Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first, from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Principal and Interest Account of the Bond Fund and, second, from the Reserve Account of the Reserve Fund to the Principal and Interest Account of the Bond Fund the amounts necessary to cure such deficiency. In such event, notwithstanding anything to the contrary in Section 6.07(a) above, the Additional Interest shall be used to replenish first, the Reserve Account of the Reserve Fund and second, the Delinquency and Prepayment Reserve Account of the Reserve Fund.
- (g) If the City is required to make a withdrawal from the Reserve Account under this Indenture, the City shall promptly notify the provider of any Reserve Account Obligation of the necessity for such withdrawal, and shall make such withdrawal first from available cash or Investment Securities then on deposit in the Reserve Account, and next from a drawing under any Reserve Account Obligation to the extent of such deficiency. In the event there is a draw upon the Reserve Account Obligation, the City shall reimburse the provider of such Reserve Account Obligation for such draw from the Pledged Revenues and in accordance with the terms of any agreement pursuant to which a Reserve Account Obligation is used; provided, however, that such reimbursement from the Pledged Revenues shall be subordinate and junior in right to the Owner's right to the payment of principal of and interest on the then Outstanding Bonds.
- (h) At the final maturity of the Bonds, the amount on deposit in the Reserve Account and the Delinquency and Prepayment Reserve Account shall be transferred to the Principal and Interest Account of the Bond Fund and applied to the payment of the principal of the Bonds.
- (i) If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account of the Reserve Fund is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account of the Reserve Fund the amount of such deficiency, but only to the extent that such amount is not required for the timely payment of principal, interest or Sinking Fund Installments.
- (j) If the amount held in the Reserve Fund together with the amount held in the Pledged Revenue Fund, the Bond Fund and Redemption Fund is sufficient to pay the principal amount and interest due on all Outstanding Bonds on the next Interest Payment Date or date on which the Bonds may be optionally redeemed by the City at the Redemption Price, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds on such date.
- (k) In the event the City is required to make a Reserve Account Obligation Payment, funds on deposit in the Reserve Account may be used for such purpose. Reimbursements to the provider, if any, of a Reserve Account Obligation shall constitute the making up of a deficiency in the Reserve Account to the extent that such reimbursements result in the



reinstatement, in whole or in part, as the case may be, of the amount of the Reserve Account Obligation.

- (l) The City may at any time deposit, supplement, replace or substitute a Reserve Account Obligation for cash or Investment Securities on deposit in the Reserve Account or in substitution for or replacement of any existing Reserve Account Obligation, provided that the deposit, supplement, replacement or substitution of the Reserve Account Obligation will not, in and of itself, cause any ratings then assigned to the Bonds by any Rating Agency to be lowered.

Section 6.08 Rebate Fund: Rebate Amount.

- (a) The Rebate Fund is to be held by the Trustee in accordance with the terms and provisions of this Indenture. Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and shall not be security for the Bonds.
- (b) In order to assure that Rebatable Arbitrage is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made in accordance with the Code and the Tax Certificate, as further set forth in a City Certificate sent to the Trustee. The Trustee may conclusively rely on such City Certificate as set forth in this Section and shall not be responsible for any loss or liability resulting from the investment of funds under this Section, but only so long as the Trustee follows such City Certificate in all respects.
- (c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and shall not be liable or responsible if it follows the written instructions contained in the City Certificate and shall not be required to take any action under this Section in the absence of instructions from the City.
- (d) The first calculation to determine whether Rebatable Arbitrage is owed to the United States Government (each, a "Rebate Calculation") will be done on the date that is five years from the Delivery Date, and each subsequent Rebate Calculation will be done, at a minimum, (i) on the same date every five years thereafter and (ii) on the date the Bonds have been paid in full, either as a result of maturity or prior redemption. The City shall provide the Trustee with a City Certificate in connection with each Rebate Calculation made pursuant to this Section, and each City Certificate shall include a copy of the Rebate Calculation and shall state whether or not the City owes Rebatable Arbitrage to the United States Government.
- (e) In the event it is found, after a Rebate Calculation has been done pursuant to this Section, that the City owes Rebatable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatable Arbitrage owed by the City. Such City Certificate shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the funds shall be transferred. If the final Rebate Calculation shows that the City owes Rebatable Arbitrage to the United States Government, and there are insufficient funds in the Pledged Funds to pay such Rebatable Arbitrage, the Trustee shall notify the City of such insufficiency, and the City shall transfer to the Trustee an amount equal to such insufficiency for deposit into the Rebate Fund within five (5)

Business Days of receiving notice from the Trustee.

- (f) If, on any date a Rebate Calculation is done, the amount on deposit in the Rebate Fund exceeds the amount of the Rebatable Arbitrage, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the Rebatable Arbitrage to the Bond Fund.

Section 6.09 Administrative Fund.

- (a) Periodically upon receipt thereof, the City shall deposit or cause to be deposited to the Administrative Fund the portion of the Assessments and Annual Installments allocated to the payment of the Administrative Expenses and Delinquent Collection Costs, as set forth in the Service and Assessment Plan.
- (b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including the payment of Administrative Expenses and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and shall not be security for the Bonds.

Section 6.10 Investment of Funds.

- (a) Money in any Fund or Account, other than the Reserve Fund, shall be invested by the Trustee in Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund or Account will be available at the proper time or times. Money in the Reserve Fund shall be invested in such Investment Securities as directed by the City pursuant to a City Certificate filed with the Trustee, provided that the final maturity of any individual Investment Security shall not exceed 270 days and the average weighted maturity of any investment pool or no-load money market mutual fund shall not exceed 90 days. Each such City Certificate shall be a certification, upon which the Trustee may conclusively rely without investigation or inquiry, that the investment directed therein constitutes an Investment Security and that such investments meet the maturity and average weighted maturity requirements set forth in the preceding sentence. Such investments shall be valued each year in terms of the Value of Investment Securities as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in the Funds and Accounts may be invested in common investments of the kind described above, or in a common pool of such investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund or Account are held by or on behalf of each such Fund or Account. If necessary, such investments shall be promptly sold to prevent any default under this Indenture. To ensure that cash on hand is invested, if the City does not give the Trustee written or timely instructions, which may include direction by Electronic Means (as defined herein), with respect to investments of funds, the Trustee is hereby directed to invest and re-invest cash balances in Cavanal Hill Government Fund (APCXX), CUSIP No. 14956P836 as standing instructions, and only so long as the money required to be

expended from any Fund will be available at the proper time or times.

