



City of Seagoville Meeting Agenda City Council

City Hall
702 N. Hwy 175
Seagoville, Texas 75159

Monday, March 18, 2024

6:30 PM

Council Chambers

LACKEY STEPPER SEBASTIAN
MAYOR

RICK HOWARD
PLACE 1

ALLEN GRIMES
PLACE 4

PATRICK STALLINGS
CITY MANAGER

JOSE HERNANDEZ
PLACE 2

JON EPPS
PLACE 5

HAROLD MAGILL
PLACE 3 - MAYOR PRO TEM

Notice is hereby given that the City Council of the City of Seagoville, Texas will meet in a Regular Called Meeting at 6:30 p.m. for Work Session, and Regular Session will begin at 7:00 p.m., to be held at City Hall, 702 N. Hwy 175 Seagoville, Texas 75159.

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein.

The City of Seagoville reserves the right to reconvene, recess or realign any session or order of business at any time prior to adjournment. The purpose of the meeting is to consider the following items:

WORK SESSION – 6:30 PM

1. Call to Order
2. Receive a presentation regarding the Dallas County Inland Port Flood Planning Study.
3. Discuss Regular Session agenda items.
4. Adjourn

REGULAR SESSION – 7:00 PM

5. Call to Order
6. Invocation
7. Pledge of Allegiance
8. Mayor's Report
9. Present a Certificate of Recognition
10. Citizen's Comments

This portion of the meeting is to allow each speaker up to six (6) minutes to address the council on items not posted on the current agenda. City Council may not discuss these items but may respond with factual data or policy information or place the item on a future agenda. Anyone wishing to speak should submit a Speaker Request Form to the City Secretary.

Consent Agenda

- 11. Consider approving the City Council meeting minutes: March 4, 2024**

Public Hearing

- 12. Conduct a public hearing on the levy of assessments within the Santorini Public Improvement District**

Regular Agenda

- 13. Discuss and consider an Ordinance approving a Service and Assessment Plan and Assessment Roll for authorized improvements for the Santorini Public Improvement District; making a finding of special benefit to certain property in the district; levying assessments against certain property within the district and establishing a lien on such property; providing for payment of the assessment in accordance with Chapter 372, Texas Local Government Code, as amended; providing for severability and providing an effective date.**
- 14. Discuss and consider an Ordinance approving and authorizing the issuance and sale of the City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Improvement Area #1 Project) in an approximate aggregate principal of \$17,995,000; approving and authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, a Bond Counsel Engagement Letter, and other agreements and documents in connection therewith; making findings with respect to the issuance of such bonds; and providing an effective date.**
- 15. Discuss and consider an Ordinance approving and authorizing the issuance and sale of the City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Major Improvement Area Project) in an approximate aggregate principal of \$15,915,000; approving and authorizing an Indenture of Trust, a Bond Purchase Agreement, a Limited Offering Memorandum, a Continuing Disclosure Agreement, and other agreements and documents in connection therewith; making findings with respect to the issuance of such bonds; and providing an effective date.**
- 16. Discuss and consider an Ordinance amending the Code of Ordinances, to Amend Division 2 (“Property Tax”) of Article 1.06 (“Taxation”) of Chapter 1 (“General Provisions”), to adopt Section 1.06.024, adopting an exemption from Ad Valorem Taxation Assessed by the City of a part of the Appraised Value of Real Property Used as Qualifying Child-Care Facilities.**
- 17. Items of community interest and councilmember reports.**
Pursuant to Section 551.0415 of the Texas Government Code, the City Council or City Administration may report information on the following items: 1) expression of thanks, congratulations, or condolences, 2) information about holiday schedules, 3) recognition of individuals, 4) reminders about upcoming City events, 5) information about community events, and 6) announcements involving an imminent threat to public health and safety.

18. Discuss future agenda items.**19. Adjourn****CERTIFICATE**

I certify that the above Notice of Meeting was posted on the bulletin board at the City Hall of the City of Seagoville, Texas on this 14th day of March 2024, by 5 p.m.

Sara Egan, City Secretary

The City of Seagoville does not discriminate based on disability in the admission or access to, or treatment or employment in, its programs or activities. If you have a request for services that will make this program accessible to you, please contact the City of Seagoville at least 72 hours in advance at (972) 287-6819 or email citysecretary@seagoville.us . (TDD access 1-800-RELAY-TX)

UPCOMING DATES:

- Monday, April 1, 2024, Regular City Council Meeting
- Monday, April 15, 2024, Regular City Council Meeting



TO: Mayor and City Council
FROM: Dallas County
DATE: March 18, 2024
ITEM: 2
DESCRIPTION: Receive a presentation regarding the Dallas County Inland Port Flood Planning Study.

INTRODUCTION

This item was placed on the agenda at the request of Dallas County Commissioner Price.



TO: Mayor and City Council
DATE: March 18, 2024
ITEM: 9
DESCRIPTION: Present Certificate of Recognition

INTRODUCTION

This item was placed on the agenda at the request of the Mayor.



TO: Mayor and City Council
FROM: Sara Egan, City Secretary
DATE: March 18, 2024
ITEM: 11
DESCRIPTION: Consider approving the City Council meeting minutes: March 4, 2024.

RECOMMENDATION

Recommend approval of the meeting minutes.

ATTACHMENTS

1. March 4, 2024 Minutes



City of Seagoville

Meeting Minutes

City Council

City Hall
702 N. Hwy 175
Seagoville, Texas 75159

Monday, March 4, 2024

6:30 PM

Council Chambers

Present: Mayor Lackey Sebastian, Mayor Pro Tem Harold Magill, Councilmember Jose Hernandez, Councilmember Rick Howard, Councilmember Allen Grimes, and Councilmember Jon Epps

Also present were City Manager Patrick Stallings, City Attorney David Berman, and City Secretary Sara Egan.

The City Council of the City of Seagoville met in a Regular Called Meeting on Monday, March 4, 2024, at 6:30 p.m. in the City Council Chambers of City Hall, 702 N. Hwy 175, Seagoville, Texas.

WORK SESSION – 6:30 PM

1. Call to Order

Mayor Sebastian called the Work Session to order at 6:30 p.m.

2. Discuss the options to adopt a property tax exemption for qualifying child-care facilities.

Councilmember Hernandez stated he would like to know the current number and value of qualifying child-care facilities as well as a sliding scale of the exemption. Other councilmembers agreed with the suggested information.

3. Receive an update regarding Fran Street.

City Manager Patrick Stallings briefed City Council on the estimate received and recommended that the repairs be considered during the budget process for the next fiscal year.

4. Discuss Regular Session agenda items.

There were no questions regarding the Consent Agenda.

5. Adjourn

There being no further business before the City Council the Work Session was adjourned at 6:34 p.m.

REGULAR SESSION – 7:00 PM

6. Call to Order

Mayor Sebastian called the Work Session to order at 7:00 p.m.

7. Invocation

Mayor Pro Tem Magill led the invocation.

8. Pledge of Allegiance

City Council led the pledge of allegiance.

9. Present the Certificate of Achievement for Excellence in Financial Reporting awarded by Government Finance Officers Association to the Finance Department.

Mayor Sebastian presented the certificate to the Finance Director Gail French.

10. Mayor's Report

- Election Day for the Primary Election is tomorrow. City Hall is a polling location from 7 am-7pm.
- The foundation for the new police station was poured last week.

- A groundbreaking celebration was held earlier today for the new animal shelter facility behind City Hall.

11. Citizen's Comments

- 1) Joyce Massey, Seagoville, TX, spoke regarding a possible violation on neighboring property.

Consent Agenda

Mayor Pro Tem Magill made a motion to approve Consent Agenda Items 12-14, seconded by Councilmember Grimes. The motion passed by a unanimous vote (5/0).

12. Consider approving the City Council meeting minutes: February 26, 2024**13. Consider approving the City Council and Planning and Zoning Commission joint meeting minutes: February 27, 2024****14. Consider a Resolution authorizing membership in the Atmos Cities Steering Committee; and authorizing the payment of five cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation.****Regular Agenda****15. Items of community interest and councilmember reports.**

There were no reports.

Mayor Sebastian recessed the Regular Session at 7:08 p.m. to convene into the Executive Session.

EXECUTIVE SESSION

The City Council convened into closed Executive Session pursuant to:

16. Texas Govt. Code Section 551.071 – Consultation with Attorney, to seek legal advice relating to the regulation of mobile food units within city limits.

Mayor Sebastian adjourned the Executive Session at 7:28 p.m.

REGULAR SESSION

Mayor Sebastian reconvened the Regular Session at 7:30 p.m.

17. Take any necessary action as a result of Executive Session.

There was no action taken.

18. Discuss future agenda items.

There were no future agenda items.

19. Adjourn

There being no further business before the City Council the meeting was adjourned at 7:31 p.m.

APPROVED:

ATTEST:

Lackey Stepper Sebastian, Mayor

Sara Egan, City Secretary



TO: Mayor and City Council
FROM: Julie Partain, Bracewell LLP
DATE: March 18, 2024
ITEM: 12, 13, 14, 15

INTRODUCTION

The following agenda items are related to the Santorini Public Improvement District:

- 12) Public hearing on the levy of assessments
- 13) Assessment Ordinance
- 14) Bond Ordinance for the Improvement Area #1 Bonds
- 15) Bond Ordinance or the Major Improvement Area Bonds

BACKGROUND

Notice of the public hearing has been published in the newspaper and mailed to the property owners in the PID.

ATTACHMENTS

1. Assessment Ordinance
2. Bond Ordinance IA # 1
3. Notice of Engagement Letter
4. Engagement Letter
5. Indenture IA #1
6. Bond Ordinance MI
7. Indenture MI

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF SEAGOVILLE, TEXAS APPROVING A SERVICE AND ASSESSMENT PLAN AND ASSESSMENT ROLL FOR AUTHORIZED IMPROVEMENTS FOR THE SANTORINI PUBLIC IMPROVEMENT DISTRICT (THE "DISTRICT"); MAKING A FINDING OF SPECIAL BENEFIT TO CERTAIN PROPERTY IN THE DISTRICT; LEVYING ASSESSMENTS AGAINST CERTAIN PROPERTY WITHIN THE DISTRICT AND ESTABLISHING A LIEN ON SUCH PROPERTY; PROVIDING FOR PAYMENT OF THE ASSESSMENT IN ACCORDANCE WITH CHAPTER 372, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED; PROVIDING FOR SEVERABILITY AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City (the "*City Council*") received a Petition requesting the establishment of a PID (to be known as the "Santorini Public Improvement District") (the "District") within the corporate limits of the City which was signed by the owners of more than 50% of the appraised value of the taxable real property liable for assessment and the record owners of more than 50% of the area of all taxable real property within the proposed boundaries of the District that was liable for assessment, and as such, the Petition complied with the Act; and

WHEREAS, after publication and mailing of notice of a public hearing on the creation of the District and after the conduct of a public hearing, the City Council approved the creation of the District by Resolution approved on November 20, 2022 (the "Creation Resolution"); and

WHEREAS, pursuant to Sections 372.013, 372.014, and 372.016 of the Act, the City Council has directed the preparation of a Preliminary Service and Assessment Plan (the "Service and Assessment Plan") for the Improvement Area #1 Projects (as defined in the Service and Assessment Plan) and the Major Improvement Area Projects (as defined in the Service and Assessment Plan); and

WHEREAS, the City called a public hearing regarding the proposed levy of assessments pursuant to the Preliminary Plan on property within Improvement Area #1 and the Major Improvement Area of the District, pursuant to Section 372.016 of the Act; and

