
INDENTURE OF TRUST

By and Between

CITY OF AUSTIN, TEXAS

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

DATED AS OF DECEMBER 1, 2024

SECURING

\$11,990,000
CITY OF AUSTIN, TEXAS,
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WHISPER VALLEY PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #3)

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INDENTURE OF TRUST

THIS INDENTURE, dated as of December 1, 2024 is by and between the City of Austin, Texas (the "City"), and U.S. Bank Trust Company, National Association, 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 was submitted by the Developer and filed with the City Clerk of the City (the "City Clerk") pursuant to the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the "PID Act"), requesting the creation of a public improvement district located in the extraterritorial jurisdiction of the City to be known as Whisper Valley Public Improvement District (the "District"); and

WHEREAS, the petition contained the signature of the owner of taxable 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 Travis Central Appraisal District, 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 August 5, 2010, after due notice, the City Council of the City (the "City Council") held the public hearing in the manner required by law on the advisability of the improvement projects and services described in the petition as required by Sec. 372.009 of the PID Act and on August 26, 2010, the City Council made the findings required by Sec. 372.009(b) of the PID Act and, by Resolution No. 20100826-026, adopted by a majority of the members of the City Council, authorized the District in accordance with its finding as to the advisability of the improvement projects and services; and

WHEREAS, on September 7, 2010, the City published notice of its authorization of the District in the *Austin American Statesman*, a newspaper of general circulation in the City; and

WHEREAS, no written protests of the District from any owners of record of property within the District were filed with the City Clerk within 20 days after September 7, 2010; and

WHEREAS, on July 20, 2023, the City Council by Resolution No. 20230720-020 made findings and determinations relating to the proposed assessment roll for Improvement Area #3 and the preliminary 2023 Amended and Restated Service and Assessment Plan pertaining to the Actual Costs of the Improvement Area #3 Improvements, called a public hearing for August 31, 2023 and directed City staff to (i) file said proposed assessment roll with the City Clerk and to make it available for public inspection as required by Section 372.016(b) of the PID Act and (ii) publish such notice as required by Section 372.016(b) of the PID Act relating to the August 31, 2023 hearing; and

WHEREAS, on August 15, 2023, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing in the *Austin American-Statesman*, a newspaper of general circulation in the City and its extraterritorial jurisdiction, to consider the proposed assessment roll for Improvement Area #3 and the preliminary 2023 Amended and Restated Service and Assessment Plan and the levy of the "Assessments" on certain property in Improvement Area #3 of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the public hearing to consider the proposed Assessments in Improvement Area #3 and the preliminary 2023 Amended and Restated Service and Assessment Plan and the levy of Assessments on property within Improvement Area #3 of the District to the last known address of the owners of the property liable for the Assessments; and

WHEREAS, the City Council convened the hearing on August 31, 2023, and at such public hearing 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 assessment roll and the Assessments pertaining to Improvement Area #3, and to offer testimony pertinent to any issue presented on the amount of the Assessments, the allocation of the Actual Costs of the Improvement Area #3 Improvements, the purposes of the Assessments, the special benefits the Assessments have on Improvement Area #3, and the penalties and interest on annual installments and on delinquent annual installments of the Assessments, and there were no written objections or evidence submitted to the City Clerk in opposition to the 2023 Amended and Restated Service and Assessment Plan, the allocation of the Actual Costs of the Improvement Area #3 Improvements, the assessment roll, and the levy of the Assessments; and

WHEREAS, the City Council closed the hearing, and, after considering all written and documentary evidence presented at the hearing, including all written comments and statements filed with the City; and

WHEREAS, on August 31, 2023, the City approved and accepted the 2023 Amended and Restated Service and Assessment Plan in conformity with the requirements of the PID Act and adopted the Assessment Ordinance for Improvement Area #3 and therein levied the Assessments; and

WHEREAS, the City Council found and determined that the Assessments and the 2023 Amended and Restated Service and Assessment Plan should be approved and that the Assessments should be levied as provided in the 2023 Amended and Restated Service and Assessment Plan and the assessment roll; and

WHEREAS, on November 21, 2024, the City Council approved and accepted the 2024 Amended and Restated Service and Assessment Plan in conformity with the requirements of the PID Act, to incorporate the provisions of the 2023 Amended and Restated Service and Assessment Plan and the Bonds; and

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments and from other revenue to be received from the Developer for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds; and

WHEREAS, the City Council now desires to issue revenue bonds, in accordance with the PID Act, such bonds to be entitled "City of Austin, Texas Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3)" (the "Bonds"), such Bonds being payable solely from the Assessment Revenue and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in this preamble; and

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

THIS INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all Bonds Similarly Secured 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 Bonds Similarly Secured as follows:

ARTICLE I

DEFINITIONS, FINDINGS AND INTERPRETATION

Section 1.1. Definitions.

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

“2023 Amended and Restated Service and Assessment Plan” means the 2023 Amended and Restated Service and Assessment Plan, as it may be modified and updated from time to time.

“2024 Amended and Restated Service and Assessment Plan” means the 2024 Amended and Restated Service and Assessment Plan, as it may be modified and updated from time to time.

“Account” means any of the accounts established pursuant to Section 6.1 of this Indenture.

“Actual Costs” mean, with respect to the Improvement Area #3 Improvements, the actual costs paid or incurred by or on behalf of the Developer: (1) to plan, finance, design, acquire, construct, install, and dedicate such improvements to the City, County or TXDOT; (2) to prepare plans, specifications (including bid packages), contracts, and as-built drawings; (3) to obtain zoning, licenses, plan approvals, permits, inspections, and other governmental approvals; (4) to acquire easements and other right-of-way; (5) for third-party professional consulting services including, but not limited to, engineering, surveying, geotechnical, land planning, architectural, landscaping, legal, accounting, and appraisals; (6) of labor, materials, equipment, fixtures, payment and performance bonds and other construction security, and insurance premiums; (7) of fees charged by the City or any other political subdivision or governmental authority; (8) a construction management fee of 4% of the costs incurred by or on behalf of the Developer for the construction of such Improvement Area #3 Improvements (excluding legal costs, taxes, governmental fees, insurance premiums, permits, financing costs, and appraisal costs) if the Developer is serving as the construction manager.

“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 Similarly Secured, levied against the property within the District, in accordance with the PID Act.

“Administrative Fund” means that Fund established by Section 6.1 and administered pursuant to Section 6.9 hereof.

“Administrator” means an employee or 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.

“Annual Collection Costs” mean the following actual or budgeted costs, as applicable, related to: (i) the Administrator; (ii) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (iii) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (iv) preparing and maintaining records with respect to the Assessment Roll and annual updates to the Service and Assessment Plan; (v) issuing, paying, and redeeming Bonds Similarly Secured; (vi) investing or depositing Assessments and Annual Installments; (vii) complying with the Service and Assessment Plan and the PID Act with respect to the issuance and sale of Bonds Similarly Secured, including continuing disclosure requirements; (viii) the paying agent/registrar and Trustee in connection with Bonds Similarly Secured, including their respective legal counsel; and (ix) administering the construction of the Improvement Area #3 Improvements. Annual Collection Costs collected and not expended for actual Annual Collection Costs shall be carried forward and applied to reduce Annual Collection Costs in subsequent years to avoid the over-collection of Annual Collection Costs.

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

“Annual Installment” means, with respect to each Assessed Parcel, each annual payment of (i) the Assessment as shown on the Assessment Roll attached to the Service and Assessment Plan as Exhibit P and related to the Bonds and the Improvement Area #3 Improvements; (ii) Annual Collection Costs; and (iii) Additional Interest, which is used to fund the Prepayment and Delinquency Reserve Account.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by the PID Act and the Service and Assessment Plan.

“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.

“Assessments” means the aggregate assessments, shown on the Assessment Roll. The singular of such term means the assessment levied against an Assessed Parcel, as shown on the Assessment Roll, subject to reallocation upon the subdivision of an Assessed Parcel, or consolidation of multiple Assessed Parcels, or reduction according to the provisions of the Service and Assessment Plan and the PID Act.

“Assessment Ordinance” means Ordinance No. 20230831-100 adopted by the City Council on August 31, 2023, that levied the Assessments on the Assessed Parcels.

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

"Assessment Revenue" means money collected by or on behalf of the City from any one or more of the following: (i) an Assessment levied against an Assessed Parcel, or Annual Installment payment thereof, including any interest on such Assessment or Annual Installment thereof during any period of delinquency, (ii) a Prepayment, and (iii) Foreclosure Proceeds.

"Assessment Roll" means the Assessment Rolls pertaining to the Assessed Parcels in Improvement Area #3 attached as Exhibit P to the Service and Assessment Plan or any other Assessment Roll in an amendment or supplement to the Service and Assessment Plan or in an Annual Service Plan Update, showing the total amount of the Assessment against each Assessed Parcel related to the Improvement Area #3 Improvements, as updated, modified, or amended from time to time in accordance with the terms of the Service and Assessment Plan and the PID Act.