- (b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities as directed by the City in writing.
- (c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment. The Trustee shall have no discretion for investing funds or advising any parties on investing funds, and the Trustee's only responsibility for investments shall be to follow the written instructions contained in a City Certificate. The Trustee shall not incur any liability for losses (including depreciation of value) arising from any investments or the sale of any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments. The Parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.
- (d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.
- (e) By providing the City with access to its online portfolio system, the Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, unless the Trustee receives a written request or the City elects to receive monthly cash transaction statements, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such online access.
- (f) In the event it is found, after a Rebate Calculation has been done pursuant to Section 6.08 hereof, that the City owes Rebatable Arbitrage to the United States Government, the City shall direct the Trustee, pursuant to a City Certificate, to transfer to the Rebate Fund the investment earnings on funds on deposit in the Pledged Funds in an amount equal to the Rebatable Arbitrage owed by the City. The City Certificate shall specify the amount to be transferred and the Pledged Fund or Pledged Funds from which the investment earnings shall be transferred.
- (g) The Trustee may conclusively rely on any City Certificate stating that such an investment is authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, and will comply with the City's investment policy.

#### Section 6.11 Security of Funds.

All Funds or Accounts heretofore created, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds,

and such Funds or Accounts shall be used only for the purposes and in the manner permitted or required by this Indenture.

## Article VII COVENANTS

### Section 7.01 Confirmation of Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinances, it has levied the Assessments against the respective Parcels of Assessed Property from which the Pledged Revenues will be collected and received.

### Section 7.02 Collection and Enforcement of Assessments.

- (a) For so long as any Bonds are Outstanding, and/or amounts are due to the Developer to pay it for funds it has contributed to pay Actual Costs of the Funded Improvements in accordance with the applicable Reimbursement Agreement, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.
- (b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Parcel of Assessed Property. Furthermore, nothing shall obligate the City, the City Attorney, or any appropriate designee to undertake collection or foreclosure actions against delinquent accounts in violation of applicable state law, court order, or existing contractual provisions between the City and its appropriate collections enforcement designees.
- (c) The City shall not be required under any circumstances to expend any funds for Delinquent Collection Costs or Administrative Expenses in connection with its covenants and agreements under this Section or otherwise other than funds on deposit in the Administrative Fund.
- (d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City, to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City.

### Section 7.03 Against Encumbrances.

- (a) Other than Refunding Bonds issued to refund all or a portion of the Outstanding Bonds or

Outstanding Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, other than that specified in Section 9.06 of this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

- (b) So long as Bonds are Outstanding hereunder, and except as set forth in Section 13.02 hereof, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds secured by any pledge of or other lien or charge on the Trust Estate, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.04 Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds or any interest thereon remain outstanding and unpaid, and/or the obligation to the Developer to pay it for funds it has contributed to pay Actual Costs of the Funded Improvements in accordance with the applicable Reimbursement Agreement remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and Owner or Owners of any Bonds or any duly authorized agent or agents of such Owners shall have the right, but not the responsibility or duty, at all reasonable times to inspect the project and all such records, accounts, and data relating thereto, upon written request to the City by the Trustee or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty days after the City receives such request.

Section 7.05 Covenants to Maintain Tax-Exempt Status.

- (a) The City covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as an obligation described in section 103 of the Code, the interest on which is not includable in the "gross income" of the Owner for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:
  - (i) to take any action to assure that no more than 10 percent of the proceeds of the Bonds (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Article or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;
  - (ii) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" that is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

- (iii) to take any action to assure that no amount that is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;
  - (iv) to refrain from taking any action that would otherwise result in the Bonds being treated as a "private activity bond" within the meaning of section 141(b) of the Code;
  - (v) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;
  - (vi) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds that were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) that produces a materially higher yield over the term of the Bonds, other than investment property acquired with –
    - (A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of refunding bonds, for a period of 30 days or less until such proceeds are needed for the purpose for which the Bonds or refunding bonds are issued,
    - (B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and
    - (C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;
  - (vii) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);
  - (viii) to refrain from using the proceeds of the Bonds or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Bonds in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and
  - (ix) to pay to the United States of America at least once during each five-year period (beginning on the Delivery Date) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.
- (b) In order to facilitate compliance with the above covenant (a)(ix), the Rebate Fund may be established by the City pursuant to Section 6.1 for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered Owner. The Rebate Fund would be established for the

additional purpose of compliance with section 148 of the Code.

- (c) The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto (the "*Treasury Regulations*"). In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.
- (d) The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for Funded Improvements on its books and records in accordance with the requirements of the Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Funded Improvements are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the Delivery Date, or (2) the date the Bonds are retired. The City agrees to obtain the advice of nationally recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.
- (e) The City covenants that the projects funded with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the City of cash or other compensation unless the City obtains an opinion of nationally recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Article VIII  
LIABILITY OF CITY

- (a) Neither the full faith and credit nor the general taxing power of the City is pledged to the payment of the Bonds, and, except for the Trust Estate, no City taxes, fee or revenues from any source are pledged to the payment of, or available to pay any portion of, the Bonds or any other obligations relating to the District. The City shall never be liable for any obligations relating to the Bonds or other obligations relating to the District, other than as specifically provided for in this Indenture.
- (b) The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or Event of Default thereunder.
- (c) In the absence of bad faith, the City may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the City and conforming to the requirements of this Indenture. The City shall not be liable for any error of judgment made in good faith unless it shall be proved that it was negligent in ascertaining the pertinent facts.
- (d) No provision of this Indenture, the Bonds, the Assessment Ordinances, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds (the "Bond Documents"), shall require the City to expend or risk its own general funds or otherwise incur any financial liability (other than with respect to the Pledged Revenues and the Administrative Expenses) in the performance of any of its obligations hereunder, or in the exercise of any of its rights or powers, if in the judgment of the City there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it.
- (e) Neither the Owners nor any other Person shall have any claim against the City or any of its officers, officials, agents, or employees for damages suffered as a result of the City's failure to perform in any respect any covenant, undertaking, or obligation under any Bond Documents or as a result of the incorrectness of any representation in, or omission from, any of the Bond Documents, except to the extent that any such claim relates to an obligation, undertaking, representation, or covenant of the City, in accordance with the Bond Documents and the PID Act. Any such claim shall be payable only from the Trust Estate. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.
- (f) The City may rely on and shall be protected in acting or refraining from acting upon any



notice, resolution, request, consent, order, certificate, report, warrant, bond, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The City may consult with counsel with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