WHEREAS, the Service and Assessment Plan also includes assessment plans that apportion the costs of the Improvement Area #1 Projects to be assessed against property within Improvement Area #1 of the District and apportions the costs of the Major Improvement Area Projects to be assessed against property within the Major Improvement Area (as defined in the Preliminary Plan) of the District and such apportionments are made on the basis of special benefits accruing to the assessed property within Improvement Area #1 of the District because of the Improvement Area #1 Projects and to the assessed property within the Major Improvement Area of the District because of the Major Improvement Area Projects; and

WHEREAS, the City Council also directed the preparation of an assessment roll for the District that states the assessment against each parcel of land (i) within the Major Improvement

Area for the Major Improvement Area Projects (the “Major Improvement Area Assessment Roll”), and (ii) within Improvement Area #1 for the Improvement Area #1 Projects (the “Improvement Area #1 Assessment Roll” and together with the Major Improvement Area Assessment Roll, the “Assessment Rolls”) and such Assessment Rolls are attached to and a part of the Service and Assessment Plan; and

WHEREAS, the City, pursuant to Section 372.016(b) of the Act, published notice in a newspaper of general circulation within the City to consider the proposed Service and Assessment Plan for the District and (i) the levy of the Improvement Area #1 Assessments, (as defined in the Service and Assessment Plan) on property within Improvement Area #1 of the District and (ii) the levy of the Major Improvement Area Assessments, (as defined in the Service and Assessment Plan), on property within the Major Improvement Area of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the Act, caused the mailing of notice of the public hearing to consider the proposed Service and Assessment Plan and the Assessment Rolls attached to the Service and Assessment Plan and the levy of the Improvement Area #1 Assessments on property within Improvement Area #1 of the District and the levy of the Major Improvement Area Assessments on property within the Major Improvement Area 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 public hearing at _____ p.m. on the ____ day of _____, 2024, at which all persons who appeared, or requested to appear, in person or by their attorney, were given the opportunity to contend for or contest the Service and Assessment Plan, the Assessment Rolls, and the proposed Improvement Area #1 Assessments and Major Improvement Area Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments and Major Improvement Area Assessments, the allocation of the costs of the Improvement Area #1 Projects and the Major Improvement Area Projects, the purposes of the Improvement Area #1 Assessments and Major Improvement Area Assessments, the special benefits of the Improvement Area #1 Assessments and Major Improvement Area Assessments, and the penalties and interest on annual installments and on delinquent annual installments of the Improvement Area #1 Assessments and Major Improvement Area Assessments; and

WHEREAS, the City wishes to levy assessments on the property within the District for the Improvement Area #1 Projects and Major Improvement Area Projects as set forth in the Service and Assessment Plan; and

WHEREAS, the City Council finds and determines that the Service and Assessment Plan and Assessment Rolls attached thereto should be approved and that the Improvement Area #1 Assessments and Major Improvement Area Assessments should be levied on property within Improvement Area #1 and the Major Improvement Area of the District, respectively, as provided in this Ordinance and the Service and Assessment Plan and Assessment Rolls; and

WHEREAS, the City Council further finds that there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Improvement Area #1 Projects or Major Improvement Projects, the

Assessment Rolls or the levy of the Improvement Area #1 Assessments and Major Improvement Area 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 District, determined to proceed with the adoption of this Ordinance in conformity with the requirements of the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEAGOVILLE, TEXAS, THAT:

Section 1. Findings. The findings and determinations set forth in the preambles hereto are hereby incorporated by reference for all purposes.

Section 2. Terms. Terms not otherwise defined herein are defined in the Service and Assessment Plan attached hereto as Exhibit A.

Section 3. Findings. The findings and determinations set forth in the preambles are hereby incorporated by reference for all purposes. The City Council hereby finds, determines and orders, as follows:

- a. The apportionment of the Costs of the Improvement Area #1 Projects, Major Improvement Area Projects, and the Annual Collection Costs pursuant to the Service and Assessment Plan is fair and reasonable, reflects an accurate presentation of the special benefit each property will receive from the Improvement Area #1 Projects and Major Improvement Area Projects identified in the Service and Assessment Plan, and is hereby approved;
- b. The Service and Assessment Plan covers a period of at least five years and defines the annual indebtedness and projected costs for the Improvement Area #1 Projects and Major Improvement Area Projects;
- c. The Service and Assessment Plan apportions the costs of the Improvement Area #1 Projects and Major Improvement Area Projects to be assessed against each Assessed Property in Improvement Area #1 and the Major Improvement Area of the District, respectively, and such apportionment is made on the basis of special benefits accruing to each Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property of the District because of the Improvement Area #1 Projects and Major Improvement Area Projects, respectively.
- d. All of the real property within Improvement Area #1 and the Major Improvement Area of the District which is being assessed in the amounts shown in the Service and Assessment Plan and Assessment Rolls will be benefited by the Improvement Area #1 Projects and Major Improvement Area Projects, respectively, proposed to be provided through the District in the Service and Assessment Plan, and each parcel of real property in Improvement Area #1 and the Major Improvement Area of the District will receive special benefits during the term of the Assessments equal to or greater than the total amount assessed;

- e. The method of apportionment of the costs of the Improvement Area #1 Projects, Major Improvement Area Projects and Annual Collection Costs set forth in the Service and Assessment Plan results in imposing equal shares of the costs of the Improvement Area #1 Projects, costs of the Major Improvement Area Projects and Annual Collection Costs on property similarly benefited, and results in a reasonable classification and formula for the apportionment of the costs;
- f. The Service and Assessment Plan should be approved as the service plan and assessment plan for the District, as described in Sections 372.013 and 372.014 of the Act;
- g. The Assessment Rolls in the forms attached to the Service and Assessment Plan should be approved as the assessment roll for Improvement Area #1 and the Major Improvement Area of the District;
- h. The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Improvement Area #1 Assessments, interest on Improvement Area #1 Annual Installments, interest and penalties on delinquent Improvement Area #1 Assessments and delinquent Improvement Area #1 Annual Installments, and procedures in connection with the imposition and collection of Improvement Area #1 Assessments should be approved and will expedite collection of the Improvement Area #1 Assessments in a timely manner in order to provide the improvements needed and required for the area within Improvement Area #1 of the District; and
- i. The provisions of the Service and Assessment Plan relating to due and delinquency dates for the Major Improvement Area Assessments, interest on Major Improvement Area Annual Installments, interest and penalties on delinquent Major Improvement Area Assessments and delinquent Major Improvement Area Annual Installments, and procedures in connection with the imposition and collection of Major Improvement Area Assessments should be approved and will expedite collection of the Major Improvement Area Assessments in a timely manner in order to provide the improvements needed and required for the area within Major Improvement Area of the District; and
- j. A written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter hereof has been discussed, considered and formally acted upon.

Section 4. Assessment Plan. The Service and Assessment Plan is hereby accepted and approved pursuant to Sections 372.013 and 372.014 of the Act as a service plan and an assessment plan for Improvement Area #1 and the Major Improvement Area within the District.

Section 5. Assessment Roll. The Assessment Rolls are hereby accepted and approved pursuant to Section 372.016 of the Act as the assessment rolls for Improvement Area #1 and the Major Improvement Area within the District.

Section 6. Levy and Payment of Assessments for Costs of Improvement Area #1 Projects and Major Improvement Area Projects.

- a. The City Council hereby (i) levies the Improvement Area #1 Assessments on each Improvement Area #1 Assessed Property located within Improvement Area #1 of the District, and (ii) levies the Major Improvement Area Assessment on each Major Improvement Area Assessed Property located within the Major Improvement Area of the District, all as shown and described in the Service and Assessment Plan and the Assessment Rolls, in the respective amounts shown on the Assessment Rolls, as special assessments on the properties within Improvement Area #1 and the Major Improvement Area of the District as set forth in the Service and Assessment Plan and the Assessment Rolls.
- b. The levy of the Improvement Area #1 Assessments and Major Improvement Area Assessments shall be effective on the date of execution of this Ordinance levying such assessments and strictly in accordance with the terms of the Service and Assessment Plan.
- c. The collection of the Improvement Area #1 Assessments and Major Improvement Area Assessments shall be as described in the Service and Assessment Plan.
- d. Each Improvement Area #1 Assessments and Major Improvement Area Assessment may be pre-paid or paid in Annual Installments pursuant to the terms of the Service and Assessment Plan.
- e. Each Improvement Area #1 Assessments and Major Improvement Area Assessment shall bear interest at the rate or rates specified in the Service and Assessment Plan.
- f. Each Improvement Area #1 Annual Installment and Major Improvement Area Annual Installment shall be collected each year in the manner set forth in the Service and Assessment Plan.
- g. The Annual Collection Costs for Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property of the District shall be calculated pursuant to the terms of the Service and Assessment Plan.

Section 7. Method of Assessment. The method of apportioning the costs of the Improvement Area #1 Projects and Major Improvement Area Projects is as set forth in the Service and Assessment Plan.

Section 8. Penalties and Interest on Delinquent Assessments. Delinquent Improvement Area #1 Assessments and Major Improvement Area Assessments shall be subject to the penalties, interest, procedures and foreclosure sales set forth in the Service and Assessment

Plan. The Improvement Area #1 Assessments and Major Improvement Area Assessments shall have lien priority as specified in the Act and the Service and Assessment Plan.

Section 9. Prepayments of Assessments. As provided in Section 372.018(f) of the Act and in the Service and Assessment Plan, the owner (the “Owner”) of any Improvement Area #1 Assessed Property or Major Improvement Area Assessed Property of the District may prepay the Improvement Area #1 Assessments and Major Improvement Area Assessments, respectively, levied by this Ordinance as set forth in the Service and Assessment Plan.

Section 10. Lien Priority. As provided in the Act, the City Council and Owners of the Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property intend for the obligations, covenants and burdens on the Owners of Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property, including without limitation such Owner’s obligations related to payment of the Improvement Area #1 Assessments and Major Improvement Area Assessments and the Improvement Area #1 Annual Installments and Major Improvement Area Annual Installments, to constitute a covenant running with the land. The Improvement Area #1 Assessments and Major Improvement Area Assessments and the Improvement Area #1 Annual Installments and Major Improvement Area Annual Installments levied hereby shall be binding upon the Improvement Area #1 Assessed Property and the Major Improvement Area of the District and the Owners of Improvement Area #1 Assessed Property and Major Improvement Area Assessed Property, and its respective transferees, legal representatives, heirs, devisees, successors and assigns in the same manner and for the same period as such parties would be personally liable for the payment of ad valorem taxes under applicable law. The Improvement Area #1 Assessments and Major Improvement Area Assessments shall have lien priority as specified in the Act.

Section 11. Administrator and Collector of Assessments.

- a. Administrator. The City shall administer the Service and Assessment Plan and the Improvement Area #1 Assessments and Major Improvement Area Assessments levied by this Ordinance. The City has appointed a third-party administrator (the “Administrator”) to administer the Service and Assessment Plan and the Improvement Area #1 Assessments and Major Improvement Area Assessments. The Administrator shall perform the duties of the Administrator described in the Service and Assessment Plan and in this Ordinance. The Administrator’s fees, charges and expenses for providing such services shall constitute an Annual Collection Cost
- b. Collector. The City may collect the Improvement Area #1 Assessments and Major Improvement Area Assessments or may, by future action, appoint a third-party collector of the Improvement Area #1 Assessments and Major Improvement Area Assessments. The City is hereby authorized to enter into an agreement with a third-party for the collection of the Improvement Area #1 Assessments and Major Improvement Area Assessments. The City may also contract with any other qualified collection agent selected by the City or may collect the Improvement Area #1 Assessments and Major Improvement Area Assessments

on its own behalf. The costs of such collection contracts shall constitute an Annual Collection Cost.