"Authorized Denomination" means \$25,000 and any integral multiple of \$1,000 in excess thereof.

"Bond or "Bonds" means the City's bonds authorized to be issued by Section 3.1(a) of this Indenture entitled "City of Austin, Texas Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3)".

"Bond Counsel" means Norton Rose Fulbright US 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 by Section 3.2(a) of this Indenture.

"Bond Fund" means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

"Bond Ordinance" means Ordinance No. 2024[1121]-___ adopted by the City Council on November 21, 2024 authorizing the issuance of the Bonds pursuant to this Indenture.

"Bond Similarly Secured" or "Bonds Similarly Secured" means all bonds or any bond authorized by a bond ordinance and issued in accordance with this Indenture, including the Bonds, Refunding Bonds and any bonds issued in exchange or replacement thereof as permitted by this Indenture.

"Bond Year" means the one-year period beginning on October 1 in each year and ending on September 30 in the following year.

"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.

"Certification for Payment" means a certificate executed by an engineer, construction manager or other person or entity acceptable to the City, as evidenced by the signature of a City Representative, specifying the amount of work performed and the cost thereof, presented to the Trustee to request funding for Actual Costs from money on deposit in the Project Fund.

"City Certificate" means a certificate signed by a City Representative and delivered to the Trustee.

“City Order” means written instructions by the City, executed by a City Representative.

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein.

“Closing Date” means the date of the initial delivery of and payment for the applicable Series of Bonds Similarly Secured.

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

“Continuing Disclosure Agreement of Developer” means that certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3 Project) Continuing Disclosure Agreement of Developer executed between the Developer, Administrator and dissemination agent in connection with the issuance of the Bonds pursuant to which the Developer agrees to provide certain information regarding the development of the District and the Improvement Area #3 Improvements for the benefit of the Owners of the Bonds.

“Continuing Disclosure Agreement of Issuer” means that certain City of Austin, Texas Special Assessment Revenue Bonds, Series 2024 (Whisper Valley Public Improvement District Improvement Area #3 Project) Continuing Disclosure Agreement of Issuer executed between the City, Administrator and dissemination agent for the benefit of the Owners of the Bonds pursuant to which the City agrees to provide, by certain dates prescribed in the Continuing Disclosure Agreement of Issuer, periodic information and notices of material events regarding the City in accordance with the Securities and Exchange Commission Rule 15c2-12.

“Costs of Issuance Account” means the Account established pursuant to Section 6.1.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed Parcel and the costs of collection of a delinquent Assessment, 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 Dallas, 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” means Club Deal 120 Whisper Valley, Limited Partnership, a Delaware limited partnership.

“DTC” shall mean The Depository Trust Company located in 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 such Persons.

“Financing Agreement” means the Whisper Valley Public Improvement District Financing Agreement between the City and the Developer originally dated as of November 1, 2011, as amended on March 28, 2019, July 30, 2022 and as may be further amended from time to time, which provides for the apportionment, levying, and collection of assessments within the District (including the Assessments), the construction and maintenance of public improvements within the District (including the Improvement Area #3 Improvements), the issuance of Bonds and other matters related thereto.

“Foreclosure Proceeds” means the proceeds, including interest and penalty interest, received by the City from the enforcement of the Assessments against any Assessed Parcel, 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 6.1 of this Indenture.

“Improvement Area #3” has the meaning given to it in the Service and Assessment Plan.

“Improvement Area #3 Improvements” means the costs of the local infrastructure benefiting Improvement Area #3 only, as further described in Section III.C of the Service and Assessment Plan.

“Improvement Area #3 Improvements Account” means the Account of such name established pursuant to Section 6.1 hereof.

“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 Similarly Secured; (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 in the form 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 May 1 and November 1 of each year, commencing May 1, 2025.

“Investment Securities” means those authorized investments described in the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended; provided that such 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 Similarly Secured.

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

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

“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, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, 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 established pursuant to Section 6.1 and administered pursuant to Section 6.3 herein.

“Pledged Revenues” means the sum of (i) Assessment Revenue less the Annual Collection Costs, (ii) the money held in any of the Pledged Funds, and (iii) any additional revenues that the City may pledge to the payment of Bonds Similarly Secured.

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

“Prepayment and Delinquency Reserve Account” means the Account of such name established pursuant to Section 6.1.

“Prepayment and Delinquency Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which will be funded from revenues received from the payment of Assessments deposited to the Pledged Revenue Fund.

“Principal and Interest Account” means the Account of such name established pursuant to Section 6.1.

“Project Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.5 herein.

“Purchaser” means, with respect to a Series of Bonds Similarly Secured, the initial purchaser of the Bonds Similarly Secured.

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

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.8 herein.

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

“Redemption Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.6 herein.

“Refunding Bonds” means bonds issued pursuant to the PID Act and/or Chapter 1207 of the Texas Government Code or any other applicable law of the State of Texas (each as amended) to refund all or any portion of the then Outstanding Bonds Similarly Secured.

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

“Reimbursement Agreement” means that certain “Whisper Valley Public Improvement District Acquisition and Reimbursement Agreement Improvement Area #3” effective July 20, 2023, by and between the City and the Developer, as the developer of the Improvement Area #3 Improvements, in which the City agrees to reimburse the Developer from revenues derived from the Assessments levied on the Assessed Parcels for the Actual Costs paid by the Developer to develop certain of the Improvement Area #3 Improvements.

“Reserve Fund” means that fund established pursuant to Section 6.1 and administered in Section 6.7 herein.

“Reserve Fund Obligations” means cash or Investment Securities.

“Reserve Account Requirement” means the least of: (i) Maximum Annual Debt Service on the Bonds as of the date of issuance, (ii) 125% of average Annual Debt Service on the Bonds as of the date of issuance, or (iii) 10% of the principal amount of the Bonds; provided, however, that such amount shall be reduced by the amount of any transfers made pursuant to subsections (c) and (d) of Section 6.7; and provided further that as a result of an optional redemption pursuant to Section 4.3, the Reserve Account Requirement shall be reduced by a percentage equal to the pro rata principal amount of Bonds redeemed by such optional redemption divided by the total principal amount of the Outstanding Bonds prior to such redemption. As of the date of delivery of the Bonds, the Reserve Account Requirement is \$836,737.50, which is an amount equal to the Maximum Annual Debt Service on the Bonds as of the date of issuance and the City shall promptly notify the Trustee in writing to establish any necessary reduction to the reserve Account Requirement.

“Series” means any designated series of Bonds Similarly Secured issued under this Indenture.

“Service and Assessment Plan” means the Service and Assessment Plan for the District, including the assessment rolls for Improvement Area #3, as amended, including any annual updates and addenda (including, specifically, the 2023 Amended and Restated Service and Assessment Plan and the 2024 Amended and Restated service and Assessment Plan) thereto.

“Sinking Fund Installment” means the amount of money to redeem or pay at maturity the portion of the principal of Bonds payable from such installments at the times and in the amounts provided in Section 4.2 herein.

“Stated Maturity” means the date the Bonds Similarly Secured, or any portion of the Bonds Similarly Secured, 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 or permitted 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 for the Bonds 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.

“Trust Estate” means the Trust Estate described in Section 2.1 of this Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, Dallas, 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 Similarly Secured; provided, however, that with respect to payments on the Bonds and any exchange, transfer or other surrender of the Bonds, the Trustee’s principal office shall mean the corporate trust operations office of the Trustee in St. Paul, Minnesota or such other office or location designated by the Trustee by written notice.

Section 1.2. 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 1.3. 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 1.4. 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) Any reference to a particular Article or Section shall be to such Article or Section of this Indenture unless the context shall require otherwise.

(c) References to any office shall include the Person holding the office in an interim, temporary or permanent capacity.

(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 2.1. Granting Clauses.

(a) In order to secure the payment of debt service on all Bonds Similarly Secured, and the performance and observance by the City of all the covenants expressed or implied herein, the City does hereby grant to the Trustee, as good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged a security interest in, mortgage, create a first lien on, and pledge to the Trustee, all of its right, title, and interest, whether now owned or hereafter acquire in, to, and under the following (the "Trust Estate"):

(i) All Pledged Revenues 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

(ii) 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.

(b) The Trustee shall have and hold the Trust Estate, whether now owned or hereafter acquired or received by the Trustee and its successors or assigns, in trust upon the terms and trusts herein set forth for the benefit of all present and future Owners of the Bonds Similarly Secured from time to time issued under and secured by this Indenture, and for enforcement of the payment of the Bonds Similarly Secured in accordance with their terms, and for the performance of and compliance with the obligations, covenants, and conditions of this Indenture. Provided, 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 Similarly Secured at the times and in the manner stated in the Bonds Similarly Secured, 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 shall remain in full force and effect.