- (g) Whenever in the administration of its duties under this Indenture, the City shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of willful misconduct on the part of the City, be deemed to be conclusively proved and established by a certificate of the Trustee, an Independent Financial Consultant, an independent inspector or City Manager or other person designated by the City Council to so act on behalf of the City, and such certificate shall be full warrant to the City for any action taken or suffered under the provisions of this Indenture upon the faith thereof, but in its discretion the City may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.
- (h) In order to perform its duties and obligations hereunder, the City may employ such persons or entities as it deems necessary or advisable. The City shall not be liable for any of the acts or omissions of such persons or entities employed by it in good faith hereunder, and shall be entitled to rely, and shall be fully protected in doing so, upon the opinions, calculations, determinations, and directions of such persons or entities.

## Article IX THE TRUSTEE

### Section 9.01 Trustee as Paying Agent/Registrar.

The Trustee is hereby designated and agrees to act as Registrar and Paying Agent for and in respect to the Bonds. The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the express terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the Owners of the Bonds agree.

### Section 9.02 Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to spend its own funds, to institute any suit, or to undertake any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement or exercise of any rights and powers hereunder, until it shall be indemnified, to the extent permitted by law, to its satisfaction against any and all costs and expenses, outlays, and counsel fees and other reasonable disbursements, and against all liability except as a consequence of its own negligence or willful misconduct. Nevertheless, the Trustee may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall, to the extent permitted by law, be entitled to a preference therefor over any Bonds Outstanding hereunder.

### Section 9.03 Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Indenture, and agrees to observe and perform those trusts, but only upon and subject to the terms and conditions set forth in this Article, to all of which the parties hereto and the Owners agree.

- (a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,
  - (i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and
  - (ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.
- (b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.
- (c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:
  - (i) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in Section 9.03(a)(i) or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in Section 9.05;
  - (ii) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts; and
  - (iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article IX.

- (d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of the offering documents, this Indenture, or the Bonds or with respect to the security afforded by this Indenture, or the technical or financial feasibility of the project, or the compliance of the project with the PID Act or the tax-exempt status of the Bonds, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Bonds for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code; (v) undertaking any other action unless specifically authorized pursuant to written direction by the City or pursuant to this Indenture; or (vi) the use of Bond proceeds or sufficiency of said proceeds or cash flow to accomplish the intended objective of the financing.
- (e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.
- (f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own gross negligence or willful misconduct, both before and after default by the City. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Funded Improvements.
- (g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) may pay at the expense of the Owners of the Bonds reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the City) approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.
- (h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:
  - (i) the validity, priority, recording, re-recording, filing or re filing of this Indenture or any Supplemental Indenture,
  - (ii) any instrument or document of further assurance or collateral assignment,
  - (iii) the filing of any financing statements, amendments thereto or continuation statements,
  - (iv) insurance of the Funded Improvements or collection of insurance money,

- (v) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or
- (vi) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.
- (i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.
- (j) Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.
- (k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 11.01(a)(i), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate Outstanding principal amount of Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above. Notwithstanding the foregoing or anything to the contrary contained herein, no notice to the Trustee shall be deemed given to or received by the Trustee unless actually delivered to an officer of the Trustee having responsibility under this Indenture.
- (l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.
- (m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.
- (n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrars fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute administrative expenses in bankruptcy.
- (o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrars services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.
- (q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or

distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

- (r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable for other than its negligence or willful misconduct.
- (s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Funded Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Funded Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.
- (t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party.
- (u) In the event that any of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.
- (v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.
- (w) The Trustee shall have the right but not the obligation to act as directed by the Owners of at least a majority of the aggregate outstanding principal of the Bonds and shall not be liable in

taking any action so directed if the Trustee acts in the absence of bad faith.

Section 9.04 Property Held in Trust.

All moneys and securities held by the Trustee at any time pursuant to the terms of this Indenture shall be held by the Trustee in trust for the purposes and under the terms and conditions of this Indenture.

Section 9.05 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond, or other document provided to the Trustee in accordance with the terms of this Indenture that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or Person or to have been prepared and furnished pursuant to any of the provisions of this Indenture, or upon the written opinion of any counsel, architect, engineer, insurance consultant, management consultant, or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry into and shall not be deemed to have knowledge of any statements contained or matters referred to in any such instrument. The Trustee may consult with counsel, who may or may not be Bond Counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered, or omitted to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable. Except as otherwise expressly provided herein, any request, order, notice, or other direction required or permitted to be furnished pursuant to any provision hereof by the City to the Trustee shall be sufficiently executed if executed in the name of the City by the City Representative.

The Trustee shall not be under any obligation to see to the recording or filing of this Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 9.13 herein.

Section 9.06 Compensation.

Unless otherwise provided by contract with the City, the Trustee shall transfer from the Administrative Fund, from time to time, reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund. The Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with

the City. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur liability, financial or otherwise, in the performance of any of its duties or in the exercise of any of its rights or powers, if in the judgment of the Trustee there are reasonable grounds for believing that the repayment of such funds or liability is not reasonably assured to it. The Trustee shall not be required to make any disbursement of funds until having collected funds. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any moneys in its possession in the Administrative Fund.

In the event that the Trustee renders any service not contemplated in this Indenture, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Indenture or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event.

#### Section 9.07 Permitted Acts.

The Trustee and its directors, officers, employees, or agents may become the owner of or may in good faith buy, sell, own, hold and deal in Bonds and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of Owners of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate Outstanding principal amount of the Bonds.

#### Section 9.08 Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than 30 days' notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the appointment of a successor as provided in Section 9.10 and the acceptance of such appointment by such successor.

#### Section 9.09 Removal of Trustee.

The Trustee may be removed at any time by (i) the Owners of at least a majority of the aggregate Outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 9.10 Successor Trustee.