Section 12. Applicability of Tax Code. To the extent not inconsistent with this Ordinance and the Act or other laws governing public improvement districts, the provisions of the Texas Tax Code shall be applicable to the imposition and collection of Improvement Area #1 Assessments and Major Improvement Area Assessments by the City.

Section 13. Severability. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining portions of this Ordinance or the application to other persons or sets of circumstances shall not be affected thereby, it being the intent of the City Council that no portion hereof, or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 14. Effective Date. This Ordinance shall take effect, and the levy of the Improvement Area #1 Assessments and Major Improvement Area Assessments, and the provisions and terms of the Service and Assessment Plan shall be and become effective upon passage and execution thereof.

PASSED AND APPROVED on this __ day of ____ 2024.

[Remainder of Page left Intentionally Blank]

Mayor

ATTEST:

City Secretary

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

Before me, the undersigned authority, on this day personally appeared Lackey Stepper Sebastian Mayor of the City of Seagoville, known to me to be such persons who signed the above and acknowledged to me that such persons executed the above and foregoing Ordinance in my presence for the purposes stated therein.
Given under my hand and seal of office this _____.

Notary Public, State of Texas

[NOTARY STAMP]

EXHIBIT A

SERVICE AND ASSESSMENT PLAN
AND ASSESSMENT ROLLS – IMPROVEMENT AREA #1 AND MAJOR IMPROVEMENT
AREA

Ordinance No. _____

AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF SEAGOVILLE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (SANTORINI PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT) IN AN AGGREGATE PRINCIPAL OF \$17,995,000; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Seagoville, Texas (the “City”), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the “PID Act”), has previously established the Santorini Public Improvement District (the “District”); and

WHEREAS, pursuant to the Act, the City Council published notice and held a public hearing on _____, 2024 regarding the levy of special assessments on properties within Improvement Area #1 of the District (the “Improvement Area #1 Assessments) and at that public hearing adopted an ordinance levying the Improvement Area #1 Assessments (the “Assessment Ordinance”); and

WHEREAS, in the Assessment Ordinance, the City Council approved and accepted the Service and Assessment Plan (as defined and described in the Assessment Ordinance) relating to the District and levied the Improvement Area #1 Assessments against the Improvement Area #1 Assessment Roll (as defined and described in the Assessment Ordinance). Capitalized terms used in this preamble and not otherwise defined shall have the meaning assigned thereto in the Service and Assessment Plan; and

WHEREAS, the City Council desires to issue its assessment revenue bonds in accordance with the Act, as amended, such bonds to be entitled “City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Improvement Area #1 Project)” (the “Bonds”), with such Bonds being payable solely from the Improvement Area #1 Assessments and other assets comprising the Trust Estate (defined in the Indenture, as defined herein); and

WHEREAS, the City Council has found and determined that it is in the best interests of the citizens of the City to issue the Bonds in a single series, such series to be payable solely from and secured by the Improvement Area #1 Assessments and other assets comprising the Trust Estate; and

WHEREAS, the City is authorized by the PID Act to issue its revenue bonds payable from the Improvement Area #1 Assessments for the purposes of (i) paying the costs of the Improvement Area #1 Projects identified in the Service and Assessment Plan, (ii) funding a

reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuing the Bonds; and

WHEREAS, the City Council has found and determined to (i) approve the issuance of the Bonds, (ii) approve the form, terms and provisions of an indenture of trust securing the City's Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement between the City and the purchasers of the Bonds, (iv) approve a Limited Offering Memorandum, and (v) approve a Continuing Disclosure Agreement relating to the Bonds; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; and

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF THE CITY OF SEAGOVILLE, TEXAS, THAT:

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

Section 2. Approval of Issuance of Bonds and Indenture of Trust. (a) The issuance of the Bonds in the principal amount of \$_____ for the purpose of providing funds for (i) paying the costs of the Improvement Area #1 Projects identified in the Service and Assessment Plan, (ii) funding a reserve fund for payment of principal of and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuing the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under an indenture of trust, the form, terms and provisions of which are hereby approved in the substantially final form presented at this meeting of that certain Indenture of Trust (the "Indenture"), dated as of _____, 2024, between the City and BOKF, National Association, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the City Manager of the City, such approval to be evidenced by the execution and delivery of the Indenture. The Mayor of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured solely by the Improvement Area #1 Assessments and other assets of the "Trust Estate" (as defined in the Indenture) pledged to the Bonds, and shall never be payable from ad valorem taxes.

Section 3. Sale of Bonds: Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the “Underwriter”) at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the “Bond Purchase Agreement”), dated the date hereof, between the City and the Underwriter. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 4. Limited Offering Memorandum. The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto presented to and considered by the City Council are hereby in all respects approved and adopted. The City hereby authorizes the preparation of a final Limited Offering Memorandum reflecting the terms of the Bond Purchase Agreement and other relevant information. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the City Manager and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds, and the Preliminary Limited Offering Memorandum is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and confirmed. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor and this City Council, the Mayor and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to development, the construction of the Improvement Area #1 Improvements, the Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders, or the landowners.

Section 5. Additional Actions. The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance, including the making of modifications to this Ordinance and the Indenture as necessary to obtain approval of the Bonds.

Section 6. Continuing Disclosure Agreement. The form, terms and provisions of that certain Continuing Disclosure Agreement of the Issuer (the “Continuing Disclosure Agreement”) dated as of March 1, 2024 among the City, P3Works, LLC, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as dissemination agent, is hereby authorized and approved in substantially final form presented at this meeting and the Mayor of the City or the Authorized Officer are hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or City Manager, such approval to be evidenced by the

execution thereof. If executed by the Mayor, the Mayor's signature on the Agreement may be attested by the City Secretary.

Section 7. Additional Actions. The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance. The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500).

Section 8. Approval of Engagement Letter. The engagement letter for bond counsel services with Bracewell, LLP as presented is hereby approved and the City Manager or Mayor is authorized to execute such engagement letter. It is hereby found, determined and declared that there is a substantial need for Bracewell's legal services; the legal services cannot be adequately performed by the attorneys and supporting personnel of the City; and the legal services cannot reasonably be obtained from attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter, because of the nature of the matter for which the services will be obtained and the compensation for such services will be paid from the proceeds of the bonds or other obligations issued by the City.

Section 9. Effective Date. This Ordinance shall take effect immediately upon its adoption by the City Council of the City.

[Signature Page Follows]

FINALLY PASSED, APPROVED AND EFFECTIVE this _____, 2024.

BY:

MAYOR,
CITY OF SEAGOVILLE, TEXAS

ATTEST:

CITY SECRETARY,
CITY OF SEAGOVILLE, TEXAS

*Ordinance Authorizing Issuance of
Series 2024 Special Assessment Revenue Bonds (Improvement Area #1)*

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*Ordinance Authorizing Issuance of
Series 2024 Special Assessment Revenue Bonds (Improvement Area #1)*

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[Sample Notice Regarding Contingent Fee Contract]¹

A RESOLUTION OF THE CITY OF SEAGOVILLE, TEXAS APPROVING AN ENGAGEMENT AGREEMENT WITH BRACEWELL LLP RELATING TO BOND COUNSEL SERVICES

1. The City of Seagoville, Texas (the “City”) desires to issue bonds and other obligations from time to time for various public purposes authorized by Texas Statutes, in order to finance or refinance various public projects;
2. Bracewell LLP’s (“Bracewell” or the “Firm”) is a full service firm that includes a national public finance practice and has the necessary competence, qualification and experience to serve as bond counsel for the City.
3. The City and Bracewell do not have any prior engagements or relationships or other information regarding the nature of any relationships between the political subdivision and the firm as described in §2254.1036(c) of the Texas Government Code;
4. The City’s attorneys and supporting personnel do not have the required experience, qualifications or resources to adequately perform bond counsel services for the issuance of bonds or other obligations;
5. Given the nature of bond counsel services and the source of payment therefor (being from the proceeds of bonds or other obligations issued by the City) such legal services cannot reasonably be obtained from attorneys in private practice under a contract providing for the payment of hourly fees without contingency; and
6. Entering into a contingent fee contract with Bracewell for bond counsel services is in the best interest of the residents of the City as the City will have competent, qualified and experienced counsel to advise on the issuance of the bonds and other obligations, and the provision of such legal services will not financially impact the City as the compensation for such services will be paid from the proceeds of such bonds or other obligations.

¹ It is anticipated that this would be included under the agenda item for the Engagement Letter contained in or as an attachment to the public notice provided under the Open Meetings Act.

March 18, 2024

The Honorable Mayor and City Council Members
City of Seagoville, Texas
702 North Highway 175
Seagoville, TX 75159

Dear Honorable Mayor and City Council Members:

We are pleased to set forth in this letter the terms of our engagement Bond Counsel for the City of Seagoville, Texas (the "City") in connection with its issuance from time to time of assessment revenue bonds, and such other general finance matters as may be referred to us from time to time. We appreciate the confidence you have shown in Bracewell LLP ("Bracewell" or "Firm") and look forward to this opportunity to represent your interests.

It is our practice to confirm the terms and conditions of our engagements, and that is the purpose of this Engagement Letter and the attached Terms of Engagement. This engagement has been approved by Bracewell subject to the conditions described in this letter.

Scope of Engagement

We agree that our services as Bond Counsel will include the following services:

1. Attendance at all meetings of the City as required or requested in connection with the planning and authorization of Bonds, including consultation on federal income tax matters;
2. Preparation of the ordinances of the City authorizing issuance of Bonds, together with all other legal documents comprising the transcript of proceedings for authorization and issuance of Bonds and other debt instruments;
3. Preparation of and submission to the Attorney General of Texas of a transcript of proceedings for the Bonds to obtain the approval of the Attorney General and registration of the Bonds by the Comptroller of Public Accounts of Texas;

Julie M. Partain
Partner

T: +1.214.758.1606 F: +1.800.404.3970
1445 Ross Avenue, Suite 3800, Dallas, Texas 75202-2724
julie.partain@bracewell.com bracewell.com

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The Honorable Mayor and City Council Members

March 18, 2024

Page 2

4. Preparation and filing of legal documents required under federal income tax law for the Bonds, and the preparation of and delivery to the City of a Letter of Instructions with respect to the federal income tax treatment of Certificate proceeds;
5. Representation of the City at the closing of the sale of the Bonds, including preparation of all closing documents; and
6. If appropriate, the delivery at closing of our approving opinion as to the validity of the Bonds under Texas law, and the exclusion of interest on the Bonds from gross income of the holders under federal income tax law.

The services outlined above do not include such matters as services as disclosure counsel in connection with the sale of the Bonds, work on post closing federal tax or disclosure issues, obtaining IRS rulings or clarifications of federal tax law, presentations to rating agencies or bond insurers, or “blue sky” or securities registration services. We will be pleased to provide legal services in connection with any matters not included in paragraphs 1 through 6 above, but we believe that such additional services, if requested by the City, should be the subject of an addendum to this letter or a separate letter of engagement. Our representation of the City with respect to Bonds will end upon the closing for the Bonds.

This Engagement Letter may be supplemented to reflect new matters or issues that deviate from the current engagement in scope, billing arrangements, complexity, risk, or that otherwise require a substantial change in terms and conditions. The Terms of Engagement, however, will govern all projects and engagements for Client.

Fees, Expenses and Billing with Respect to Services

Our fees with respect to the Bonds shall be payable at the time of delivery of the Bonds to the purchaser thereof outlined in Exhibit A. Occasionally, the City may request us to perform miscellaneous legal services not related to a specific issue of the Bonds. We propose that such services be performed on an hourly basis according to our discount hourly rates charged to other clients and billed monthly.