(c) Except as otherwise provided in the remaining provisions of this Indenture, nothing in this Section 2.1 shall prohibit the Trustee from bringing any actions or proceedings for the enforcement of the obligation of the City hereunder except that nothing in this Section shall prejudice the rights of the Trustee under Articles IX and XI hereof; provided further that the priority of payment and the source for the repayment of the debt service on the Bonds Similarly Secured shall be subject to the terms as set forth herein, including without limitation Article VI herein; provided further that the right to direct remedies following an Event of Default shall be limited to the Owners of the Bonds Similarly Secured to the extent provided as set forth in Articles XI and XV herein.

(d) The Bonds Similarly Secured are to be issued, registered, authenticated, and delivered, and the Trust Estate is to be held, dealt with and disposed of by the Trustee, upon and subject to the terms, covenants, conditions, uses, agreements and trusts set forth in this Indenture.

Section 2.2. Security for the Bonds Similarly Secured.

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

The lien on and pledge of the Trust Estate shall be valid and binding and fully perfected from and after the Closing Date for the applicable Series of Bonds Similarly Secured each issued under this Indenture, 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 Similarly Secured 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 Similarly Secured 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 Owners of the Bonds Similarly Secured the perfection of the 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 2.3. Limited Obligations.

The Bonds Similarly Secured are special and limited obligations of the City, payable solely from and secured solely by the Trust Estate, including the Pledged Revenues and the Pledged Funds; and the Bonds Similarly Secured 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 2.4. 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 of the City. 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 Similarly Secured and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.5. Contract with Owners and Trustee.

(a) 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 Similarly Secured and to prescribe the rights of the Owners, and the rights and duties of the City and the Trustee.

(b) In consideration of the purchase and acceptance of any or all of the Bonds Similarly Secured 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 3.1. Authorization.

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, as amended. The Bonds shall be issued in the aggregate principal amount of \$11,990,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #3 Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds.

Section 3.2. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall be dated December 18, 2024 (the "Bond Date") and shall be issued in Authorized Denominations. The Bonds shall be in fully registered form, without coupons. The Bonds shall be numbered separately from R-1 upward, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall be issued in the original principal amount of \$11,990,000. Interest shall accrue and be paid on each Bond from the later of the date of initial delivery of the Bonds 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 otherwise provided for. Such interest shall be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2025 computed on the basis of a 360-day year of twelve 30-day months. The Bonds shall mature on November 1 in the years and in the principal amounts and shall bear interest as set forth below:

\$1,855,000 ***	4.250% Term Bond ***	Due November 1, 2032 ***
\$4,371,000 ***	5.000% Term Bond ***	Due November 1, 2044 ***
\$5,764,000	5.250% Term Bond	Due November 1, 2053

(c) 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 3.3. Conditions Precedent to Delivery of Bonds Similarly Secured.

(a) 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 to the Trustee of:

- (i) a certified copy of the Assessment Ordinance;
- (ii) a certified copy of the Bond Ordinance;
- (iii) a copy of this Indenture executed by the Trustee and the City;
- (iv) a copy of the executed Financing Agreement;
- (v) a copy of the executed Reimbursement Agreement;
- (vi) a copy of the executed Continuing Disclosure Agreement of Issuer;
- (vii) a copy of the executed Continuing Disclosure Agreement of Developer;
- (viii) the approving opinion of the Attorney General of the State and the State Comptroller's registration certificate; and
- (ix) 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.

(b) Each Series of Refunding Bonds shall be executed by the City and delivered to the Trustee, whereupon the Trustee shall authenticate such Refunding Bonds and, upon payment of the purchase price of such Series of Refunding Bonds, shall deliver such Series of Refunding Bonds upon the order of the City, but only upon delivery to the Trustee of:

- (i) the items described in Section 3.3(a)(vi), (vii) and (ix), if any, above;
- (ii) a certified copy of the ordinance of the City Council authorizing the issuance of such Series of Refunding Bonds and all actions necessary therefor;
- (iii) an original executed counterpart of the Supplemental Indenture for such Series of Refunding Bonds that establishes, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Series of Refunding Bonds, which such terms shall include a deposit into the Reserve Account of the Reserve Fund of an amount equal to the Reserve Account Requirement taking into account the then Outstanding Bonds Similarly Secured and the Refunding Bonds then proposed to be issued;
- (iv) a City Certificate, including the requisite information as set forth in Section 3.3(a)(ix) above, to the effect that the issuance of such Series of Refunding Bonds complies with the requirements contained herein and in each Supplemental Indenture, including the requirements contained in Section 13.2(c) below; and

(v) the City Representative shall certify to the Trustee in writing that the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained herein or in any Supplemental Indenture.

Section 3.4. Medium, Method and Place of Payment.

(a) Principal of and interest on the Bonds Similarly Secured shall be paid in lawful money of the United States of America, as provided in this Section.

(b) Interest on the Bonds Similarly Secured 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 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 Similarly Secured 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 Similarly Secured shall be paid by check, dated as of the Interest Payment Date, and sent, first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each 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 Similarly Secured shall be paid to the Owner of such Bond Similarly Secured on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond Similarly Secured 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 Similarly Secured 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 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 3.2 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 Similarly Secured 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 Similarly Secured thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds Similarly Secured, 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 any Owners of such Bonds Similarly Secured for any further payment of

such unclaimed money or on account of any such Bonds Similarly Secured, subject to any applicable escheat law or similar law of the State of Texas.

Section 3.5. Execution and Registration of Bonds Similarly Secured.

(a) The Bonds Similarly Secured shall be executed on behalf of the City by the Mayor and City Clerk, 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 Similarly Secured shall have the same effect as if each of the Bonds Similarly Secured had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds Similarly Secured shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds Similarly Secured.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds Similarly Secured ceases to be such officer before the authentication of such Bonds Similarly Secured 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 Similarly Secured 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 or in a Supplemental Indenture, 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 Similarly Secured. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date for such Series of Bonds Similarly Secured 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 for each Series of the Bonds Similarly Secured, one Initial Bond representing the entire principal amount of such Series of Bonds Similarly Secured, payable in stated installments to the Purchaser of such Series of Bonds Similarly Secured, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Clerk, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or such Series of Bonds Similarly Secured or its designee. Upon payment for such Initial Bond, the Trustee shall cancel the Initial Bond and deliver to DTC on behalf of the Purchaser one registered definitive bond for each year of maturity of such Series of Bonds Similarly Secured in the aggregate principal amount of all bonds for such maturity of such Series of the Bonds Similarly Secured, registered in the name of Cede & Co., as nominee of DTC.

Section 3.6. Ownership.

(a) The City, the Trustee the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond Similarly Secured is registered as the absolute owner of such Bond Similarly Secured for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond Similarly Secured is registered on the relevant Record Date) and for all other purposes, whether or not such Bond

Similarly Secured 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 Similarly Secured shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond Similarly Secured to the extent of the sums paid.

Section 3.7. Registration, Transfer and Exchange.

(a) So long as any Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured 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. All transfers are subject to DTC requirements for so long as the Bonds DTC registered. No transfer of any Bond Similarly Secured shall be effective until entered in the Register.

(c) The Bonds Similarly Secured shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond Similarly Secured presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured exchanged for other Bonds Similarly Secured in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds Similarly Secured transferred or exchanged in accordance with this Section. A new Bond Similarly Secured or Bonds Similarly Secured will be delivered by the Paying Agent/Registrar, in lieu of the Bond Similarly Secured 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 Similarly Secured 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 Similarly Secured or Bonds Similarly Secured in lieu of which such transferred Bond Similarly Secured is delivered.

(e) Each exchange Bond Similarly Secured 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 Similarly Secured or Bonds Similarly Secured in lieu of which such exchange Bond Similarly Secured 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 Similarly Secured. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax, fee or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond Similarly Secured.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond Similarly Secured 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 Similarly Secured.

(h) The Trustee shall have no duty or obligation to monitor, investigate, determine or otherwise inquire as to the compliance with any restrictions on transfer imposed under this Indenture or under any applicable law with respect to any transfer of any interest in any Bond Similarly Secured, other than as expressly required by this Indenture. Each Owner agrees to indemnify the City and the Trustee against any liability that may result from any transfer, exchange or assignment of such Owner's Bonds Similarly Secured in violation of any provision of this Indenture and/or applicable United States federal or state securities law.

Section 3.8. Cancellation.

All Bonds Similarly Secured paid or redeemed before scheduled maturity in accordance with this Indenture, and all Bonds Similarly Secured in lieu of which exchange Bonds Similarly Secured or replacement Bonds Similarly Secured 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 Similarly Secured in accordance with the records retention requirements of the Trustee.

Section 3.9. Temporary Bonds Similarly Secured.