- (a) If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.
- (b) If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, a successor Trustee may be appointed within one year after any such vacancy shall have occurred by the Owners of at least a majority in aggregate Outstanding principal amount of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or their attorneys-in-fact, duly authorized and delivered to such successor Trustee, with notification thereof being given to the predecessor Trustee and the City.
- (c) Until such successor Trustee shall have been appointed by the Owners of the Bonds, the City shall forthwith (and in no event in excess of 30 days after such vacancy occurs) appoint a Trustee to act hereunder. Copies of any instrument of the City providing for any such appointment shall be delivered by the City to the Trustee so appointed. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds within 30 days after such appointment. Any appointment of a successor Trustee made by the City immediately and without further act shall be superseded and revoked by an appointment subsequently made by the Owners of Bonds.
- (d) If in a proper case no appointment of a successor Trustee shall be made within 30 days after the giving by any Trustee of any notice of resignation in accordance with Section 9.08 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.
- (e) Any successor Trustee appointed under the provisions of this Section shall be a commercial bank or trust company or national banking association (i) having a capital and surplus and undivided profits aggregating at least \$50,000,000, if there be such a commercial bank or trust company or national banking association willing and able to accept the appointment on reasonable and customary terms, and (ii) authorized by law to perform all the duties of the Trustee required by this Indenture.
- (f) Each successor Trustee shall mail, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds and each of the Owners of the Bonds.

Section 9.11 Transfer of Rights and Property to Successor Trustee.

Any successor Trustee appointed under the provisions of Section 9.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such



appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor all the rights, immunities, powers, and trusts of such Trustee and all the right, title, and interest of such Trustee in and to the Trust Estate, and shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 9.12 Merger, Conversion or Consolidation of Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated or any corporation or association resulting from any merger, conversion or consolidation to which it shall be a party or any corporation or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee hereunder, without any further act, deed or conveyance, provided that such corporation or association shall be a commercial bank or trust company or national banking association qualified to be a successor to such Trustee under the provisions of Section 9.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 9.13 Trustee to File Continuation Statements.

If necessary, pursuant to written direction by the City, the Trustee shall file or cause to be filed, such continuation statements as are delivered to the Trustee by the City, or on behalf of the City, and which may be required by the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"), in order to continue perfection of the security interest of the Trustee in such items of tangible or intangible personal property and any fixtures as may have been granted to the Trustee pursuant to this Indenture in the time, place and manner required by the UCC.

Section 9.14 Construction of Indenture.

The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provision hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Owners of the Bonds. Permissive rights of the Trustee are not to be construed as duties.

Article X  
MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.01 Amendments Permitted.

(a) This Indenture and the rights and obligations of the City and of the Owners of the Bonds may

be modified or amended at any time by a Supplemental Indenture, except as provided below, pursuant to the affirmative vote at a meeting of Owners of the Bonds, or with the written consent without a meeting, of the Owners of not less than a majority in aggregate of the principal amount of the Bonds then Outstanding, and the City's approval of such modification or amendment. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, (ii) permit the creation by the City of any pledge or lien upon the Trust Estate superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by Applicable Laws and this Indenture), or (iii) reduce the percentage of Bonds required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

- (b) This Indenture and the rights and obligations of the City and of the Owners may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:
  - (i) to add to the covenants and agreements of the City in this Indenture contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power herein reserved to or conferred upon the City;
  - (ii) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
  - (iii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in regard to questions arising under this Indenture, as the City and the Trustee may deem necessary or desirable and not inconsistent with this Indenture, and that shall not adversely affect the rights of the Owners of the Bonds;
  - (iv) to set forth additional provisions, if deemed necessary or advisable, in connection with the issuance of Refunding Bonds permitted under the terms of this Indenture; and
  - (v) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.
- (c) Any modification or amendment made pursuant to this paragraph shall not be subject to the notice procedures specified in Section 10.03 below.
- (d) Notwithstanding the above, no Supplemental Indenture under this Section shall be effective unless the City first delivers to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted by and in compliance with this Indenture and will not adversely affect the (i) interests of the Owners in any material respect, or (ii) exclusion of interest on any Bond from gross income for purposes of federal income taxation.

Section 10.02 Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds. In such event the City is authorized to fix the time and place of said meeting and to provide for the giving of notice thereof, and to fix and adopt rules and regulations for the conduct of said meeting.

Section 10.03 Procedure for Amendment with Written Consent of Owners.

- (a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.01 herein, to take effect when and as provided in this Section. A copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by first-class mail, by the Trustee to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.
- (b) Such Supplemental Indenture shall not become effective unless there shall be filed with the Trustee the written consents of the Owners as required by this Indenture and a notice shall have been mailed as hereinafter in this Section provided and the City has delivered to the Trustee an opinion of Bond Counsel to the effect that such amendment is permitted and will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 11.06 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.
- (c) After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 10.03 to be filed with the Trustee, shall be proof of the matters therein stated until the contrary is proved. The Supplemental Indenture shall become effective upon the filing with the Trustee of the proof of mailing of such notice, and the Supplemental Indenture shall be deemed conclusively binding (except as otherwise hereinabove specifically provided in this Article) upon the City and the Owners of all Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 10.04 Procedure for Amendment Not Requiring Owner Consent.

- (a) The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds or of this Indenture, to the extent that such amendment is permitted by Section 10.01, to take effect when and as provided in this Section. The City shall direct the Trustee to provide a copy of such Supplemental Indenture, together with a notice stating that the Supplemental Indenture does not require Owner consent, mailed by first class mail to each Owner of Bonds, but failure to mail copies of such Supplemental Indenture shall not affect the validity of the Supplemental Indenture. The Trustee shall retain the proof of its mailing of such notice. A record, consisting of the papers required by this Section 10.04, shall be proof of the matters therein stated until the contrary is proved.
- (b) The Supplemental Indenture shall become effective upon the execution and delivery of such Supplemental Indenture by the Trustee and the City, and the Supplemental Indenture shall be deemed conclusively binding upon the City, the Trustee and the Owners of all Bonds as of the date of such execution and delivery.

Section 10.05 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Indenture of the City, the Trustee and all Owners of Outstanding Bonds shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 10.06 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the designated office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 10.07 Amendatory Endorsement of Bonds.