Conflicts of Interest: Applicable Standard

For purposes of evaluating conflicts of interests, you acknowledge that Bracewell relies upon the Texas Disciplinary Rules of Professional Conduct. Bracewell may represent other clients that may be adverse to your interests in substantially unrelated matters, and it may represent other clients within the same industry.

The Honorable Mayor and City Council Members
March 18, 2024
Page 3

Alternative Dispute Resolution

Disputes arising under or pertaining to this engagement shall be resolved, if possible, by a non-binding mediation conducted by a mutually acceptable mediator at a location acceptable to the City and Bracewell. The mediation process may be initiated by a written request with a list of acceptable mediators and site for the proceeding.

Conclusion

You are encouraged to discuss the terms of this engagement letter with the independent counsel of your choice. Please call me if you wish to discuss any aspect of this engagement.

If this Engagement Letter, including the provisions in the attached Terms of Engagement, correctly reflects your understanding of the terms and conditions of our representation, please sign the enclosed copy of this letter in the space provided and return one original to Bracewell.

The Honorable Mayor and City Council Members
March 18, 2024
Page 4

Thank you again for the opportunity to represent you in this matter.

Very truly yours,

Bracewell LLP

By: _____
Name: Julie Melton Partain

Attachments

AGREED AND ACCEPTED:

CITY OF SEAGOVILLE, TEXAS

By: _____

Its: _____

Date: _____

EXHIBIT A

PUBLIC IMPROVEMENT DISTRICT FINANCINGS

Hourly Services Fees

For fees relating to the creation of a public improvement district (a "PID") and levy of assessments, including the negotiation of development or financing agreements we will bill the City based a fee separate from our Bond Counsel fee for assessment revenue bonds and based on our hourly billing rates. We will negotiate the amount of such fee at the outset of each PID financing. Although the City remains primarily responsible for the timely payment of all invoices, we acknowledge that the City may require a third party developer to pay a portion of counselor's legal fees, other than assessment revenue bond fees, related to a PID financing. Invoices will be delivered to the City. The City is our only client in this engagement; no attorney-client or other relationship exists between us and any third party developer and no third-party developer will have any authority as to the performance of this engagement. The City understands and consents to the payment of our fees and expenses by a third party developer to the extent negotiated by the City.

PID Bond Counsel Fees

For our services as Bond Counsel in connection with the authorization, issuance and sale of any assessment revenue bonds, the CITY will pay us, solely from the proceeds of sale of each issue or installment of the assessment revenue bonds, an amount equal to

- 1) 2.5% of the first \$5,000,000 in principal amount of such Assessment revenue bonds; and
- 2) 1.75% of the principal amount of such assessment revenue bonds above \$5,000,000 in principal amount of such assessment revenue bonds.

This above fee schedule shall be applicable to each separate issue or installment of the assessment revenue bonds but shall only be due with respect to assessment revenue bonds actually issued, sold and delivered. Our fee for Bond Counsel services for any separate issue or installment of the assessment revenue bonds shall not be less than \$70,000. Our fee for serving as Bond Counsel on any issue of refunding assessment revenue bonds will be 2.00% of the principal amount of such assessment revenue bonds, but not less than \$70,000.

BRACEWELL LLP

TERMS OF ENGAGEMENT

Introduction

These are the Terms of Engagement adopted by Bracewell LLP (“Bracewell”) and the addressee of the preceding Engagement Letter (“Client”) and referred to in our Engagement Letter as the basis for our representation. Because they are an integral part of our agreement to provide representation, we ask that you review this document carefully and retain it for your files. If you have any questions after reading it, please promptly inform your principal contact at the Firm.

Client of the Firm

Because Bracewell has been engaged to represent the Client only, the engagement does not include the Client’s family members, affiliated or related entities, or their respective individual officers, directors, partners, equity owners or employees.

Unless otherwise specifically stated in the Engagement Letter, our representation does not include any parent, subsidiary, or affiliated entity; employee, officer, director, shareholder, member or partner of an entity; or, any commonly owned entity. For any trade association, our representation does not include any member of the trade association; and for individuals, our representation does not include any employer, partner, spouse, sibling, or other family member. In the event we are asked to undertake representation of any other entity in connection with this engagement, we will do so only by agreement defined in the Engagement Letter. By execution of the Engagement Letter, Client consents to Bracewell’s use of the name and a generic description of the transaction in Bracewell marketing materials. Confidential Client information will not be included in such materials.

Our Relationship with Others and Conflicts of Interest

Conflict of Interest is a concern for Bracewell and its clients. We attempt to identify actual and potential conflicts at the outset of each engagement. Unfortunately, conflicts sometimes arise or become apparent after work begins on an engagement. When that happens, we will do our best to address and resolve the situation in the manner that best serves the interests of all of our affected clients.

Client and Bracewell agree that matters relating to legal ethics and professionalism, including Conflicts of Interest, will be resolved by the Texas Disciplinary Rules of Professional Conduct.

Bracewell accepts this engagement on the understanding that our representation of you will not preclude us from accepting another engagement from a new or existing client provided that (1) such engagement is not substantially related to the subject matter of services we provide to you and (2) such other engagement would not impair the confidentiality of related client information.

Staffing the Project

In most cases, one attorney will be your primary contact. In order to provide you with the expertise of our firm, and to provide services on a cost effective basis, that attorney will delegate parts of your work to other lawyers, paralegals and professionals.

Billing Arrangements and Terms of Payment

Fees for professional services and expenses are not contingent on the outcome of the project, unless expressly stated in the Engagement Letter.

Unless expressly stated in the Engagement Letter, Bracewell issues invoices on a periodic basis, normally each month, for fees and expenses. Invoices are due on receipt and are considered past due 30 days after receipt.

Clients frequently ask us to estimate the fees and other charges they are likely to incur in connection with a particular matter. Any estimate is based on professional judgment and facts and circumstances that appear at the time. As such, any estimate is subject to the understanding that, unless we agree otherwise in writing, it does not represent a maximum, minimum, or fixed-fee quotation. The ultimate cost frequently is more or less than the amount estimated.

It may be necessary for us to retain third parties, such as consultants, experts and investigators, in order to represent you adequately. In that event, you will be responsible for the prompt payment of the invoices of those third parties. Although we may advance third-party disbursements in reasonable amounts, we will ask you to pay larger third-party invoices (usually those over \$500) directly to the third party providing the services.

If the representation will require a concentrated period of activity, such as a trial, arbitration, or hearing, we reserve the right to require the payment of all amounts owed and the prepayment of the estimated fees and expenses to be incurred in completing the trial, arbitration, or hearing, as well as arbitration fees likely to be assessed. If you fail to pay timely the estimated fees and expenses, we will have the right to cease performing further work and the right to withdraw from the representation, subject to any applicable rules of court or other applicable tribunal.

Although an insurer's payment of defense costs may be applied to billings of the firm, the payment obligation remains with you. Failure of any insurer to pay all or part of the billings for this project does not relieve you from the obligation to pay billings in full and in a timely manner.

Taxes

The Client agrees that all payments under the Engagement Letter shall be payable to Bracewell in U.S. Dollars, free and clear of any and all present and future taxes, levies, imposts, duties, deductions, withholdings, fees, liabilities and similar charges (the "Taxes"). If any Taxes are required to be withheld or deducted from any amount payable under the Engagement Letter, then the amount payable under the Engagement Letter shall be increased to the amount which, after deduction from such increased amount of all Taxes required to be withheld or deducted therefrom, will yield to Bracewell the amounts stated to be payable to Bracewell under the Engagement Letter.

Termination

Because Bracewell has been engaged to provide services in connection with the representation specifically defined in our Engagement Letter, the attorney-client relationship terminates upon our completion of those services.

You may terminate the engagement at any time, with or without cause, by notifying us in writing. The firm also can terminate the engagement before the completion of its representation of you in the specified matter if (a) the continued representation would result in a violation of the applicable rules of professional conduct or other law; (b) the termination can be accomplished without material adverse effect on your interests; (c) you persist in a course of action that Bracewell reasonably believes is criminal or fraudulent, or you have used our services to perpetrate a crime or fraud, (d) the firm has a fundamental disagreement with the objective or tactics in this engagement; (e) you deliberately and substantially fail to discharge an obligation regarding this engagement, including the payment of fees and expenses and the duty of cooperation as provided in the Terms of Engagement; or (f) other good cause for termination exist. In the event that the firm intends to terminate the engagement, the firm will give reasonable notice and allow you access to your files relating to this engagement.

For purposes of this Engagement Letter, this engagement terminates upon written notice of termination by Client or by Bracewell.

The termination of our services will not affect your responsibility for payment of legal services rendered and other charges incurred before termination and in connection with an orderly transition of the project.

After completion of the representation, however, changes may occur in the applicable laws or regulations that could affect your future rights and liabilities in regard to the matter. Bracewell has no continuing obligation to give advice with respect to any future legal developments that may relate to the project.

Retention of Client Files

Client files are limited to: materials supplied by Client; final contracts; estate planning documents, deeds and corporate records; and, routine correspondence related to this engagement. At the close of any matter, Client files may be returned to you, sent to a private storage facility, archived for a

limited time or destroyed. The attorney closing the file will determine, at his or her discretion, the disposition of Client files, unless you make a specific written request that they be returned.

Your request for return of Client files must be delivered to Bracewell no later than 120 days after the last substantive service relating to the closed matter. A substantive service does not include audit letter research and preparation, or any other service that does not directly relate to the substantive discharge of a Client engagement. Your request must be specific and designate your representative to receive the files. Client is responsible for paying the reasonable cost to retrieve, duplicate and deliver the Client files.

Bracewell adopted a program of document retention and management of electronically stored information, including regular deletion of outdated, corrupt or useless files. Such program may change from time-to-time.

It is important for Client to alert Bracewell in advance of special treatment, sensitive information, retention requirements and other unique conditions pertaining to Client files. Client agrees that it will notify Bracewell in a timely, written and specific manner, concerning any requirement for special or unusual handling or attention of its Client files. This includes any statutory or regulatory requirements relating to confidentiality and retention of Client files.

Bracewell Files

You agree that Bracewell will own and retain its own files and any related electronically stored information pertaining to the engagement. You will not have the right or ability to require us to deliver such files and records (or copies thereof) to you. Examples of Bracewell files and records are: firm administrative records, financial files and documents, time and expense reports, personnel and staffing materials, credit and accounting records, electronic mail correspondence (other than such correspondence which was sent to you by a member of our firm) and internal lawyer's work product, such as drafts, notes, memoranda and legal and factual research, including investigative reports prepared by or for the internal use of lawyers. Further, at the discretion of the responsible partner for the project in question, we may destroy any such documentation which is the property of Bracewell or any documentation which such partner determines to be duplicative or unnecessary in all cases without having to obtain your consent.

Choice of Law

Because Bracewell performs legal services in a number of jurisdictions, for consistency and predictability, the Client and Bracewell agrees that the Texas Disciplinary Rules of Professional Conduct (found at www.texasbar.com or www.txethics.org) will govern all issues of legal ethics and professionalism.

Disclaimer

We cannot guarantee the outcome of any matter. Any expression of our professional judgment regarding your matter or the potential outcome is, of course, limited by our knowledge of the facts

and based on the law at the time of expression. It is also subject to any unknown or uncertain factors or conditions beyond our control.

Either at the commencement or during the course of the representation, we may express opinions or beliefs about the matter or various courses of action and the results that might be anticipated. Any expressions on our part concerning the outcome of the representation, or any other legal matters, are based on our professional judgment and are not guarantees.

By signing the Engagement Letter or otherwise indicating your acceptance of the Engagement Letter, you acknowledge that Bracewell has made no promises or guarantees to you about the outcome of the representation, and nothing in these Terms of Engagement shall be construed as such a promise or guarantee.