(a) Following the delivery and registration of the Initial Bond of a given Series of Bonds Similarly Secured and pending the preparation of definitive bonds for such Series of Bonds Similarly Secured, 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 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 Similarly Secured in definitive form; thereupon, upon the presentation and surrender of the Bond Similarly Secured or Bonds Similarly Secured in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds Similarly Secured in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond Similarly Secured or Bonds Similarly Secured of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond Similarly Secured or Bonds Similarly Secured in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10. Replacement Bonds Similarly Secured.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated bond, 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 Similarly Secured 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 Similarly Secured 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 Similarly Secured has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond Similarly Secured 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 Similarly Secured;

(ii) furnishes such security or indemnity that is sufficient in the judgment of each of the Paying Agent/Registrar, the City and the Trustee to save and hold harmless each of the Paying Agent/Registrar, the City and the Trustee from any loss that any of them may suffer as a result of the delivery of such replacement Bond;

(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 Similarly Secured, if a bona fide purchaser of the original Bond Similarly Secured in lieu of which such replacement Bond Similarly Secured was issued presents for payment such original Bond Similarly Secured, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond Similarly Secured 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 Similarly Secured has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond Similarly Secured, may pay such Bond Similarly Secured if it has become due and payable or may pay such Bond Similarly Secured when it becomes due and payable.

(e) Each replacement Bond Similarly Secured 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 Similarly

Secured or Bonds Similarly Secured in lieu of which such replacement Bond Similarly Secured is delivered.

Section 3.11. Book-Entry Only System.

The Bonds Similarly Secured 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 letter of representations from the City to DTC. On the Closing Date for the applicable Series of Bonds Similarly Secured, the definitive Bonds Similarly Secured 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 Similarly Secured registered in the name of Cede & Co., as nominee of DTC, the City, the Trustee 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 Similarly Secured. Without limiting the immediately preceding sentence, the City, the Trustee 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 Similarly Secured, (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 Similarly Secured, 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 Similarly Secured. Notwithstanding any other provision of this Indenture to the contrary, the City, the Trustee and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond Similarly Secured is registered in the Register as the absolute owner of such Bond Similarly Secured for the purpose of payment of principal of, premium, if any, and interest on Bonds Similarly Secured, for the purpose of giving notices of redemption and other matters with respect to such Bond Similarly Secured, for the purpose of registering transfer with respect to such Bond Similarly Secured, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds Similarly Secured 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 Similarly Secured to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a 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 registered owner at the close of business on the relevant Record Date, 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 letter of representations from the City to DTC, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) 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 rules and procedures of DTC or in the blanket letter of representations from the City to DTC.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV. Each Series of Bonds Similarly Secured, other than the Bonds, shall be subject to mandatory sinking fund redemption and optional redemption as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds Similarly Secured.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their Stated Maturity and will be redeemed by the City in part at the price of par plus accrued and unpaid interest to the date of redemption from money available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article VI, on the dates and in the principal amounts as set forth in the following schedule:

Term Bonds Maturing November 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2025	\$297,000
November 1, 2026	\$191,000
November 1, 2027	\$199,000
November 1, 2028	\$214,000
November 1, 2029	\$222,000
November 1, 2030	\$231,000
November 1, 2031	\$244,000
November 1, 2032 (maturity)	\$257,000

Term Bonds Maturing November 1, 2044

<u>Redemption Date</u>	<u>Principal Amount</u>
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November 1, 2033	\$265,000
November 1, 2034	\$280,000
November 1, 2035	\$299,000
November 1, 2036	\$314,000
November 1, 2037	\$329,000
November 1, 2038	\$349,000
November 1, 2039	\$368,000
November 1, 2040	\$387,000
November 1, 2041	\$412,000
November 1, 2042	\$431,000
November 1, 2043	\$456,000
November 1, 2044 (maturity)	\$481,000

Term Bonds Maturing November 1, 2053

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2045	\$505,000
November 1, 2046	\$536,000
November 1, 2047	\$567,000
November 1, 2048	\$598,000
November 1, 2049	\$634,000
November 1, 2050	\$670,000
November 1, 2051	\$711,000
November 1, 2052	\$748,000
November 1, 2053 (maturity)	\$795,000

(b) At least forty-five (45) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of this Section 4.2, the Trustee shall select a principal amount of Bonds (in accordance with Section 4.5) of such maturity equal to the Sinking Fund Installment amount of such Bonds to be redeemed, shall call such Bonds for redemption on such sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of Bonds required to be redeemed on any sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 shall be reduced, at the option of the City, by the principal amount of any Bonds of such maturity which, at least forty-five (45) days prior to the 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 sinking fund redemption date pursuant to subparagraph (a) of this Section 4.2 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 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 4.3. Optional Redemption.

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date on or after November 1, 2033, such redemption date or dates to be fixed by the City, at the price of par, plus accrued interest to the date of redemption.

Section 4.4. Extraordinary Optional Redemption.

The City reserves the right and option to redeem Bonds Similarly Secured before their respective scheduled maturity dates, in whole or in part, on any date, at 100% of the principal amount of such Bonds Similarly Secured, or portions thereof, to be redeemed plus accrued interest to the date of redemption from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund made pursuant to the terms of this Indenture, any other transfers to the Redemption Fund under the terms of this Indenture, or as a result of unexpended amounts transferred from the Project Fund pursuant to the terms of this Indenture).

Section 4.5. Partial Redemption.

(a) If less than all of the Bonds Similarly Secured are to be redeemed pursuant to either Sections 4.2, 4.3 or 4.4, as applicable, the Bonds Similarly Secured shall be redeemed in minimum principal amounts of \$1,000 or any integral multiple thereof. Each Bond Similarly Secured shall be treated as representing the number of Bonds Similarly Secured that is obtained by dividing the principal amount of such Series of Bonds Similarly Secured by \$1,000.

(b) A portion of a single Bond Similarly Secured of an Authorized Denomination may be redeemed, but only in a principal amount equal to \$1,000 or any integral thereof. The Trustee shall treat each \$1,000 portion of such Bond Similarly Secured as though it were a single bond for purposes of selection for redemption. No redemption shall result in a Bond Similarly Secured in a denomination of less than an Authorized Denomination in effect at that time; provided, however, if the amount of Outstanding Bonds Similarly Secured is less than an Authorized Denomination after giving effect to such partial redemption, a Bond Similarly Secured in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(c) In selecting the Bonds to be redeemed pursuant to Section 4.2, the Trustee may select Bonds in any method that results in a random selection.

(d) In selecting the Bonds to be redeemed pursuant to Section 4.3, the Trustee may rely on the written directions provided in a City Certificate.

(e) Notwithstanding the above provisions relating to the Bonds Similarly Secured, if less than all of a Series of Bonds Similarly Secured are called for extraordinary optional redemption pursuant to Section 4.4 hereof, the Bonds Similarly Secured or portion of a Bond Similarly Secured, as applicable, of such Series to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds Similarly Secured of such Series.

(f) Upon surrender of any Bond Similarly Secured for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver and exchange the Bond Similarly Secured or Bonds Similarly Secured of the same Series in an aggregate

principal amount equal to the unredeemed portion of the Bond Similarly Secured so surrendered, such exchange being without charge.

Section 4.6. Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds Similarly Secured by sending notice by first class United States mail, postage prepaid, not less than thirty (30) days before the date fixed for redemption, to the Owner of each Bond Similarly Secured or portion thereof to be redeemed, at the address shown in the Register. So long as the Bonds Similarly Secured are in book-entry only form and held by DTC as securities depository, Owner means Cede & Co., as nominee for DTC.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds Similarly Secured are to be surrendered for payment, and, if less than all the Bonds Similarly Secured Outstanding of such Series are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds Similarly Secured 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 Similarly Secured 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 4.3 or 4.4 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 on the date fixed for redemption for the payment in full of the Bonds Similarly Secured 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.

(e) With respect to any optional redemption of the Bonds Similarly Secured, unless the Trustee has received funds sufficient to pay the redemption price of the Bonds Similarly Secured 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 Similarly Secured 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 4.7. Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds Similarly Secured 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 Similarly Secured being redeemed.

(b) Upon presentation and surrender of any Bond Similarly Secured called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the redemption price on such Bond Similarly Secured to the date of redemption from the money set aside for such purpose.

Section 4.8. Effect of Redemption.

Notice of redemption having been given as provided in Section 4.6 of this Indenture, the Bonds Similarly Secured 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 principal amount plus accrued unpaid interest on such Bonds Similarly Secured, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds Similarly Secured or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds Similarly Secured are presented and surrendered for payment on such date.

ARTICLE V

FORM OF THE BONDS

Section 5.1. Form Generally.

(a) The Bonds Similarly Secured, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Trustee, and the Assignment to appear on each of the Bonds Similarly Secured, (i) shall be, with respect to the Bonds, 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, with respect to any Refunding Bonds, substantially in the form set forth in an exhibit to a Supplemental Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Indenture 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 Similarly Secured, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds Similarly Secured may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds Similarly Secured.

(c) The definitive Bonds Similarly Secured 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 Similarly Secured, as evidenced by their execution thereof.

(d) The Initial Bond of each Series of Bonds Similarly Secured submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services managed by FactSet Research Systems Inc. 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 Similarly Secured. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds Similarly Secured shall be of no significance or effect as regards the legality thereof and neither the City, the Trustee or the attorneys approving said Bonds Similarly Secured as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds Similarly Secured.

Section 5.3. Legal Opinion.