The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

#### Section 10.08 Waiver of Default

With the written consent of the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under this Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

#### Section 10.09 Execution of Supplemental Indenture.

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall receive, and shall be fully protected in relying upon, an opinion of counsel addressed and delivered to the Trustee and the City stating that the execution of such Supplemental Indenture is permitted by and in compliance with this Indenture. The Trustee may, but shall not be obligated to, enter into such Supplemental Indenture which affects the Trustee's own rights, duties and immunities under this Indenture.

### Article XI DEFAULT AND REMEDIES

#### Section 11.01 Events of Default.

- (a) Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:
  - (i) The failure of the City to deposit the Pledged Revenues to the Bond Pledged Revenue Account of the Pledged Revenue Fund;
  - (ii) The failure of the City to enforce the collection of the Assessments including the prosecution of foreclosure proceedings;
  - (iii) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; provided, however, that the payments are to be made only from Pledged Revenues or other funds currently available in the Pledged Funds and available to the City to make the payments; and
  - (iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture, other than a default under (iii) above, and the continuation thereof for a period of ninety (90) days after written notice specifying such default and requiring same to be remedied shall have been given to the City by the Trustee, which may give such notice in its discretion and which shall give such notice at the written request of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, if the default stated in the notice is capable of cure but cannot reasonably be cured within the applicable period, the City shall be entitled to a further extension of time reasonably necessary to remedy such default so long as corrective action is instituted by the City within the applicable period and is diligently pursued until such failure is corrected, but in no event for a period of time of more than one hundred eighty (180) days after such

notice.

- (b) Nothing in Section 11.01(a) will be an Event of Default if it is in violation of any applicable state law or court order.

Section 11.02 Immediate Remedies for Default.

- (a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.01, the Trustee may, and at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and its receipt of indemnity satisfactory to it, shall proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Indenture, by action seeking mandamus or by other suit, action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.
- (b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.
- (c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.
- (d) Whenever moneys are to be applied pursuant to this Article XI, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms as the Trustee may deem appropriate and as may be required by law and apply the proceeds thereof in accordance with the provisions of this Section. Upon such sale, the Trustee may make and deliver to the purchaser or purchasers a good and sufficient assignment or conveyance for the same, which sale shall be a perpetual bar both at law and in equity against the City, and all other Persons claiming such properties. No purchaser at any sale shall be bound to see to the application of the purchase money proceeds thereof or to inquire as to the authorization, necessity, expediency, or regularity of any such sale. Nevertheless, if so requested by the Trustee, the City shall ratify and confirm any sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be necessary or, in the judgment of the Trustee, proper for the purpose which may be designated in such request.

### Section 11.03 Restriction on Owner's Action.

- (a) No Owner shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of this Indenture or for the execution of any trust thereof or any other remedy hereunder, unless (i) a default has occurred and is continuing of which the Trustee has been notified in writing, (ii) such default has become an Event of Default and the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee indemnity as provided in Section 9.02 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the Owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee, be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for the enforcement of this Indenture or for any other remedy hereunder.
- (b) Subject to Article VIII, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.
- (c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

### Section 11.04 Application of Revenues and Other Moneys After Default.

- (a) All moneys, securities, funds, Pledged Revenues and other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee, and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 11.02 hereof, shall be applied by the Trustee, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the Owners entitled thereto all installments of interest then due in the direct order of maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the Owners entitled thereto, without any discrimination or preference.

Within ten (10) days of receipt of such good and available funds, the Trustee may fix a record and payment date for any payment to be made to Owners pursuant to this Section 11.04.

- (b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.01, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.
- (c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 11.03, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

#### Section 11.05 Effect of Waiver.

No delay or omission of the Trustee, or any Owner, to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

#### Section 11.06 Evidence of Ownership of Bonds.

- (a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:
  - (i) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other



officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

- (ii) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.
- (b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of any Bond shall bind all future Owners of the same Bond in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.07 No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.01 hereof, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Indenture is expressly denied.

Section 11.08 Mailing of Notice.

Any provision in this Article for the mailing of a notice or other document to Owners shall be fully complied with if it is mailed, first-class, postage prepaid, only to each Owner at the address appearing upon the Register.

Section 11.09 Exclusion of Bonds.

Bonds owned or held by or for the account of the City will not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the City shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Indenture.

Article XII  
GENERAL COVENANTS AND REPRESENTATIONS

Section 12.01 Representations as to Trust Estate.

- (a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Trust Estate are and will be and remain free and clear of any pledge, lien, charge, or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge and lien created in or authorized by this Indenture except as expressly provided herein.
- (b) The City shall at all times, to the extent permitted by Applicable Laws, defend, preserve and protect the pledge of the Trust Estate and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.
- (c) Subject to Section 7.02(c), City will take all steps reasonably necessary and appropriate, and will provide written direction to the Trustee to take all steps reasonably necessary and

appropriate, to collect all delinquencies in the collection of the Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

Section 12.02 Accounts, Periodic Reports and Certificates.

The Trustee shall keep or cause to be kept proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the Funds and Accounts established by this Indenture and which shall at all times be subject to inspection by the City, and the Owner or Owners of not less than 10% in principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 12.03 General.

The City shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the City under the provisions of this Indenture.

Article XIII  
SPECIAL COVENANTS

Section 13.01 Further Assurances; Due Performance.

- (a) At any and all times the City will duly execute, acknowledge and deliver, or will cause to be done, executed and delivered, all and every such further acts, conveyances, transfers, and assurances in a manner as the Trustee shall reasonably require for better conveying, transferring, pledging, and confirming unto the Trustee, all and singular, the revenues, Funds, Accounts and properties constituting the Pledged Revenues, and the Trust Estate hereby transferred and pledged, or intended so to be transferred and pledged.
- (b) The City will duly and punctually keep, observe and perform each and every term, covenant and condition on its part to be kept, observed and performed, contained in this Indenture.

Section 13.02 Additional Obligations or Other Liens.

- (a) The City reserves the right, subject to the provisions contained in this Section 13.02, to issue Additional Obligations under other indentures, assessment ordinances, or similar agreements or other obligations which do not constitute or create a lien on the Trust Estate and are not payable from the Pledged Revenues.
- (b) The City will not create or voluntarily permit to be created any debt, lien or charge on the Trust Estate, and will not do or omit to do or suffer to be or omit to be done any matter or things whatsoever whereby the lien of this Indenture or the priority hereof might or could be lost or impaired; provided, however, that (a) the City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State of Texas, and (b) the City reserves the right to issue bonds or other obligations secured by and payable from Pledged Revenues, so long as such pledge is subordinate to the pledge of Pledged Revenues securing payment of the Bonds.