Your Cooperation

To enable us to provide effective representation, you agree to: (1) disclose to us fully, accurately and on a timely basis, all facts and documents that are or might be material or that we may request; (2) keep us apprised on a timely basis of all developments relating to the representation that are or might be material; (3) attend meetings, conferences, and other proceedings when it is reasonable to do so; (4) provide updated information for conflicts purposes, if necessary; and (5) cooperate fully with us in all matters relating to the engagement.

Modification of Our Agreement

The Terms of Engagement reflect our agreement on the terms of all engagements, and are not subject to any oral agreements, modifications, or understandings. Any change in these Terms of Engagement must be made in writing signed by both Bracewell and Client.

Anti-Boycott Verification.

Bracewell hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2270.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, 'boycott Israel' means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. Bracewell understands 'affiliate' to mean an entity that controls, is controlled by, or is under common control with Bracewell and exists to make a profit.

Iran, Sudan and Foreign Terrorist Organizations.

Bracewell 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, Texas Government Code, and posted on any of the following pages of such officer's internet website: <https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>, <https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or <https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>. The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law neither Bracewell nor any 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. Bracewell understands "affiliate" to mean any entity that controls, is controlled by, or is under common control with Bracewell and exists to make a profit.

In Conclusion

If you have questions or concerns, at any time, relating to the terms and conditions of this engagement, the services or advice provided by Bracewell, or the fees and expenses reflected in the invoices, please bring them to the attention of your principal contact at our firm, or Bracewell's General Counsel.

IM-#8033131.1

INDENTURE OF TRUST

By and Between

CITY OF SEAGOVILLE, TEXAS

and

BOKF, NA

as Trustee

DATED AS OF March 1, 2024

SECURING

CITY OF SEAGOVILLE, TEXAS

SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (SANTORINI PUBLIC
IMPROVEMENT DISTRICT IMPROVEMENT AREA #1 PROJECT)

TABLE OF CONTENTS

Page

ARTICLE 1

	DEFINITIONS, FINDINGS AND INTERPRETATION	4
Section 1.1	<u>Definitions</u>	4
Section 1.2	<u>Findings</u>	12
Section 1.3	<u>Table of Contents, Titles and Headings</u>	12
Section 1.4	<u>Interpretation</u>	12

ARTICLE 2

	THE BONDS	12
Section 2.1	<u>Security for the Bonds</u>	12
Section 2.2	<u>Limited Obligations</u>	13
Section 2.3	<u>Authorization for Indenture</u>	13
Section 2.4	<u>Contract with Owners and Trustee</u>	13

ARTICLE 3

	AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS	14
Section 3.1	<u>Authorization</u>	14
Section 3.2	<u>Date, Denomination, Maturities, Numbers and Interest</u>	14
Section 3.3	<u>Conditions Precedent to Delivery of Bonds</u>	15
Section 3.4	<u>Medium, Method and Place of Payment</u>	15
Section 3.5	<u>Execution and Registration of Bonds</u>	16
Section 3.6	<u>Ownership</u>	17
Section 3.7	<u>Registration, Transfer and Exchange</u>	17
Section 3.8	<u>Cancellation</u>	18
Section 3.9	<u>Temporary Bonds</u>	18
Section 3.10	<u>Replacement Bonds</u>	19
Section 3.11	<u>Book-Entry Only System</u>	20
Section 3.12	<u>Successor Securities Depository: Transfer Outside Book-Entry- Only System</u>	21
Section 3.13	<u>Payments to Cede & Co</u>	21

ARTICLE 4

	REDEMPTION OF BONDS BEFORE MATURITY	21
Section 4.1	<u>Limitation on Redemption</u>	21
Section 4.2	<u>Mandatory Sinking Fund Redemption</u>	21
Section 4.3	<u>Optional Redemption</u>	23
Section 4.4	<u>Extraordinary Optional Redemption</u>	23
Section 4.5	<u>Partial Redemption</u>	24
Section 4.6	<u>Notice of Redemption to Owners</u>	24
Section 4.7	<u>Payment Upon Redemption</u>	25
Section 4.8	<u>Effect of Redemption</u>	25

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 4.9	<u>Optional Redemption</u>25
Section 4.10	<u>Extraordinary Optional Redemption</u>26
Section 4.11	<u>Partial Redemption</u>26
Section 4.12	<u>Notice of Redemption to Owners</u>27
Section 4.13	<u>Payment Upon Redemption</u>27
Section 4.14	<u>Effect of Redemption</u>28
 ARTICLE 5	
	FORM OF THE BONDS28
Section 5.1	<u>Form Generally</u>28
Section 5.2	<u>CUSIP Registration</u>28
Section 5.3	<u>Legal Opinion</u>29
 ARTICLE 6	
	FUNDS AND ACCOUNTS29
Section 6.1	<u>Establishment of Funds and Accounts</u>29
Section 6.2	<u>Initial Deposits to Funds and Accounts</u>30
Section 6.3	<u>Pledged Revenue Fund</u>30
Section 6.4	<u>Bond Fund</u>32
Section 6.5	<u>Project Fund</u>33
Section 6.6	<u>Redemption Fund</u>35
Section 6.7	<u>Bond Reserve Account</u>35
Section 6.8	<u>Delinquency and Prepayment Reserve Account</u>37
Section 6.9	<u>Rebate Fund</u>37
Section 6.10	<u>Administrative Fund</u>38
Section 6.11	<u>Investment of Funds</u>38
Section 6.12	<u>Investment Income</u>40
Section 6.13	<u>Security of Funds</u>40
 ARTICLE 7	
	COVENANTS40
Section 7.1	<u>Confirmation of Improvement Area #1 Assessments</u>40
Section 7.2	<u>Collection and Enforcement of Improvement Area #1 Assessments</u>40
Section 7.3	<u>Against Encumbrances</u>41
Section 7.4	<u>Records, Accounts, Accounting Reports</u>41
 ARTICLE 8	
	FEDERAL INCOME TAX MATTERS41
Section 8.1	<u>General</u>41
Section 8.2	<u>No Private Activity Bonds</u>41

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 8.3	<u>No Federal Guaranty</u>42
Section 8.4	<u>No Hedge Bonds</u>42
Section 8.5	<u>No-Arbitrage</u>42
Section 8.6	<u>Arbitrage Rebate</u>42
Section 8.7	<u>Information Reporting</u>42
Section 8.8	<u>Record Retention</u>42
Section 8.9	<u>Registration</u>43
Section 8.10	<u>Favorable Opinion of Bond Counsel</u>43
Section 8.11	<u>Continuing Obligation</u>43

ARTICLE 9

LIABILITY OF CITY.....	43
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ARTICLE 10

THE TRUSTEE	44
Section 10.1	<u>Trustee as Paying Agent/Registrar</u>44
Section 10.2	<u>Trustee Entitled to Indemnity</u>44
Section 10.3	<u>Responsibilities of the Trustee</u>45
Section 10.4	<u>Property Held in Trust</u>49
Section 10.5	<u>Trustee Protected in Relying on Certain Documents</u>50
Section 10.6	<u>Compensation</u>50
Section 10.7	<u>Permitted Acts</u>51
Section 10.8	<u>Resignation of Trustee</u>51
Section 10.9	<u>Removal of Trustee</u>51
Section 10.10	<u>Successor Trustee</u>52
Section 10.11	<u>Transfer of Rights and Property to Successor Trustee</u>53
Section 10.12	<u>Merger, Conversion or Consolidation of Trustee</u>53
Section 10.13	<u>Trustee to File Continuation Statements</u>53
Section 10.14	<u>Accounts, Periodic Reports and Certificates</u>53
Section 10.15	<u>Construction of Indenture</u>54

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE.....	54
Section 11.1	<u>Amendments Permitted</u>54
Section 11.2	<u>Owners' Meetings</u>55
Section 11.3	<u>Procedure for Amendment with Written Consent of Owners</u>55
Section 11.4	<u>Effect of Supplemental Indenture</u>56
Section 11.5	<u>Endorsement or Replacement of Bonds Issued After Amendments</u>56
Section 11.6	<u>Amendatory Endorsement of Bonds</u>56
Section 11.7	<u>Execution of Supplemental Indenture</u>56

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE 12	
DEFAULT AND REMEDIES	57
Section 12.1 <u>Events of Default</u>	57
Section 12.2 <u>Immediate Remedies for Default</u>	57
Section 12.3 <u>Restriction on Owner’s Action</u>	58
Section 12.4 <u>Application of Revenues and Other Moneys After Default</u>	59
Section 12.5 <u>Effect of Waiver</u>	60
Section 12.6 <u>Evidence of Ownership of Bonds</u>	60
Section 12.7 <u>Waiver of Default</u>	60
Section 12.8 <u>No Acceleration</u>	61
Section 12.9 <u>Mailing of Notice</u>	61
Section 12.10 <u>Exclusion of Bonds</u>	61
ARTICLE 13	
GENERAL COVENANTS AND REPRESENTATIONS	61
Section 13.1 <u>Representations as to Pledged Revenues</u>	61
Section 13.2 <u>General</u>	62
ARTICLE 14	
SPECIAL COVENANTS	62
Section 14.1 <u>Further Assurances; Due Performance</u>	62
Section 14.2 <u>Additional Obligations; Other Obligations or Other Liens</u>	62
Section 14.3 <u>Books of Record</u>	63
ARTICLE 15	
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE.....	63
Section 15.1 <u>Trust Irrevocable</u>	63
Section 15.2 <u>Satisfaction of Indenture</u>	63
Section 15.3 <u>Bonds Deemed Paid</u>	63
ARTICLE 16	
MISCELLANEOUS	64
Section 16.1 <u>Benefits of Indenture Limited to Parties</u>	64
Section 16.2 <u>Successor is Deemed Included in All References to Predecessor</u>	64
Section 16.3 <u>Execution of Documents and Proof of Ownership by Owners</u>	65
Section 16.4 <u>Waiver of Personal Liability</u>	65
Section 16.5 <u>Notices to and Demands on City and Trustee</u>	65
Section 16.6 <u>Partial Invalidity</u>	67
Section 16.7 <u>Applicable Laws</u>	67

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 16.8 <u>Payment on Business Day</u>	67
Section 16.9 <u>Counterparts</u>	67
Section 16.10 <u>Statutory Verifications</u>	67
Section 16.11 <u>Form 1295 Exemption</u>	68

EXHIBIT A - Form of Bond

EXHIBIT B – Form of Certificate for Payment

EXHIBIT C – Form of Closing Disbursement Request

INDENTURE OF TRUST

This Indenture of Trust, dated as of March 1, 2024 is by and between the City of Seagoville, Texas (the “City”), and BOKF, NA, a national banking 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 1.