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

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.1. 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; and
- (vii) Administrative Fund.

(b) Creation of Accounts.

(i) The following Accounts are hereby created and established under the Bond Fund:

- (A) Principal and Interest Account;

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

- (A) Reserve Account; and
- (B) Prepayment and Delinquency Reserve Account;

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

- (A) Improvement Area #3 Improvements Account; and
- (B) Costs of Issuance Account;

(c) Each Fund and 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 Similarly Secured.

(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.

Section 6.2. 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 Reserve Account of the Reserve Fund: \$836,737.50;
- (ii) to the Costs of Issuance Account of the Project Fund: \$585,000.00; and
- (iii) to the Improvement Area #3 Improvements Account of the Project Fund: \$10,218,306.39.

(b) Funds received from the City on the Closing Date of the Bonds in the amount of \$170,000.00, consisting of Assessments paid to the Closing Date, shall be paid to the Trustee and deposited or transferred by the Trustee into the Improvement Area #3 Improvements Account of the Project Fund.

Section 6.3. Pledged Revenue Fund.

(a) On or about April 20 of each year while the Bonds Similarly Secured are Outstanding and beginning with the year when Assessments are being collected, 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 Revenue as follows: (i) first, retain in the Pledged Revenue Fund an amount sufficient to pay debt service on the Bonds Similarly Secured next coming due, (ii) second, 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, (iii) third, to the Prepayment and Delinquency Reserve Account in an amount equal to the Additional Interest collected, in accordance with Section 6.7(a), (iv) fourth, to the Improvement Area #3 Improvements Account of the Project Funds to pay Actual Costs of the Improvement Area #3 Improvements or to the Redemption Fund to be used to redeem the Bonds, as directed by the City in a City Certificate filed with the Trustee, and (v) fifth, to pay other costs permitted by the PID Act.

(b) From time to time as needed to pay the obligations relating to the Bonds Similarly Secured, but no later than five (5) Business Days before each Interest Payment Date, the Trustee shall withdraw from the Pledged Revenue Fund 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 Similarly Secured on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 6.7 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, then to the payment of principal (including any Sinking Fund Installments) on the Bonds Similarly Secured.

(d) Notwithstanding Section 6.3(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.

(e) Notwithstanding Section 6.3(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 Account to restore any transfers from the Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, second, to the Prepayment and Delinquency Reserve Account to restore any transfers from the Prepayment and Delinquency Reserve Account made with respect to the Assessed Parcel(s) to which the Foreclosure Proceeds relate, and third, to the Redemption Fund.

(f) After satisfaction of the requirement to provide for the payment of the principal and interest on the Bonds Similarly Secured and to fund any deficiency that may exist in the Reserve Fund, the Trustee, at the written direction of the City, may apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid.

(g) Any Pledged Revenues remaining after satisfying the foregoing payments may be used, at the direction of the City, for any lawful purpose for which Assessments may be used under the PID Act.

Section 6.4. 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 interest then due and payable on the Bonds Similarly Secured.

(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. Amounts so withdrawn from the Reserve Fund shall be withdrawn in accordance with the provisions of Section 6.7(f) hereof and shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

Section 6.5. Project Fund.

(a) Money on deposit in the Project Fund shall be used for the purposes specified in subsections (i) and (ii) of Section 3.1 hereof. Notwithstanding any other provisions, money on deposit in the Improvement Area #3 Improvements Account shall only be used to pay the Actual Costs of the Improvement Area #3 Improvements.

(b) 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 Similarly Secured pursuant to one or more City Certificates. Disbursements from the Improvement Area #3 Improvements Account of the Project Fund to pay Actual Costs of the Improvement Area #3 Improvements shall be made by the Trustee upon receipt by the Trustee of a properly executed and completed Certification for Payment. The disbursement of funds from the Improvement Area #3 Improvements Account of the Project Fund pursuant to a Certification for Payment shall be pursuant to and in accordance with the disbursement procedures described in the Financing Agreement; provided that the Trustee may rely solely and conclusively on a Certificate of Payment in making a disbursement from the Improvement Area #3 Improvements Account of the Project Fund. Such provisions and procedures related to such disbursement contained in the Financing Agreement, and no other provisions of the Financing Agreement, are herein incorporated by reference and deemed set forth herein in full.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Area #3 Improvements Account of the Project Fund are not expected to be expended for purposes of the Improvement Area #3 Improvements Account of the Project Fund due to the abandonment, or constructive abandonment, of the Improvement Area #3 Improvements, as the case may be, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Improvement Area #3 Improvements Account of the Project Fund will ever be expended for the purposes of the Improvement Area #3 Improvements Account Project Fund, the City Representative shall, after providing the Developer with thirty (30) days prior notice thereof, file a City Certificate with the Trustee which identifies the amounts then on deposit in the Improvement Area #3 Improvements Account of the Project Fund that are not expected to be used for purposes of the Improvement Area #3 Improvements Account of the Project Fund. If such City Certificate is so filed, the amounts on deposit in the Improvement Area #3 Improvements Account of the Project Fund shall be transferred to the Redemption Fund to redeem Bonds Similarly Secured on the earliest practicable date after notice of redemption has been provided in accordance with the Indenture.

(d) In making any determination pursuant to this Section, the City Representative may conclusively rely upon a certificate of an Independent Financial Consultant.

(e) Upon the filing of a City Certificate stating that all Improvement Area #3 Improvements have been completed and that all Actual Costs of the Improvement Area #3 Improvements have been paid, or that any such Actual Costs are not required to be paid from the Improvement Area #3 Improvements Account of the Project Fund pursuant to a Certification for Payment, the Trustee (i) shall transfer the amount, if any, remaining within the Improvement Area #3 Improvements Account of the Project Fund to the Bond Fund and (ii) the Improvement Area #3 Improvements Account of the Project Fund shall be closed.

(f) Not later than six months following the Closing Date, 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 the Improvement Area #3 Improvements Account of the Project Fund and used to pay Actual Costs of the Improvement Area #3 Improvements or, if the Improvement Area #3 Improvements Account of the Project Fund is closed, 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 6.6. Redemption Fund.

(a) The Trustee shall cause to be deposited to the Redemption Fund from the Pledged Revenue Fund an amount sufficient to redeem Bonds Similarly Secured as provided in Sections 4.3 and 4.4 on the dates specified for redemption as provided in Sections 4.3 and 4.4. Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds Similarly Secured as provided in Article IV.

Section 6.7. Reserve Fund.

(a) The City agrees with the Owners of the Bonds Similarly Secured 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. All amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund as provided in this Indenture.

(b) The Trustee will transfer from the Pledged Revenue Fund to the Prepayment and Delinquency Reserve Account on May 1 of each year, commencing May 1, 2025, an amount equal to the Additional Interest until the Prepayment and Delinquency Reserve Requirement has been accumulated in the Prepayment and Delinquency Reserve Account. Once the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account, all amounts in excess of the Prepayment and Delinquency Reserve Requirement shall be transferred by the Trustee to the Redemption Fund to redeem Bonds as provided in Article IV; provided, however, that at any time the amount on deposit in the Prepayment and Delinquency Reserve Account is less than Prepayment and Delinquency Reserve Requirement, the Trustee shall resume depositing such amounts from the Pledged Revenue Fund into the Prepayment and Delinquency Reserve Account until the Prepayment and Delinquency Reserve Requirement has accumulated in the Prepayment and Delinquency Reserve Account; provided, however, that the City shall not be required to replenish the Prepayment and Delinquency Reserve Account in the event funds are transferred from the Prepayment and Delinquency Reserve Account to the Redemption Fund as a result of an extraordinary optional redemption, optional redemption, or mandatory redemption of Bonds from the proceeds of a Prepayment pursuant to Section 4.4 of this Indenture.

(c) Whenever a transfer is made from an Account of the Reserve Fund to 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.

(d) Whenever Bonds Similarly Secured are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Reserve Account of the Reserve Fund shall be transferred on the Business Day prior to the redemption date by the Trustee to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured. The amount so transferred from the Reserve Account of the Reserve Fund shall be equal to a percentage of the amount of the Bonds Similarly Secured redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption, and (ii) the amount actually in the Reserve Account of the Reserve Fund, as a percentage of the Outstanding Bonds Similarly Secured prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest to the date of redemption on the Bonds Similarly Secured to be redeemed, there are insufficient funds in the

Redemption Fund to pay the principal amount plus accrued and unpaid interest on such Bonds Similarly Secured to the date fixed for redemption of the Bonds Similarly Secured to be redeemed as a result of such Prepayment and as a result of the transfer from the Reserve Account under this Section 6.7(c), the Trustee shall transfer an amount equal to the shortfall, and/or any additional amounts necessary to permit the Bonds Similarly Secured to be redeemed in minimum principal amounts of \$1,000 from the Prepayment and Delinquency Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds Similarly Secured.