- (c) Notwithstanding anything to the contrary herein no Refunding Bonds or subordinate obligations described by Section 13.02(b) above may be issued by the City unless: (1) the principal (including any principal amounts to be redeemed on a mandatory sinking fund redemption date) of such Refunding Bonds or subordinate obligations are scheduled to mature on September 1 of the years in which principal is scheduled to mature and (2) the interest on such Refunding Bonds or subordinate obligations must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid.

Section 13.03 Books of Record.

- (a) The City shall cause to be kept full and proper books of record and accounts, in which full, true and proper entries will be made of all dealings, business and affairs of the City, which relate to the Trust Estate and the Bonds.
- (b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.03 except to receive and retain same, subject to the Trustee's document retention policies, and to distribute the same in accordance with the provisions of this Indenture. Specifically, but without limitation, the Trustee shall have no duty to review such information, is not considered to have notice of the contents of such information or a default based on such contents, and has no duty to verify the accuracy of such information.

Article XIV

PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE  
INDENTURE

Section 14.01 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article.

Section 14.02 Satisfaction of Indenture.

If the City shall pay or cause to be paid, or there shall otherwise be paid to the Owners, principal of and interest on all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if this Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.03 Bonds Deemed Paid.

All Outstanding Bonds shall, prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are

to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys deposited with the Trustee for such purpose, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency then publishing a rating on such Bonds that such deposit will not result in the reduction or withdrawal of the rating on such Bonds. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

Article XV  
MISCELLANEOUS

Section 15.01 Benefits of Indenture Limited to Parties.

Nothing in this Indenture, expressed or implied, is intended to give to any Person other than the City, the Trustee and the Owners, any right, remedy, or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 15.02 Successor is Deemed Included in All References to Predecessor.

Whenever in this Indenture or any Supplemental Indenture either the City or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the City or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 15.03 Execution of Documents and Proof of Ownership by Owners.

- (a) Any request, declaration, or other instrument which this Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys duly appointed in writing.
- (b) Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, declaration, or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer

authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the Person signing such request, declaration, or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

- (c) Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number, and date of holding the same shall be proved by the Register.
- (d) Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.04 No Waiver of Personal Liability.

No member, officer, agent, or employee of the City shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.05 Notices to and Demands on City and Trustee.

- (a) Except as otherwise expressly provided in this Indenture, all notices or other instruments required or permitted under this Indenture, including any City Certificate, shall be in writing and shall be delivered by hand, mailed by first- class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

<p>If to the City:</p>	<p>City of Fort Worth, Texas  200 Texas Street  Fort Worth, Texas 76102  Attn: City Manager  Telephone: (817) 392-1234</p> <p>City of Fort Worth, Texas  200 Texas Street  Fort Worth, Texas 76102  Attn: City Attorney  Telephone: (817) 392-1234</p> <p>City of Fort Worth, Texas  200 Texas Street  Fort Worth, Texas 76102  Attn: CFO / Director of Financial  Management Services  Telephone: (817) 392-1234</p>
<p>If to the Trustee or the Paying Agent/Registrar:</p>	<p>BOKF, NA  Attention: Rachel Roy  1401 McKinney Street, Suite 1000  Houston, Texas 77010</p>

Any such notice, demand, or request may also be transmitted to the appropriate party by telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five Business Days after the date of dispatch; notices and consents given by any other means shall be deemed to have been given when received.

- (b) The Trustee shall mail to each Owner of a Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.
- (c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If

the City elects to give the Trustee Instructions using Electronic Means and the Trustee elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City, and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

#### Section 15.06 Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Indenture. The City hereby declares that it would have adopted this Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Indenture may be held illegal, invalid, or unenforceable.

#### Section 15.07 Applicable Laws.

This Indenture shall be governed by and enforced in accordance with the laws of the State of Texas applicable to contracts made and performed in the State of Texas. Venue and exclusive jurisdiction for any action to enforce or construe this Indenture shall be a state court of competent jurisdiction in Tarrant County, Texas.

#### Section 15.08 Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Bonds or the date fixed for redemption of any Bonds or the date any action is to be taken pursuant to this Indenture is other than a Business Day, the payment of interest or principal (and premium, if any) or the action need not be made on such date but may be made on the next succeeding day that is a Business Day with the same force and effect as if made on the date required and no interest shall accrue for the period from and after such date.

#### Section 15.09 Reimbursement Agreements.

The City and the Developer may amend and supplement the Reimbursement Agreements from time to time without the consent or the approval of the Owners or the Trustee, except that no such amendment or supplement shall modify any of the rights or obligations of the Trustee without its written consent, or modify any of the rights or obligations of the Owners unless there shall be filed with the Trustee the written consents of the Owners to such amendment or supplement.

#### Section 15.10 Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original. The parties hereto agree that the transactions described herein may be conducted and related documents may be sent, received, and stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

#### Section 15.11 Verifications of Statutory Representations and Covenants.

(a) The Trustee makes the following representations and covenants pursuant to Chapters 2252, 2271, 2274, and 2276, Texas Government Code, as amended (the "Government Code"), in entering into this Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under common control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. § 230.405, and exists to make a profit. Liability for breach of any such verification during the term of this Indenture shall survive until barred by the applicable statute of limitations, and shall not be liquidated or otherwise limited by any provision of this Indenture, notwithstanding anything in this Indenture to the contrary.

(1) Not a Sanctioned Company. The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Government Code. The foregoing representation excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(2) No Boycott of Israel. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Indenture. As used in the foregoing verification, "boycott Israel" has the meaning provided in Section 2271.001, Government Code.

(3) No Discrimination Against Firearm Entities. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate against a firearm entity or firearm trade association during the term of this Indenture. As used in the foregoing verification,



"discriminate against a firearm entity or firearm trade association" has the meaning provided in Section 2274.001(3), Government Code.

(4) No Boycott of Energy Companies. The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott energy companies and will not boycott energy companies during the term of this Indenture. As used in the foregoing verification, "boycott energy companies" has the meaning provided in Section 2276.001(1), Government Code.

Section 15.12 Municipal Bond Insurance and Reserve Fund Surety Policy.