WHEREAS, a petition was submitted by the Petitioner and filed with the City Secretary of the City (the “City Secretary”) pursuant to Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district located within the corporate limits of the City to be known as the City of Seagoville, Texas Public Improvement District No. 1 (the “District”); and

WHEREAS, the petition contained the signatures of the owners 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 Denton Central Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on March 18, 2024, after due notice, the City Council of the City (the “City Council”) opened a public hearing and on such date 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 Section 372.009 of the PID Act and the City Council made the findings required by Section 372.009(b) of the PID Act and, by resolution, adopted by the City Council, authorized the District in accordance with its findings as to the advisability of the improvement projects and services; and

WHEREAS, the City recorded the creation of the District in the real property records of Denton County; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting preliminary assessment roll for Improvement Area #1 of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the “Assessment Hearing”) a newspaper of general circulation in the City, to consider the proposed Improvement Area #1 Assessment Roll for Improvement Area #1 of the District (the “Improvement Area #1 Assessment Roll”) and the Service and Assessment Plan and the levy of assessments (the “Improvement Area #1 Assessments”) for the Improvement Area #1 Improvement Projects on property within the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Improvement Area #1 Assessment Roll and the Service and Assessment Plan and the levy of Improvement Area #1 Assessments on property

in Improvement Area #1 of the District to the last known address of the owners of the property liable for the Improvement Area #1 Assessments; and

WHEREAS, at the Assessment Hearing, all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Improvement Area #1 Assessment Roll and the Improvement Area #1 Assessments, and to offer testimony pertinent to any issue presented on the amount of the Improvement Area #1 Assessments, the allocation of Improvement Area #1 Projects, the purposes of the Improvement Area #1 Assessment, the special benefits conferred on property within Improvement Area #1 of the District by the Improvement Area #1 Improvements, and the penalties and interest on annual installments and on delinquent annual installments of the Improvement Area #1 Assessments; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of Improvement Area #1 Project Costs, the Improvement Area #1 Assessment Roll, and the levy of the Improvement Area #1 Assessments; and

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

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Improvement Area #1 Project Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying for a portion of the costs incidental to the organization and administration of the District, (iv) paying capitalized interest on the Bonds, and (v) paying 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 Seagoville, Texas, Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Improvement Area #1 Project)” (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys,

rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any Assessments due pursuant to such lien shall no longer constitute a part of the Trust Estate;

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

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which

are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

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

ARTICLE 1

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:

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

“Actual Costs” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest charged on the Improvement Area #1 Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Improvement Area #1 Assessments securing the Bonds, levied against 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 6.10 herein.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, 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 actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with

respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by and in compliance with Section 372.013 of 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.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Roll” means any assessment roll for the Assessed Property, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act.

“Assessment Hearing” has the meaning set forth in the recitals.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as

determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, as described and set forth in Section III.B of the Service and Assessment Plan.

“Authorized Officer” means (i) the City Manager of the City, or (ii) Director of Finance of the City or such other person designated by the City Manager of the City for such purpose.

“Average Annual Debt Service” means the average of the Annual Debt Service due on the Bonds through the final maturity date of any Outstanding Bonds.

“Bonds” means the City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (City of Santorini Texas Public Improvement District Improvement Area #1 project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Improvement Area #1 Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

“Bond Counsel” means Bracewell 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 Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Ordinance” means that certain ordinance adopted by the City Council on March 18, 2024 authorizing the Indenture and the Bonds.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” means Average Annual Debt Service calculated as: Total principal and interest due on the Bonds divided by the number of Bond Years remaining; such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of this Indenture

“Bond Year” or “Fiscal 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, or any national holiday observed by the Trustee.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Improvement Area #1 Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

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

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or designees are the authorized City Representatives.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.5 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account within the Project Fund 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.

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

“Delinquency and Prepayment Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Bonds which may be funded from Bond proceeds and revenues received from the payment of Improvement Area #1 Assessments, deposited to the Pledged Revenue Fund.

“Delinquent Collection Costs” means the costs related to the foreclosure on an Improvement Area #1 Assessed Property and the costs of collection of a delinquent Assessment,

including penalties and reasonable attorney's fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

"Delinquent Penalties and Interest" means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

"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 Seagoville Laguna Azure, LLC, a Texas limited liability company a Texas limited liability company and its respective successors and assigns.

"Development Agreement" means the agreement executed by and between the Developer, and the City effective December 20, 2022, as amended.

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

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

"Foreclosure Proceeds" means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Improvement Area #1 Assessments against any Improvement Area #1 Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"Fund" means any of the funds established pursuant to Section 6.1 of this Indenture.

"Improvement Area #1" means approximately 136.07 acres located within the District, as depicted on Exhibit A-2 of the Service and Assessment Plan and more specifically described in Exhibit L-2 to the Service and Assessment Plan.

"Improvement Area #1 Assessment" means an Assessment levied against Improvement Area #1 Assessed Property, related to the Improvement Area #1 Projects, and imposed pursuant to the Improvement Area #1 Assessment Ordinance and as shown on the Improvement Area #1 Assessment Roll.

"Improvement Area #1 Assessment Ordinance" means the ordinance adopted by the City Council levying the Improvement Area #1 Assessments on the Improvement Area #1 Assessed Property.

"Improvement Area #1 Assessed Property" means any Parcel within Improvement Area #1 against which an Improvement Area #1 Assessment is levied.

“Improvement Area #1 Assessment Roll” means the Assessment Roll for the Improvement Area #1 Assessed Property, as set forth in Exhibit F-1 to the Service and Assessment Plan, as updated, modified, or amended from time to time in accordance with the procedures set forth therein.

“Improvement Area #1 Improvements” means (the Authorized Improvements which only benefit the Improvement Area #1 Assessed Property, as further described in Section III.B of the Service and Assessment Plan and depicted on Exhibit H-1 of the Service and Assessment Plan.

“Improvement Area #1 Projects” means, collectively, (1) the Improvement Area #1 Improvements; and (2) the pro rata portion of the Major Improvements allocable to Improvement Area #1; (3) the Annual Collection Costs related to the Bonds; and (4) Bond Issuance Costs associated with the issuance of the Bonds.

“Improvement Area #1 Project Costs” means the Actual Costs, as defined in the Service and Assessment Plan, of the Improvement Area #1 Projects.

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

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

“Initial Bond” means the Initial Bond as set forth in Exhibit A attached hereto.

“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 March 15 and September 15 of each year, commencing September 15, 2024.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Major Improvements” means those Authorized Improvements that confer a special benefit to all of the Assessed Property within the District, as further described in Section III.B and depicted on Exhibit H-2 of the Service and Assessment Plan.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii)

any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

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

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

“Parcel” or “Parcels” means a specific property within the District identified by either a tax parcel identification number assigned by the Kaufman Central Appraisal District or Dallas Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

“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 and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Bond Reserve Account, and the Redemption Fund.

“Pledged Revenue Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 herein.

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

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the fifteenth business day of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means refunding bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Fund” means that fund established pursuant to Section 6.1 comprised of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account administered pursuant to Sections 6.7 and 6.8, respectively, herein.

“Service and Assessment Plan” means the document, including the Improvement Area #1 Assessment Roll, which is attached as Exhibit A to the Improvement Area #1 Assessment Ordinance, as may be updated, amended and supplemented from time to time.

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

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

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

“Tax Certificate” means the Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

“Trustee” means BOKF, NA, Dallas, Texas, a national banking association, duly organized and validly existing under the laws of the United States of America, with a corporate trust office in Houston, Texas, serving in its capacity as trustee, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

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) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

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

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on 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, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered Owners 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 2.2 Limited Obligations.

The Bonds 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 Accounts; and the Bonds and any other obligations incurred by the City under the terms of this Indenture 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 2.3 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 the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4 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 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 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 3

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. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying or reimbursing a portion of the Improvement Area #1 Project Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

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

(b) 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 March 15 and September 15 of each year, commencing September 15, 2024, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__		
20__		

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 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.

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:

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, 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 shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which 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 to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

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

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein (the "Comptroller's Registration Certificate"), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the 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, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the 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 the Bonds, in the aggregate principal amount of all Bonds for such maturity, 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 is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7 Registration, Transfer and Exchange.

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

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds 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 presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

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

Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(h) Prior to any transfer of any Bond outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor of a Bond shall provide or cause to be provided to the Paying Agent/Registrar all information necessary to allow the Paying Agent/Registrar to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code, as amended. The Paying Agent/Registrar shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 3.8 Cancellation.

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

Section 3.9 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denominations, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and

other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) 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;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(3) 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

(4) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser,

and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

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

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any Person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other Person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other Person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Indenture to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the Person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners as shown in the Register, as provided in this Indenture, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the

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 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

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 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ Term Bonds maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

*maturity

\$ Term Bonds maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

*maturity

\$ Term Bonds maturing September 15, 20

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

September 15, 20__
September 15, 20__
September 15, 20__
September 15, 20__

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory sinking fund redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any 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 Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 2043 in whole or any part, before their respective scheduled maturity dates, on September 15, 2031, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. The City direction for such redemption shall include details with regard to a

corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond 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 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 or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

Section 4.9 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.10 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.11 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge.

Section 4.12 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds 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 or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.13 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.14 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

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

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

Section 5.2 CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of

the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

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

ARTICLE 6

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:

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

(1) The following Accounts are hereby created and established within the Bond Fund:

- (A) Principal and Interest Account.
- (B) Capitalized Interest Account

(2) The following Accounts are hereby created and established within the Project Fund:

- (A) Project Improvement Account;
- (B) Developer Improvement Account

(C) Costs of Issuance Account; and

(3) The following Accounts are hereby created and established within the Reserve Fund:

(A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and each Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts 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. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(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:

(1) to the Bond Reserve Account: _____.

(2) to the Costs of Issuance Account: _____.

(3) To the Capitalized Interest Account: _____.

(4) to the Administrative Fund _____; and

(5) to the Project Improvement Account of the Project Fund: _____.

(b) \$_____ of funds received from the Developer shall be deposited to the Developer Improvement Account of the Project Fund.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;

(2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e);

(3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and

(4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(f) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (a)(3) above.

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

(e) 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 (d) 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.

(f) Notwithstanding Section 6.3(a) above:

(1) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof; and

(2) 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;

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Improvement Area #1 Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Improvement Area #1 Assessments for any lawful purposes permitted by the PID Act for which Improvement Area #1 Assessments may be paid.

(h) Improvement Area #1 Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Improvement Area #1 Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Improvement Area #1 Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

(a) No later than 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.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds on the following date and in the following amount:

Date

Amount

Not later than five (5) Business Days before each date identified above, the Trustee shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture.

(d) Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Project Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5 Project Fund.

(a) Money on deposit in the Project Improvement Account, and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(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 pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request.

(c) Except as otherwise provided in Sections 6.5(f) and 6.5(h) herein, money on deposit in the Project Improvement Account and the Developer Improvement Account of the Project Fund, shall be used solely to pay the Improvement Area #1 Project Costs as set forth in the applicable Certificate for Payment. Upon receipt of a reviewed and approved Certificate for Payment for any Improvement Area #1 Project Cost, the Trustee shall make payment for the costs set forth therein, from the following account in the following priority, until monies are no longer available therein: (1) first, from the Project Improvement Account of the Project Fund, and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in Section 6.5(d), and Section 6.4(i), money on deposit in the Project Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in Section 6.4(e) and Section 6.4(f), money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

(1) Funds on deposit in the Project Improvement Account in the amount of \$ _____ shall be retained in the Project Improvement Account and shall not be expended or used to pay the costs of the Improvement Area #1 Projects pursuant to a reviewed and approved Certificate for Payment until all of the following have occurred, as certified by the Developer to the City and the Trustee:

(A) All of the Improvement Area #1 Projects have been constructed or installed and accepted by the City, to the extent applicable; and

(B) The City has issued certificates of occupancy for 100 homes within Improvement Area #1.

(2) If the amount retained pursuant to (1) above have not been released from the Project Improvement Account on or before September 1, 2027, any amounts remaining in the Project Improvement Account may be transferred to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.4 herein.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Project Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Project Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Project Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Project Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture and the Project Improvement Account shall be closed.

(e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #1 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to Section 6.5(h).

(f) Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all Improvement Area #1 Project Costs have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account pursuant to Section 6.5(h), and (ii) shall close the Developer Improvement Account.

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

(h) Any amounts in the Developer Improvement Account to be transferred and released pursuant to Section 6.5(e) or Section 6.5(f) shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the

Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

(i) Upon the filing of a City Certificate stating that all Improvement Area #1 Projects have been completed and that all Improvement Area #1 Project Costs have been paid, or that any such costs are not required to be paid from the Project Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee, and shall close the Project Improvement Account of the Project Fund

(j) 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 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) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c) The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the direction of the City.