(e) Whenever, on any Interest Payment Date, or on any other date at the written request of a City Representative, the amount 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. Such excess shall be transferred to the Principal and Interest Account to be used for the payment of debt service on the Bonds Similarly Secured on the next Interest Payment Date in accordance with Section 6.4 hereof, unless within thirty (30) days of such notice to the City Representative, the Trustee receives a City Order instructing the Trustee to apply such excess: (i) to pay amounts due under Section 6.8 hereof, (ii) to the Administrative Fund in an amount not more than the Annual Collection Costs for the Bonds, or (iii) to the Improvement Area #3 Improvements Account of the Project Fund if such application and the expenditure of funds is expected to occur within three years of the date hereof.

(f) Whenever, on any Interest Payment Date, or on any other date at the written request of the City Representative, the amount in the Prepayment and Delinquency Reserve Account exceeds the Prepayment and Delinquency Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The amount of such excess on deposit in the Prepayment and Delinquency Reserve Account shall be transferred to the Redemption Fund.

(g) Whenever, on any Interest Payment Date, the amount on deposit in the Bond Similarly Secured Fund is insufficient to pay the debt service on the Bonds due on such date, the Trustee shall transfer first from the Prepayment and Delinquency Reserve Account of the Reserve Fund and second from the Reserve Account of the Reserve Fund to the Bond Fund the amounts necessary to cure such deficiency.

(h) At the final maturity of the Bonds Similarly Secured, the amount on deposit in the Reserve Account and the Prepayment and Delinquency Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Bonds Similarly Secured.

(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, in accordance with Section 6.3.

(j) If the amount held in the Reserve Fund together with the amount held in the Bond Fund and Redemption Fund is sufficient to pay the principal of all Outstanding Bonds Similarly Secured on the next Interest Payment Date, together with the unpaid interest accrued on such Outstanding Bonds Similarly Secured as of such Interest Payment Date, the money shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds Similarly Secured as of such Interest Payment Date.

Section 6.8. Rebate Fund: Rebate Amount.

(a) There is hereby established a special fund of the City to be designated "City of Austin, Texas, Rebate Fund" (the "Rebate Fund") 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.

(b) In order to assure the Rebate Amount 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.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 7.5(h) and shall not be liable or responsible if it follows the instructions of the City and shall not be required to take any action under this Section (including investment of amounts in the Rebate Fund) and Section 7.5(h) in the absence of written instructions from the City.

(d) If, on the date of each annual calculation, the amount on deposit in the Rebate Fund exceeds the Rebate Amount, the City may direct the Trustee, pursuant to a City Order, to transfer the amount in excess of the Rebate Amount to the Bond Fund.

Section 6.9. Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay the Annual Collection Costs associated with the Assessments.

(b) Money in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds created and administered hereunder and used as directed by a City Order solely for the purposes set forth in the Service and Assessment Plan. 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 established pursuant to this Indenture shall be invested by the Trustee as directed by the City pursuant to a City Order filed with the Trustee at least two (2) days in advance of the making of such investment. Such investments shall be (i) in time deposits or certificates of deposit secured in the manner required by law for public funds, (ii) in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, (iii) in obligations of any agencies or instrumentalities thereof, or (iv) in such other investments as are permitted under the Public Funds Investment Act Texas Government Code, Chapter 2256, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall be directed by the City to be made in such manner (which may include repurchase agreements for such investment with any primary dealer of such agreements) that the money required to be expended from any Fund will be available at the proper time or times. Such investments shall be valued each year in terms of current market value as of September 30. For purposes of maximizing investment returns, to the extent permitted by law, money in such Funds may be invested in common investments of the kind described above, or in a common pool of such investment 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 are held by or on behalf of each such Fund. Such investments may be sold by the Trustee to prevent any Event of Default.

(b) Obligations purchased as an investment of moneys in any Fund 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.

(c) The Trustee and its affiliates may act as sponsor, advisor, depository, principal or agent in the acquisition or disposition of any investment and may receive compensation in connection with any investment. The Trustee shall have no investment discretion and the Trustee's only responsibility for investments shall be to follow the written instructions of the City Order. In the absence of any such instructions, all funds shall be held by the Trustee uninvested in cash, yet collateralized. The Trustee shall have no responsibility to insure the investment directed is a permitted investment. The Trustee shall not incur any liability for losses arising from any investments made pursuant to this Section. The Trustee shall not be required to determine the suitability or legality of any investments and may conclusively rely on the related City Order as to such matters.

(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) 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, the Trustee is not required to provide brokerage confirmations so long as the Trustee is providing such monthly cash transaction statements.

Section 6.11. Security of Funds.

All Funds heretofore created or reaffirmed, 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 shall be used only for the purposes and in the manner permitted or required by this Indenture.

ARTICLE VII

COVENANTS

Section 7.1. Confirmation of Assessments.

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

Section 7.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds Similarly Secured are Outstanding, 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 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 Assessed Parcel. 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.

Section 7.3. Against Encumbrances.

(a) Other than Refunding Bonds, 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 9.6 of this Indenture, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds Similarly Secured, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds Similarly Secured.

(b) So long as Bonds Similarly Secured are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness other than the Bonds and Refunding Bonds secured by any pledge of or other lien or charge on the Pledged Revenues or other property pledged under this Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

Section 7.4. Records, Accounts, Accounting Reports.

The City hereby covenants and agrees that so long as any of the Bonds Similarly Secured or any interest thereon 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 Similarly Secured or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect all such records, accounts, and data relating thereto, upon written request to the City by the Trustee, such Owner or duly authorized representative, as applicable. The City shall provide the Trustee, such Owner or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds Similarly Secured 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 7.5. Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"Closing Date" means the date on which each Series of the Bonds Similarly Secured are first authenticated and delivered to the Purchaser against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"Computation Date" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Gross Proceeds" means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

"Investment" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Regulations" means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to

become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of each Series of the Bonds Similarly Secured:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds Similarly Secured of such Series, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds Similarly Secured of such Series or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan.

(i) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds Similarly Secured to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(ii) The City covenants and agrees that the levied Assessments will meet the requirements of the "tax assessment loan exception" within the meaning of section 1.141-5(d) of the Regulations on the date the Bonds Similarly Secured are delivered and will ensure that the Assessments continue to meet such requirements for so long as the Bonds Similarly Secured are outstanding hereunder.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final

Stated Maturity of any Series of the Bonds Similarly Secured directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of such Series of the Bonds Similarly Secured.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds Similarly Secured to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe with respect to each Series of the Bonds Similarly Secured.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond Similarly Secured is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds Similarly Secured with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date for each Series of the Bonds Similarly Secured, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of each Series of the Bonds Similarly Secured until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds Similarly Secured by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Order, direct the Trustee to transfer to the Rebate Fund from the funds or subaccounts designated in such City Order and direct the Trustee to pay to the United States from the Rebate Fund the amount that when added to the future value of previous rebate payments made for any Series of the Bonds Similarly Secured equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds Similarly Secured, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds Similarly Secured not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Deputy City Manager, Assistant City Manager, Chief Financial Officer, any Deputy Chief Financial Officer, City Treasurer, or City Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with each Series of the Bonds Similarly Secured, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VIII

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds Similarly Secured or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds Similarly Secured 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 Similarly Secured, or as to the existence of a default or Event of Default thereunder.

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.

No provision of this Indenture, the Bonds Similarly Secured, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved in connection with the issuance, sale, delivery, or administration of the Bonds Similarly Secured (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 Annual Collection Costs attributable to the Assessments) 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.

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 Pledged Revenues or the Annual Collection Costs attributable to the Assessments. 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 Similarly Secured by mandamus or other proceeding at law or in equity.

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.

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.

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 9.1. Trustee as Paying Agent/Registrar

The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and in respect to the Bonds Similarly Secured.

Section 9.2. Trustee Entitled to Indemnity

The Trustee shall be under no obligation 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 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 appropriate to be done by it as the Trustee, without indemnity, and in such case the Trustee may make transfers from the Administrative Fund, and to the extent money in the Administrative Fund is insufficient, from the Pledged Revenue Fund, to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

The Trustee's rights to immunities and protection from liability hereunder will survive its resignation or removal.

Section 9.3. Responsibilities of the Trustee.

The recitals contained in this Indenture and in the Bonds Similarly Secured 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 Similarly Secured or with respect to the security afforded by this Indenture, 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 Similarly Secured 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 money paid to the City or others in accordance with this Indenture, except as to the application of any money paid to it in its capacity as Trustee; or (iv) any calculation of arbitrage or rebate under the Code. The Trustee has the right to act through agents and attorneys and shall have no liability for the negligence or willful misconduct of the agents and attorneys appointed with due care.

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. No implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee will, during the existence of an Event of Default, exercise such rights and powers vested in it by this Indenture and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

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 negligence or willful misconduct, both before and after default by the City.

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 any direction of the Owners of the applicable percentage of the Outstanding Bonds Similarly Secured permitted to be given by them under this Indenture.

The Trustee shall not be liable for any error in judgment exercised in good faith and expressly authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The rights, privileges, protections, immunities and benefits given to the Trustee including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and person employed to act hereunder.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds Similarly Secured.