The Bonds shall be insured by a municipal bond insurance policy and reserve fund surety policy (the "Policies") issued by [\_\_\_\_\_]. The provisions relating to the Policies are set forth in **Exhibit C** attached hereto, and such provisions are incorporated herein by reference.

*[remainder of page left blank intentionally]*

IN WITNESS WHEREOF, the City and the Trustee have caused this Indenture of Trust to be executed all as of the date hereof.

CITY OF FORT WORTH, TEXAS

By: \_\_\_\_\_  
City Manager

ATTEST:

\_\_\_\_\_  
City Secretary

(City Seal)

BOKF, NA, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND.

Registered  
No. \_\_\_\_\_

Registered  
\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF FORT WORTH, TEXAS  
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024  
(FORT WORTH PUBLIC IMPROVEMENT DISTRICT NO. 16 (WALSH RANCH/QUAIL VALLEY) IMPROVEMENT AREAS #1-3 PROJECT)

<u>INTEREST RATE</u> _____ %	<u>MATURITY DATE</u> _____, 20__	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
---------------------------------	-------------------------------------	-------------------------	---------------------

The City of Fort Worth, Texas (the “City”), for value received, hereby promises to pay, solely from the Trust Estate, to

\_\_\_\_\_

or registered assigns, on the Maturity Date, as specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on September 1 and March 1 of each year, commencing March 1, 2025, until maturity or prior redemption.

Capitalized terms appearing herein that are defined terms in the Indenture defined below, have the meanings assigned to them in the Indenture. Reference is made to the Indenture for such definitions and for all other purposes.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Houston, Texas (the “Designated Payment/Transfer Office”), of BOKF, NA, as trustee and paying agent/registrant (the “Trustee”, which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements acceptable to the Trustee, requested by, and at the risk and expense of, the Person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the Person in whose name this Bond is registered at the close of business on the “Record Date,” which shall be the fifteenth day of the month next preceding such Interest Payment Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first-class, postage prepaid, to the address of each Owner of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated July 1, 2024 and issued in the aggregate principal amount of \$[PRELIMINARY PAR] and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of July 1, 2024 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Funded Improvements, (ii) funding the Reserve Fund for payment of principal and interest on the Bonds, and (iii) paying costs of issuance of the Bonds.

The Bonds are special, limited obligations of the City payable solely from the Trust Estate as defined in the Indenture. Reference is hereby made to the Indenture, copies of which are on file with and available upon request from the Trustee, for the provisions, among others, with respect to the nature and extent of the duties and obligations of the City, the Trustee and the Owners. The Owner of this Bond, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

In the Indenture, the City has reserved the right to issue Refunding Bonds payable from and secured by a first lien on, security interest in, and pledge of the Trust Estate.

Notwithstanding any provision hereof, the Indenture may be released and the obligation of the City to make money available to pay this Bond may be defeased by the deposit of money and/or certain direct or indirect Defeasance Securities sufficient for such purpose as described in the Indenture.

The Bonds are issuable as fully registered bonds only in Authorized Denominations, subject to the provisions of the Indenture authorizing redemption in denominations of \$5,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to sinking fund redemption prior to their stated maturity and will be redeemed by the City in part at a price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

**Term Bonds Maturing September 1, 20**

Redemption Date (September 1)	Sinking Fund Installment (\$)
----------------------------------	----------------------------------

\* maturity

At least forty-five (45) days prior to each mandatory sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, the Trustee shall select for redemption, pursuant to the provisions of the Indenture, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 1, \_\_\_\_\_, before their respective scheduled maturity dates, in whole or in part, on any date on or after September 1, \_\_\_\_\_, such redemption date or dates to be fixed by the City, at the Redemption Price of par plus accrued interest to the date of redemption.

The Bonds are subject to extraordinary optional redemption prior to maturity, in whole or in part, on any date, at a redemption price equal to the principal amount of the Bonds called for redemption, plus accrued and unpaid interest to the date fixed for redemption from amounts on deposit in the Redemption Fund, as a result of Prepayments or any other transfers to the Redemption Fund under the terms of the Indenture.

If less than all of the Bonds are called for optional redemption, the Trustee shall rely on directions provided in a City Certificate in selecting the Bonds to be redeemed.

If less than all of the Bonds are called for extraordinary optional redemption, the Bonds or portion of a Bond, as applicable, to be redeemed shall be selected on a pro rata basis among all Outstanding Bonds.

At least 45 days prior to the required notice mailing date provided below, unless a shorter period shall be acceptable to the Trustee, the City shall provide written notice of its intention to conduct an optional redemption of the Bonds. Upon written notification by the City to the Trustee of the exercise of any redemption, the Trustee shall give notice of any redemption of Bonds by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register. The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed, and any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

With respect to any optional redemption of the Bonds, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds to be redeemed before giving of a notice of redemption, the notice may state the City may condition redemption on the receipt of such funds by the Trustee on or before the date fixed for the redemption, or on the satisfaction of any other prerequisites set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied and sufficient funds are not received, the notice shall be of no force and effect, the City shall not redeem the Bonds, and the Trustee shall give notice, in the manner in which the notice of redemption was given, that the Bonds have not been redeemed.

The City has the right to rescind any optional redemption or extraordinary optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds are not available and deposited with the Trustee on the Business Day prior to the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Trustee shall mail notice of rescission of redemption in the same manner notice of redemption was originally provided.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the City and the rights of the Owners of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the Owners of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the Owners of all the Bonds, to waive compliance by the City with certain past defaults under the Bond Ordinance or the Indenture and their consequences. Any such consent or waiver by the Owner of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such Owner and upon all future Owners thereof and of any Bond issued upon the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent or waiver is made upon this Bond.

As provided in the Indenture, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Trustee, and upon delivery to the Trustee of such certifications and/or opinion of counsel as may be required under the Indenture for the transfer of this Bond. Upon satisfaction of such requirements, one or more new fully registered Bonds of the same Stated Maturity, of Authorized Denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Trustee shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Trustee, and any other Person may treat the Person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the Person in whose name this Bond is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City nor the Trustee shall be affected by notice to the contrary.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF FORT WORTH, TEXAS, THE STATE OF TEXAS, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any Constitutional or statutory limitation.