Section 6.7 Bond Reserve Account.

(a) The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond 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 in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.7(j) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) [reserved]

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the City may, pursuant to a City Certificate transfer such moneys to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account 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 as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(i) [reserved].

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of Section 6.7(c) and subsequently used for the payment of operating costs directly relating to the Improvement Area #1 Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) So long as there are Outstanding Bonds, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date, the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.7(j) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

(a) Amounts on deposit in the Rebate Fund of the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with

the Code, Tax Certificate and Section 8.6 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, on the date of each calculation made Article 8 the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 6.11 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 Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall 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 set forth in this Indenture. 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 investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, in the absence of direction pursuant to a City Certificate, money in any Fund or Account established pursuant to this Indenture shall be invested in the Cavanal Hill Government Fund (APCXX), CUSIP No. 14956P836 until directed otherwise by a City Certificate.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(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 if authorized by the City Representative in writing. 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 City's written instructions as to the directed investments. The Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account of the Bond Fund.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account of the Bond Fund.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account of the Reserve Fund shall be credited to such Accounts.

(d) Interest and income derived from investment of the Administrative Expense Fund shall be credit to such Fund.

Section 6.13 Security of Funds.

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

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Improvement Area #1 Assessments.

The City hereby confirms, covenants, and agrees that, in the Assessment Ordinance, it has levied the Improvement Area #1 Assessments against the respective Improvement Area #1 Assessed Property from which the Pledged Revenues will be collected and received.

Section 7.2 Collection and Enforcement of Improvement Area #1 Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Improvement Area #1 Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Improvement Area #1 Assessments.

(b) The City will determine or cause to be determined, no later than April 1 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 Improvement Area #1 Assessed Property.

Section 7.3 Against Encumbrances.

(a) Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the 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 or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Improvement Area #1 Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Improvement Area #1 Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders 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 or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on any issue of Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code.

Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be “private activity bonds” unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Improvement Area #1 Assessments will meet the requirements for the “tax assessment loan exception” within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Improvement Area #1 Assessments continue to meet such requirements.

Section 8.3 No Federal Guaranty.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause an issue of Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code.

Section 8.5 No-Arbitrage.

The City covenants that it will make use of the proceeds of each issue of Bonds (including investment income) and regulate the investment of such proceeds of each such issues of Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 8.6 Arbitrage Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds each issue of Bonds, be rebated to the United States.

Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning each issue of Bonds in accordance with section 149(e) of the Code.

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received a Favorable Opinion of Bond Counsel.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the “Bond Documents”), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

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. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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 10

THE TRUSTEE

Section 10.1 Trustee as Paying Agent/Registrar.

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

Section 10.2 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 pursuant to a written instrument by the Owners of the Bonds 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 exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

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

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (k) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Indenture and shall, subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the

Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 10.2 (with respect to actions taken without negligence, bad faith or willful misconduct) or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds 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 for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Improvement Area #1 Improvements. The Trustee shall have no liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), and (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

- (1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,
- (2) any instrument or document of further assurance or collateral assignment,
- (3) the filing of any financing statements, amendments thereto or continuation statements,
- (4) insurance of the Improvement Area #1 Improvements or collection of insurance money,
- (5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or
- (6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(j) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written

instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a “notice of default”. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrar fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute Annual Collection Costs in bankruptcy.

(o) The Trustee’s immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee’s officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee’s right to compensation for trustee and paying agent/registrar services shall survive the Trustee’s resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(p) 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.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable to any Owner or any other Person or entity arising from any failure to exercise any permissive right.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #1 Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or

contaminant, and shall have no duty or obligation to assess the environmental condition of the Improvement Area #1 Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all other persons or entities of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party.

(u) In the event that any of the Trust Estate shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing and at its own expense, is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) or communications service that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

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

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any order, notice, opinion, 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 to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, 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 to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but 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 10.13 herein.

Section 10.6 Compensation.

(a) Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, no less frequently than monthly, reasonable compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from any moneys in the Pledged Revenue Fund. The Trustee shall provide the City with an invoice identifying the fees and other expenses deducted from the Administrative Account each month. If the City makes a written objection to the amount of the fees and expenses deducted, the Trustee shall not deduct its fees and expenses for the succeeding month until the City and the Trustee have reached resolution on the objection. 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 lawfully available funds under the Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

(b) In the event that the Trustee renders any service not contemplated in this Agreement, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Agreement or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event; provided, however, that all such payments to the Trustee shall be only from funds available in the Administrative Fund.

Section 10.7 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 and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

Section 10.8 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' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 10.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 10.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the

Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 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 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, 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. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds 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 requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 10.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further assurance (without representation or warranty, express implied or statutory) 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, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 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 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

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

Section 10.14 Accounts, Periodic Reports and Certificates.

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

aggregate outstanding principal amount of any Bonds then Outstanding or their representatives duly authorized in writing.

Section 10.15 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.

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

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

- (1) 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;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) 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; and
- (4) 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.

Section 11.2 Owners' Meetings.

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

Section 11.3 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 or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

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 the Trustee has received an opinion of Bond Counsel to the effect that such amendment is authorized or permitted by this Indenture and will not affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the Trustee). Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 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 at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period; provided however, that the Trustee during such ninety day period referenced in Section 11.3 herein

and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action taken or any instance of inaction.

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, 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 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 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 Execution of Supplemental Indenture.

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

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Improvement Area #1 Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (4) 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 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may 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. The Trustee retains the right, at its own cost and expense, to obtain the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the

event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws 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 reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 12.3 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 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 10.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall 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 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on

the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered 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 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 Effect of Waiver.

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

Section 12.6 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7 Waiver of Default.

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

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 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 12.9 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 12.10 Exclusion of Bonds.

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

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues 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 Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Improvement Area #1 Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law and reasonably practical, 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. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause

to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 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 14

SPECIAL COVENANTS

Section 14.1 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 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, 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.

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

(c) Other than Refunding Bonds issued to refund all or a portion of the 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 Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 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 Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 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 15

PAYMENT AND CANCELLATION OF THE BONDS
AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 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 all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys

deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (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. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE 16

MISCELLANEOUS

Section 16.1 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. This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 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 16.3 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 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 shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4 Waiver of Personal Liability.

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

Section 16.5 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 Certificate for payment shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Seagoville, Texas
107 S. Main Street
Seagoville, Texas 76227
Attn: City Manager
Telephone: (940) 440-9343

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, for the Paying
Agent/Registrar:

BOKF, National Association
Attn: Dayna Smith
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Email: dayna.smith@bankoftexas.com

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

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) 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 notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall request and the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its sole, reasonable discretion elects to act upon such instructions in accordance with this Indenture, the Trustee's understanding of such instructions shall be deemed controlling unless contrary to the provisions of this Indenture. 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 instructions conflict or are inconsistent with a previous or subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

Section 16.6 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 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 16.7 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 16.8 Payment on Business Day.

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

Section 16.9 Counterparts.

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

Section 16.10 Statutory Verifications.

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

(a) 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.

(b) 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.

(c) 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.

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

Section 16.11 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of _____, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

[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 SEAGOVILLE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

BOKF, NA, AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, DENTON COUNTY 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 SEAGOVILLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(SANTORINI PUBLIC IMPROVEMENT
DISTRICT IMPROVEMENT AREA #1 PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____%	September 15, _____	_____, 2024	_____

The City of Seagoville, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on September 15, 2024, and on each March 15 and September 15 thereafter until maturity or prior redemption.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of BOKF, NA, a national banking association, 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, 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 business 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 thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner 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 _____, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 1, 2024 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the Improvement Area #1 Project Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) paying for a portion of the costs incidental to the organization and administration

of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuance of the Bonds.

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

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 denominations of 100,000, or any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ <u> </u> Term Bonds maturing September 15, 20__	
Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
*maturity	

\$ <u> </u> Term Bonds maturing September 15, 20__	
Redemption Date	Sinking Fund Installment Amount

September 15, 20__
September 15, 20__

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any 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 forty-five (45) days prior to the sinking fund redemption date (i) 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, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, 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, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds 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 (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 reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit

of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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 holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders 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 holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders 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, 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 forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF SEAGOVILLE, TEXAS; KAUFMAN COUNTY, TEXAS; THE STATE OF

TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

City Secretary, City of Seagoville, Texas

Mayor, City of Seagoville, Texas

[City Seal]

(b) Form of Comptroller's Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each 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.

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.

_____, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, 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:

Authorized Signatory

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

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, 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 specified above” shall be deleted and the following will be inserted: “on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates”</u>
--------------	-------------------------------	------------------------

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

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

EXHIBIT B

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of March 1, 2024 (the “Indenture”) relating to the “City of Seagoville, Texas, Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Improvement Area #1 Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for _____, a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

The Project Improvement Account of the Project Fund from _____, (the “Trustee”), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Improvement Area #1 Improvements providing a special benefit to property within the Santorini Public Improvement District.

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

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Improvement Area #1 Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Improvement Area #1 Improvements below is a true and accurate representation of the Improvement Area #1 Improvements associated with the creation, acquisition, or construction of said Improvement Area #1 Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Improvement Area #1 Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Reimbursement Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Improvement Area #1 Assessments it owes or an entity the Developer controls owes, related to property located in the Santorini Public Improvement District or the TIRZ and has no outstanding

delinquencies for such taxes or Improvement Area #1 Assessments. All conditions set forth in the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

6. The work with respect to Improvement Area #1 Improvements referenced below has been completed, and the City has inspected such Improvement Area #1 Improvements.

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

8. No more than ninety percent (90%) of the budgeted or contracted costs for the P Improvement Area #1 Improvements identified may be paid until the work with respect to such Project has been completed and the City has accepted such Authorized Improvement.

9. Developer has completed the spreadsheet required by the City's PID Administrator and has attached the completed spreadsheet to this Certificate for Payment.