Section 9.4. Property Held in Trust.

All money 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 9.5. Rights of the Trustee.

The Trustee may conclusively rely and shall be protected in acting 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 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 by it in good faith and in reliance thereon.

The Trustee may execute any of the trusts or powers hereunder or perform any of its duties hereunder through agents and attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

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 in its discretion 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.

The Trustee shall not be deemed to have knowledge of any default or Event of Default (other than the failure of the City to deposit the Assessments) unless it has been given written notice thereof.

The Trustee shall have no duty or obligation to monitor the City's compliance with the terms of this Indenture or to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the City herein except as may be expressly provided for herein.

The Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers established by this Indenture.

The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty to take such action.

Section 9.6. Compensation.

Unless otherwise provided by contract with the Trustee, 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 hereunder prior to any Bonds Similarly Secured Outstanding. None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur financial liability 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. If the City shall fail to make any payment required by this Section, the Trustee may make such payment from any money in its possession in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from any moneys in its possession in the Pledged Revenue Fund under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Similarly Secured Outstanding hereunder.

Subject to the provisions of this section, the right of the Trustee to receive compensation, and the City's obligation to make payment, hereunder shall survive the termination of this Indenture or the resignation or removal of the Trustee.

To the extent permitted by law, the City agrees to indemnify the Trustee for, and hold it harmless against, any loss, liability, cost, claim or expenses (including fees, costs, and expenses of counsel) incurred by it without negligence or willful misconduct, arising out of or in connection with acting as Trustee hereunder.

Section 9.7. 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 Similarly Secured and may join in any action that any Owner of Bonds Similarly Secured 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 Similarly Secured or to effect or aid in any reorganization growing out of the enforcement of the Bonds Similarly Secured or this Indenture, whether or not such committee shall represent the Owners of a majority in aggregate outstanding principal amount of the Bonds Similarly Secured.

Section 9.8. Resignation of Trustee.

The Trustee may at any time resign and be discharged of its duties and obligations hereunder by giving not fewer than thirty (30) days' notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond Similarly Secured. 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. The resigning Trustee shall not be liable for the actions of the successor trustee

Section 9.9. Removal of Trustee.

Upon thirty (30) day written notice, the Trustee may be removed by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds Similarly Secured 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 ten percent (10%) of the aggregate outstanding principal of the Bonds Similarly Secured.

Section 9.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged as 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.

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 twenty-five percent (25%) of the aggregate outstanding principal of the Bonds Similarly Secured 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.

Until such successor Trustee shall have been appointed by the Owners of the Bonds Similarly Secured, the City shall forthwith (and in no event in excess of thirty (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 and to the predecessor Trustee. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds Similarly Secured within thirty (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 Similarly Secured.

If no appointment of a successor Trustee shall be made within forty-five (45) days after the giving by any Trustee of any notice of resignation in accordance with Section 9.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds Similarly Secured 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.

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.

Each successor Trustee shall mail notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds Similarly Secured and each of the Owners of the Bonds Similarly Secured.

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 money, 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 money 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 money, 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 Only.

The Trustee shall have no duty or obligation to file or record any financing statements pursuant to the Texas Uniform Commercial Code, as from time to time in effect (the "UCC"). If necessary and upon receipt of a copy of a filed financing statement, the Trustee shall file or cause to be filed, such continuation statements as may be required by 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. In addition, unless the Trustee shall have been notified in writing by the City that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this section and (b) filing any continuation statements in the same filing offices as the initial filings were made.

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 Similarly Secured. Permissive rights of the Trustee are not to be construed as duties.

ARTICLE X

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 10.1. Amendments Permitted.

This Indenture and the rights and obligations of the City and of the Owners of the Bonds Similarly Secured 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 Similarly Secured, or with the written consent without a meeting, of the Owners of at least sixty-six and two-thirds percent (66-2/3%) of the aggregate principal amount of the Bonds Similarly Secured then Outstanding. No such modification or amendment shall (i) extend the maturity of any Bond Similarly Secured 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 Similarly Secured, without the express consent of the Owner of such Bond Similarly Secured, or (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 Similarly Secured (except as otherwise permitted by Applicable Laws or this Indenture), or reduce the percentage of Bonds Similarly

Secured required for the amendment hereof. Any such amendment may not modify any of the rights or obligations of the Trustee without its written consent.

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 Similarly Secured 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 Similarly Secured;

(iv) to provide for the issuance of Refunding Bonds, as set forth in Section 13.2 hereof; 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 Similarly Secured.

The Trustee must receive an opinion of Bond Counsel to the effect that the Supplemental Indenture is authorized or permitted by the terms of the Indenture and will not adversely affect the: (i) interest of the Owners in any material respect, or (ii) exclusion of interest on any Bond Similarly Secured from gross income for purposes of federal income taxation.

Section 10.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Bonds Similarly Secured. 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 10.3. Procedure for Amendment with Written Consent of Owners.

The City and the Trustee may at any time adopt a Supplemental Indenture amending the provisions of the Bonds Similarly Secured or of this Indenture, to the extent that such amendment is permitted by Section 10.1 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 Similarly Secured 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.

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 Similarly Secured 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 Similarly Secured for which such consent is given, which proof shall be such as is permitted by Section 11.6 herein. Any such consent shall be binding upon the Owner of the Bonds Similarly Secured 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.

After the Owners of the required percentage of Bonds Similarly Secured 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 Similarly Secured 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 10.3 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 Similarly Secured at the expiration of sixty (60) 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 sixty-day period.

Section 10.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article X, 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 Bonds Similarly Secured Outstanding 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 10.5. Endorsement or Replacement of Bonds Similarly Secured Issued After Amendments.

The City may determine that Bonds Similarly Secured issued and delivered after the effective date of any action taken as provided in this Article X 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 Similarly Secured Outstanding at such effective date and presentation of his Bond Similarly Secured 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 Similarly Secured. The City may determine that new Bonds Similarly Secured, 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 Similarly Secured then Outstanding, such new Bonds Similarly Secured shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds Similarly Secured then Outstanding, upon surrender of such Bonds Similarly Secured.

Section 10.6. Amendatory Endorsement of Bonds Similarly Secured.

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

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.1. 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 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 Similarly Secured 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 the Pledged Revenues must be available to the City to make any such payments; and

(iv) Default in the performance or observance of any covenant, agreement or obligation of the City under this Indenture and the continuation thereof for a period of ninety (90) days after written notice to the City by the Trustee, or by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Bonds Similarly Secured with a copy to the Trustee, specifying such default and requesting that the failure be remedied.

(b) Nothing in Section 11.1(a) will be viewed to be an Event of Default if such provision is in violation of any applicable state law or court order.

Section 11.2. Immediate Remedies for Default.

(a) Subject to Article VIII, upon the happening and continuance of any of the Events of Default described in Section 11.1, the Owners of at least twenty-five percent (25%) of the Bonds Similarly Secured then Outstanding, may direct the Trustee to 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; provided further that the Trustee shall only be obligated to exercise such one or more of the rights and powers conferred by this section as so directed if Trustee shall have been indemnified by the Owners as provided herein. Notwithstanding the foregoing, the Trustee may refuse to follow any direction that it believes conflicts with Applicable Laws or this Indenture or that the Trustee determines is unduly prejudicial to the rights of any Owner of Bonds (it being understood that the Trustee does not have any affirmative duty to ascertain whether or not any action or forbearance is unduly prejudicial to such Owner) or that would involve the Trustee in personal liability; provide d, however that the Trustee may take any other action deemed proper to the Trustee that is not inconsistent with such direction. Prior to taking an any act under this Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses caused by taking or not takin any such action.

(b) THE PRINCIPAL OF THE BONDS SIMILARLY SECURED 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 Outstanding Bonds Similarly Secured, in the selection of Trust Estate assets to be used in the payment of Bonds Similarly Secured due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Order, 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 Order, 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 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 11.3. 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 at least twenty-five percent (25%) of the aggregate principal amount of the Bonds Similarly Secured 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 9.2 herein, (iv) the Trustee has for sixty (60) 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 60-day period by the Owners of a majority of the aggregate principal amount of the Bonds Similarly Secured 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 Similarly Secured shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his, her 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 Similarly Secured 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 Similarly Secured at and after the maturity thereof, or on the date fixed for redemption or the obligation of the City to pay each Bond Similarly Secured 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 Similarly Secured.

(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 11.4. Application of Revenues and Other Money After Default.

(a) All money, securities, funds and Pledged Revenues, Pledged Funds 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 fees and expenses of its counsel and agents), liabilities, and advances owing to or 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, the Trustee, on behalf of the City, notwithstanding Section 11.2 hereof, be applied by the Trustee to the payment of interest and principal or redemption price then due on Bonds Similarly Secured, 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 Similarly Secured, or redemption price of any Bonds Similarly Secured 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 Similarly Secured 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 11.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 11.1, the available funds shall be allocated to the Bonds Similarly Secured that are Outstanding in proportion to the quantity of Bonds Similarly Secured 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 11.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 11.5. Effect of Waiver.