IN WITNESS WHEREOF, the City Council of the City has caused this Bond to be executed under the official seal of the City.

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Mayor, City of Fort Worth, Texas

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City Secretary, City of Fort Worth, Texas

[City Seal]



(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER       §  
OF PUBLIC ACCOUNTS               §     REGISTER NO. \_\_\_\_\_  
THE STATE OF TEXAS               §

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Trustee.

CERTIFICATE OF TRUSTEE

It is hereby certified that this is one of the Bonds of the series of Bonds referred to in the within mentioned Indenture.

BOKF, NA, as Trustee

By: \_\_\_\_\_  
Authorized Signatory

DATED: \_\_\_\_\_

(d) Form of Assignment.

### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (print or typewrite name and address, including zip code, of Transferee.)

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(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature Guaranteed by:

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Authorized Signatory

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Trustee.

- (e) The Initial Bond shall be in the form set forth in paragraphs (a) through (d) of this Exhibit A, except for the following alterations:
- (i) immediately under the name of the Bond the heading "INTEREST RATE" and "MATURITY DATE" shall both be completed with the expression "As Shown Below," and the reference to the "CUSIP NUMBER" shall be deleted;
  - (ii) in the first paragraph of the Bond, the words "on the Maturity Date as specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years                      Principal Amount                      Interest Rates”

(Information to be inserted from Section 3.02(a)(iii) hereof); and

(iii) the Initial Bond shall be numbered T-1.

(d) Form of Statement of Insurance.

The following statement of insurance shall appear on the Initial Bond and on the definitive bonds:

[ \_\_\_\_\_ ]

**EXHIBIT B**

**Certificate for Payment**

**CERTIFICATE FOR PAYMENT FORM**

The undersigned is an agent for the Developer (the "Developer") under the Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Area #[1, 2 or 3] Reimbursement Agreement (the "Reimbursement Agreement") and requests payment from the Improvement Area #[1, 2 or 3] Bond Improvement Account from the City of Fort Worth, Texas (the "City") in the amount of \$ \_\_\_\_\_ for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Improvement Area #[1, 2 or 3] Funded Improvements related to the Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) (the "District"). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture related to the "City of Fort Worth, Texas, Special Assessment Revenue Bonds, Series 2024 (Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Areas #1–3 Project) (the "Indenture").

In connection to the above referenced payment, the Developer represents and warrants to the City as follows:

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certification for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the below referenced Funded Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The amount listed for the Funded Improvements below is a true and accurate representation of the Actual Costs associated with the creation, acquisition, or construction of said Improvement Area #[1, 2 or 3] Funded Improvements, and such costs (i) are in compliance with the Reimbursement Agreement, and (ii) are consistent with the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Reimbursement Agreement, Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Area #[1, 2 or 3] Reimbursement Agreement, the Service and Assessment Plan, the Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) Improvement Area #[1, 2 or 3] Majority Landowner Agreement, and the Master Reimbursement Agreement for Fort Worth Public Improvement District No. 16 (Walsh Ranch/Quail Valley) (collectively, the "District")

Agreements”).

5. All conditions set forth in the Indenture and the District Agreements, as applicable, for the payment hereby requested have been satisfied.

6. If payment is made directly to the Developer, the Developer confirms that the payments listed on the Developer's summary attached to this certificate have been, or will be, timely made to the vendor or vendors shown on such summary and related supporting documents.

7. The Developer has timely paid all ad valorem taxes and annual installments of special assessments it owes or an entity the Developer controls owes, located in the District and has no outstanding delinquencies for such taxes or assessments.

8. The work with respect to the Improvement Area #[1, 2 or 3] Funded Improvements referenced below (or its completed segment) has been completed, and the City has inspected such Improvement Area #[1, 2 or 3] Funded Improvements (or its completed segment).

9. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.

10. No more than ninety percent (90%) of the budgeted or contracted hard costs for major improvements or any phase of Improvement Area #[1, 2 or 3] Funded Improvements identified may be paid until the work with respect to such Improvement Area #[1, 2 or 3] Funded Improvement (or segment) has been completed and the City has inspected AND accepted such Improvement Area #[1, 2 or 3] Funded Improvement (or segment). One hundred percent (100%) of soft costs (e.g., engineering costs, inspection fees and the like) may be paid prior to City acceptance of such Improvement Area #[1, 2 or 3] Funded Improvement (or segment).

**Payments requested are as follows:**

a.     \$ \_\_\_\_\_ **to:**

DEVELOPER/ASSIGNEE

PAYMENT DETAILS

ABA #:

CREDIT:

ACCT #:

Improvement Area #[1, 2 or 3] Funded Improvement:	Amount to be paid from Improvement Area #[1, 2 or 3] Bond Improvement Account	Total Cost of Improvements Paid
<b>TOTAL</b>		

Attached hereto are receipts, purchase orders, change orders, and similar instruments which support and validate the above requested payments. Also attached hereto are "bills paid" affidavits and supporting documentation in the standard form for City construction projects.

Pursuant to the Reimbursement Agreement, after receiving this payment request, the City is authorized to inspect the Improvement Area #[1, 2 or 3] Funded Improvements (or completed segment) and confirm that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

I hereby declare that the above representations and warranties are true and correct.

**DEVELOPER**

[REQUESTING DEVELOPER ENTITY]:

By: \_\_\_\_\_

Date: \_\_\_\_\_



**APPROVAL OF REQUEST BY CITY**

The City is in receipt of the attached Certification for Payment, acknowledges the Certification for Payment, acknowledges that the Improvement Area #[1, 2 or 3] Funded Improvements (or its completed segment) covered by the certificate have been inspected and accepted by the City, and otherwise finds the Certification for Payment to be in order. After reviewing the Certification for Payment, the City approves the Certification for Payment and shall include said payments in the City Certificate submitted to the Trustee directing payments to be made from the Improvement Area #[1, 2 or 3] Bond Improvement Account to the Developer or to any person designated by the Developer.

**CITY OF FORT WORTH, TEXAS**

By: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT C**

**Municipal Bond Insurance and Reserve Fund Surety Provisions<sup>1</sup>**

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<sup>1</sup> The City has qualified to purchase municipal bond insurance to have the payment of the principal and interest on the Bonds insured by a municipal bond insurance policy. The decision as to whether to purchase such insurance will be made at pricing of the Bonds.