(a) 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 11.6. Evidence of Ownership of Bonds Similarly Secured.

(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 Similarly Secured 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 Similarly Secured 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 Similarly Secured 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 Similarly Secured 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 Bonds Similarly Secured shall bind all future

Owners of the same Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 11.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 11.1 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 11.8. 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 11.9. Exclusion of Bonds Similarly Secured.

Bonds Similarly Secured 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 Similarly Secured provided for in this Indenture, and the City shall not be entitled with respect to such Bonds Similarly Secured to give any consent or take any other action provided for in this Indenture.

Section 11.10. Waiver of Default

With the written consent of at least sixty-six and two-thirds percent (66-2/3%) in aggregate principal amount of the Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

ARTICLE XII

GENERAL COVENANTS AND REPRESENTATIONS

Section 12.1. Representations as to Trust Estate.

(a) The City represents and warrants that it is authorized by Applicable Laws to authorize and issue the Bonds Similarly Secured, 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 Pledged Revenues and 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) The City will take all steps reasonably necessary and appropriate, and will direct 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 Similarly Secured to the fullest extent permitted by the PID Act and other Applicable Laws.

(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 12.2. Books of Record - Accounts.

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 ten percent (10%) in principal amount of any Bonds Similarly Secured then Outstanding or their representatives duly authorized in writing.

Section 12.3. 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 13.1. 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 13.2. Additional Obligations or Other Liens; Refunding Bonds.

(a) The City reserves the right, subject to the provisions contained in this Section 13.2, 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 Pledged Revenues. Additionally, the City has reserved 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 the Pledged Revenues securing payment of the Bonds Similarly Secured.

(b) Other than Refunding Bonds, 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 omitted 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; and further covenants that it will pay or cause

to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) 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 Similarly Secured or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

(i) The principal of all Refunding Bonds must (i) be scheduled to be paid, (ii) be subject to mandatory sinking fund redemption or (iii) mature, on November 1 of the years in which such principal (i) is scheduled to be paid, (ii) is subject to mandatory sinking fund redemption or (iii) matures. All Refunding Bonds must bear interest at a fixed rate and any interest payment dates for Refunding Bonds must be May 1 and November 1. The date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of Refunding Bonds shall be set forth in a Supplemental Indenture; and

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 13.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary of the City, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 13.3. 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 dealing, business and affairs of the City, which relate to the Pledged Revenues, the Pledged Funds, and the Bonds Similarly Secured which books can be inspected by the Trustee during regular business hours of a Business Day upon request.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 13.3 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 14.1. Trust Irrevocable.

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

Section 14.2. 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 of all of the Bonds Similarly Secured, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds Similarly Secured 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 Similarly Secured, 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 the principal of and interest on of the Bonds Similarly Secured has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all money held by it in the Funds and Accounts held hereunder to the Person entitled hereunder to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 14.3. Bonds Similarly Secured Deemed Paid.

All Outstanding Bonds Similarly Secured 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 Similarly Secured 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 money in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide money which, together with any money deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the money or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds Similarly Secured to become due on such Bonds Similarly Secured on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Bonds are then rated, the Trustee shall have received written confirmation from each rating agency that such deposit will not result in the reduction or withdrawal of the rating on the Bonds Similarly Secured. Neither Defeasance Securities nor money deposited with the Trustee pursuant to this Section nor principal or interest payments on of 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 Similarly Secured.

ARTICLE XV

MISCELLANEOUS

Section 15.1. 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.

Section 15.2. 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 15.3. Execution of Documents and Proof of Ownership by Owners.

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.

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.

Except as otherwise herein expressly provided, the ownership of registered Bonds Similarly Secured and the amount, maturity, number, and date of holding the same shall be proved by the Register.

Any request, declaration or other instrument or writing of the Owner of any Bond Similarly Secured shall bind all future Owners of such Bond Similarly Secured in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 15.4. 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 Similarly Secured; but nothing herein contained shall relieve any such member, officer, agent, or employee from the performance of any official duty provided by law.

Section 15.5. 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 or City Order, shall be in writing and shall be delivered by hand or by overnight delivery service, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail (subject to paragraph (c) below) and addressed as follows:

If to the City: City of Austin, Texas
P.O. Box 2106
Austin, Texas 78768
Attn: City Treasurer

If to the Trustee
or the Paying Agent/Registrar: U.S. Bank Trust Company, National Association
13737 Noel Road, Suite 800
Dallas, Texas 75240
Attn: Brian Jensen

Any such notice, demand, or request may also be transmitted to the appropriate party by telegram or 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 Similarly Secured notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Similarly Secured Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the 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 in its discretion 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 15.6. 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 Similarly Secured 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 15.7. 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.

Section 15.8. Payment on Business Day.

In any case where the date of the maturity of interest, principal 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 15.9. Counterparts.

This Indenture may be executed in counterparts, each of which shall be deemed an original.

Section 15.10. Statutory Certifications.

(a) The Trustee makes the following representations and covenants pursuant to Chapter 2252, 2271, 2274, and 2276, Texas Government Code, as heretofore amended (the "Government Code"), in entering into this 2024 Supplemental Indenture. As used in such verifications, "affiliate" means an entity that controls, is controlled by, or is under the common

control with the Trustee within the meaning of SEC Rule 405, 17 C.F.R. Section 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. Iran, Sudan, and Foreign Terrorist Organizations.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

[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 AUSTIN, TEXAS

By: _____,
KIRK WATSON, Mayor

Attest:

MYRNA RIOS, City Clerk

[CITY SEAL]

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

Signature Page to Indenture of Trust

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 AUSTIN, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	_____	_____	_____

The City of Austin, Texas (the "City"), for value received, hereby promises to pay, solely from the Pledged Revenues, 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 May 1 and November 1 of each year, commencing May 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 designated corporate trust office (the "Designated Payment/Transfer Office"), of U.S. Bank Trust Company, National Association, Dallas, Texas, as trustee and paying agent/registrar (the "Trustee", which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrar, 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 December 18, 2024 and issued in the aggregate principal amount of \$11,990,000 and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of December 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 Owners 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 Owner 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 Improvement Area #3 Improvements, (ii) funding a reserve fund for payment of principal and interest on the Bonds, and (iii) paying the costs of issuance of the Bonds.

The Bonds Similarly Secured 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 Similarly Secured, by the acceptance hereof, is deemed to have agreed and consented to the terms, conditions and provisions of the Indenture.

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 minimum principal amounts of \$1,000 and any multiple thereof.

The Bonds are subject to sinking fund redemption prior to their respective maturities 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 money 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 principal amounts as set forth in the following schedule:

Term Bonds Maturing November 1, 2032

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2025	\$297,000
November 1, 2026	\$191,000
November 1, 2027	\$199,000
November 1, 2028	\$214,000
November 1, 2029	\$222,000
November 1, 2030	\$231,000
November 1, 2031	\$244,000
November 1, 2032 (maturity)	\$257,000

Term Bonds Maturing November 1, 2044

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2033	\$265,000
November 1, 2034	\$280,000
November 1, 2035	\$299,000
November 1, 2036	\$314,000
November 1, 2037	\$329,000
November 1, 2038	\$349,000
November 1, 2039	\$368,000
November 1, 2040	\$387,000
November 1, 2041	\$412,000
November 1, 2042	\$431,000
November 1, 2043	\$456,000
November 1, 2044 (maturity)	\$481,000

Term Bonds Maturing November 1, 2053

<u>Redemption Date</u>	<u>Principal Amount</u>
November 1, 2045	\$505,000
November 1, 2046	\$536,000
November 1, 2047	\$567,000
November 1, 2048	\$598,000
November 1, 2049	\$634,000
November 1, 2050	\$670,000
November 1, 2051	\$711,000
November 1, 2052	\$748,000
November 1, 2053 (maturity)	\$795,000

At least forty-five (45) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by subparagraphs (c) and (d) of Section 4.2 of the Indenture, the

Trustee shall select a principal amount of Bonds 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 sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6 of the Indenture.

The principal amount of Bonds required to be redeemed on any 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 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 sinking fund redemption date pursuant to subparagraph (a) of Section 4.2 of the Indenture 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 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.

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or in part, on any date on or after November 1, 2033, such redemption date or dates to be fixed by the City, at the 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.

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. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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 on 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.

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 be redeemed.

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.

The City has reserved the right to issue Refunding Bonds and Additional Obligations on the terms and conditions specified in the Indenture.

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF AUSTIN, TEXAS, TRAVIS COUNTY, TEXAS OR 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.

Mayor, City of Austin, Texas

City Clerk, City of Austin, 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 an opinion 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.

The following Certificate of Trustee shall appear on the definitive Bonds:

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.

U.S. Bank Trust Company, National
Association, as Trustee

DATED: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

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

Date: _____

Signature Guaranteed By:

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.

Authorized Signatory

(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 _____ in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Principal Installments Interest Rates Years"

(Information to be inserted from Section 3.2(b) hereof); and

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