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

11. Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Improvement Area #1 Improvements and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

12. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) _____ does not exceed an amount that would leave \$_____ remaining in the Project Improvement Account of the Project Fund or (ii) _____ the Developer hereby certifies the following:

(1) All of the Improvement Area #1 Improvements have been construction or installed and accepted by the City;

(2) The City has issued 100 certificates of occupancy for homes within Improvement Area #1.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

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

_____ a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvement.

Amount of Certificate for Payment Request	Amount requested be paid from the Project Improvement Account	Amount requested be paid from the Developer Improvement Account
\$ _____	\$ _____	

CITY OF SEAGOVILLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____ (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][Project Improvement Account of the Project Fund/Developer Improvement Account of the Project fund] from BOKF, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Seagoville Public Improvement District No. 1 (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

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

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
7. The Developer has submitted all documentation required by the City’s PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

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

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount requested be paid from the Project Improvement Account	Amount requested be paid from the Developer Improvement Account
\$ _____	\$ _____	\$ _____	\$ _____

CITY OF SEAGOVILLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

Ordinance No. _____

AN ORDINANCE APPROVING AND AUTHORIZING THE ISSUANCE AND SALE OF THE CITY OF SEAGOVILLE, TEXAS SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (SANTORINI PUBLIC IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT) IN AN AGGREGATE PRINCIPAL OF \$15,915,000; APPROVING AND AUTHORIZING AN INDENTURE OF TRUST, A BOND PURCHASE AGREEMENT, A LIMITED OFFERING MEMORANDUM, A CONTINUING DISCLOSURE AGREEMENT, AND OTHER AGREEMENTS AND DOCUMENTS IN CONNECTION THEREWITH; MAKING FINDINGS WITH RESPECT TO THE ISSUANCE OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City of Seagoville, Texas (the “City”), pursuant to and in accordance with the terms, provisions and requirements of the Public Improvement District Assessment Act, Chapter 372, Texas Local Government Code (the “PID Act”), has previously established the Santorini Public Improvement District (the “District”); and

WHEREAS, pursuant to the Act, the City Council published notice and held a public hearing on _____, 2024 regarding the levy of special assessments on properties within Major Improvement Area of the District (the “Major Improvement Area Assessments) and at that public hearing adopted an ordinance levying the Major Improvement Area Assessments (the “Assessment Ordinance”); and

WHEREAS, in the Assessment Ordinance, the City Council approved and accepted the Service and Assessment Plan (as defined and described in the Assessment Ordinance) relating to the District and levied the Major Improvement Area Assessments against the Major Improvement Area Assessment Roll (as defined and described in the Assessment Ordinance). Capitalized terms used in this preamble and not otherwise defined shall have the meaning assigned thereto in the Service and Assessment Plan; and

WHEREAS, the City Council desires to issue its assessment revenue bonds in accordance with the Act, as amended, such bonds to be entitled “City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Major Improvement Area Project)” (the “Bonds”), with such Bonds being payable solely from the Major Improvement Area Assessments and other assets comprising the Trust Estate (as defined in the Indenture, as defined herein); and

WHEREAS, the City Council has found and determined that it is in the best interests of the citizens of the City to issue the Bonds in a single series, such series to be payable solely from and secured by the Major Improvement Area Assessments and other assets comprising the Trust Estate; and

WHEREAS, the City is authorized by the PID Act to issue its revenue bonds payable from the Major Improvement Area Assessments for the purposes of (i) paying the costs of the Major Improvement Area Projects identified in the Service and Assessment Plan, (ii) funding a

reserve fund for payment of principal and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuing the Bonds; and

WHEREAS, the City Council has found and determined to (i) approve the issuance of the Bonds, (ii) approve the form, terms and provisions of an indenture of trust securing the City's Bonds authorized hereby, (iii) approve the form, terms and provisions of a Bond Purchase Agreement between the City and the purchasers of the Bonds, (iv) approve a Limited Offering Memorandum, and (v) approve a Continuing Disclosure Agreement relating to the Bonds; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; and

NOW, THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF THE CITY OF SEAGOVILLE, TEXAS, THAT:

Section 1. Findings. The findings and determinations set forth in the preamble hereof are hereby incorporated by reference for all purposes as if set forth in full herein.

Section 2. Approval of Issuance of Bonds and Indenture of Trust. (a) The issuance of the Bonds in the principal amount of \$_____ for the purpose of providing funds for (i) paying the costs of the Major Improvement Area Projects identified in the Service and Assessment Plan, (ii) funding a reserve fund for payment of principal of and interest on the Bonds, (iii) paying a portion of the costs incidental to the organization of the District, (iv) paying capitalized interest on the Bonds, and (v) paying the costs of issuing the Bonds, is hereby authorized and approved.

(b) The Bonds shall be issued and secured under an indenture of trust, the form, terms and provisions of which are hereby approved in the substantially final form presented at this meeting of that certain Indenture of Trust (the "Indenture"), dated as of _____, 2024, between the City and BOKF, National Association, as trustee (the "Trustee"), with such changes as may be necessary or desirable to carry out the intent of this Ordinance and as approved by the City Manager of the City, such approval to be evidenced by the execution and delivery of the Indenture. The Mayor of the City is hereby authorized and directed to execute the Indenture and the City Secretary is hereby authorized and directed to attest such signature of the Mayor.

(c) The Bonds shall be dated, shall mature on the date or dates and in the principal amounts, shall bear interest, shall be subject to redemption and shall have such other terms and provisions as set forth in the Indenture. The Bonds shall be in substantially the form set forth in the Indenture, with such insertions, omissions and modifications as may be required to conform the form of bond to the actual terms of the Bonds. The Bonds shall be payable from and secured solely by the Major Improvement Area Assessments and other assets of the "Trust Estate" (as defined in the Indenture) pledged to the Bonds, and shall never be payable from ad valorem taxes.

Section 3. Sale of Bonds: Approval of Bond Purchase Agreement. The Bonds shall be sold to FMSbonds, Inc. (the “Underwriter”) at the price and on the terms and provisions set forth in that certain Bond Purchase Agreement (the “Bond Purchase Agreement”), dated the date hereof, between the City and the Underwriter. The form, terms and provisions of the Bond Purchase Agreement are hereby authorized and approved and the Mayor of the City is hereby authorized and directed to execute and deliver the Bond Purchase Agreement. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 4. Limited Offering Memorandum. The form and substance of the Preliminary Limited Offering Memorandum for the Bonds and any addenda, supplement or amendment thereto presented to and considered by the City Council are hereby in all respects approved and adopted. The City hereby authorizes the preparation of a final Limited Offering Memorandum reflecting the terms of the Bond Purchase Agreement and other relevant information. The Limited Offering Memorandum as thus approved and delivered, with such appropriate variations as shall be approved by the City Manager and the Underwriter, may be used by the Underwriter in the offering and sale of the Bonds, and the Preliminary Limited Offering Memorandum is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The City Secretary is hereby authorized and directed to include and maintain a copy of the Preliminary Limited Offering Memorandum and Limited Offering Memorandum and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Limited Offering Memorandum in the offering of the Bonds is hereby ratified, approved and confirmed. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor and this City Council, the Mayor and this City Council are not responsible for and proclaim no specific knowledge of the information contained in the Preliminary Limited Offering Memorandum and Limited Offering Memorandum pertaining to development, the construction of the Major Improvement Area Improvements, the Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders, or the landowners.

Section 5. Additional Actions. The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance, including the making of modifications to this Ordinance and the Indenture as necessary to obtain approval of the Bonds.

Section 6. Continuing Disclosure Agreement. The form, terms and provisions of that certain Continuing Disclosure Agreement of the Issuer (the “Continuing Disclosure Agreement”) dated as of March 1, 2024 among the City, P3Works, LLC, and HTS Continuing Disclosure Services, a division of Hilltop Securities, Inc., as dissemination agent, is hereby authorized and approved in substantially final form presented at this meeting and the Mayor of the City or the Authorized Officer are hereby authorized and directed to execute and deliver such Continuing Disclosure Agreement with such changes as may be required to carry out the purpose of this Ordinance and approved by the Mayor or Authorized Officer, such approval to be evidenced by

the execution thereof. If executed by the Mayor, the Mayor's signature on the Agreement may be attested by the City Secretary.

Section 7. Additional Actions. The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to take any and all actions on behalf of the City necessary or desirable to carry out the intent and purposes of this Ordinance and to issue the Bonds in accordance with the terms of this Ordinance, The Mayor, the City Manager and each other officer, employee and agent of the City are hereby authorized and directed to execute and deliver any and all certificates, agreements, notices, instruction letters, requisitions, and other documents which may be necessary or advisable in connection with the sale, issuance and delivery of the Bonds and the carrying out of the purposes and intent of this Ordinance. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500).

Section 8. Effective Date. This Ordinance shall take effect immediately upon its adoption by the City Council of the City.

[Signature Page Follows]

FINALLY PASSED, APPROVED AND EFFECTIVE this _____, 2024.

BY:

MAYOR,
CITY OF SEAGOVILLE, TEXAS

ATTEST:

CITY SECRETARY,
CITY OF SEAGOVILLE, TEXAS

*Ordinance Authorizing Issuance of
Series 2024 Special Assessment Revenue Bonds (Improvement Area #1)*

Error! Unknown document property name.

*Ordinance Authorizing Issuance of
Series 2024 Special Assessment Revenue Bonds (Improvement Area #1)*

Error! Unknown document property name.

INDENTURE OF TRUST
By and Between
CITY OF SEAGOVILLE, TEXAS
and
BOKF, National Association
as Trustee
DATED AS OF March 1, 2024
SECURING

CITY OF SEAGOVILLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024 (SANTORINI PUBLIC
IMPROVEMENT DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

TABLE OF CONTENTS

Page

ARTICLE 1

	DEFINITIONS, FINDINGS AND INTERPRETATION	4
Section 1.1	<u>Definitions</u>	4
Section 1.2	<u>Findings</u>	12
Section 1.3	<u>Table of Contents, Titles and Headings</u>	12
Section 1.4	<u>Interpretation</u>	12

ARTICLE 2

	THE BONDS	13
Section 2.1	<u>Security for the Bonds</u>	13
Section 2.2	<u>Limited Obligations</u>	13
Section 2.3	<u>Authorization for Indenture</u>	13
Section 2.4	<u>Contract with Owners and Trustee</u>	13

ARTICLE 3

	AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS	14
Section 3.1	<u>Authorization</u>	14
Section 3.2	<u>Date, Denomination, Maturities, Numbers and Interest</u>	14
Section 3.3	<u>Conditions Precedent to Delivery of Bonds</u>	15
Section 3.4	<u>Medium, Method and Place of Payment</u>	15
Section 3.5	<u>Execution and Registration of Bonds</u>	16
Section 3.6	<u>Ownership</u>	17
Section 3.7	<u>Registration, Transfer and Exchange</u>	17
Section 3.8	<u>Cancellation</u>	18
Section 3.9	<u>Temporary Bonds</u>	19
Section 3.10	<u>Replacement Bonds</u>	19
Section 3.11	<u>Book-Entry Only System</u>	20
Section 3.12	<u>Successor Securities Depository: Transfer Outside Book-Entry-Only System</u>	21
Section 3.13	<u>Payments to Cede & Co</u>	21

ARTICLE 4

	REDEMPTION OF BONDS BEFORE MATURITY	21
Section 4.1	<u>Limitation on Redemption</u>	21
Section 4.2	<u>Mandatory Sinking Fund Redemption</u>	21
Section 4.3	<u>Optional Redemption</u>	23
Section 4.4	<u>Extraordinary Optional Redemption</u>	23
Section 4.5	<u>Partial Redemption</u>	24
Section 4.6	<u>Notice of Redemption to Owners</u>	24
Section 4.7	<u>Payment Upon Redemption</u>	25
Section 4.8	<u>Effect of Redemption</u>	25

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 4.9	<u>Optional Redemption</u>25
Section 4.10	<u>Extraordinary Optional Redemption</u>26
Section 4.11	<u>Partial Redemption</u>26
Section 4.12	<u>Notice of Redemption to Owners</u>27
Section 4.13	<u>Payment Upon Redemption</u>27
Section 4.14	<u>Effect of Redemption</u>28
 ARTICLE 5	
	FORM OF THE BONDS28
Section 5.1	<u>Form Generally</u>28
Section 5.2	<u>CUSIP Registration</u>28
Section 5.3	<u>Legal Opinion</u>29
 ARTICLE 6	
	FUNDS AND ACCOUNTS29
Section 6.1	<u>Establishment of Funds and Accounts</u>29
Section 6.2	<u>Initial Deposits to Funds and Accounts</u>30
Section 6.3	<u>Pledged Revenue Fund</u>30
Section 6.4	<u>Bond Fund</u>32
Section 6.5	<u>Project Fund</u>33
Section 6.6	<u>Redemption Fund</u>35
Section 6.7	<u>Bond Reserve Account</u>35
Section 6.8	<u>Delinquency and Prepayment Reserve Account</u>36
Section 6.9	<u>Rebate Fund</u>37
Section 6.10	<u>Administrative Fund</u>38
Section 6.11	<u>Investment of Funds</u>38
Section 6.12	<u>Investment Income</u>39
Section 6.13	<u>Security of Funds</u>40
 ARTICLE 7	
	COVENANTS40
Section 7.1	<u>Confirmation of Major Improvement Area Assessments</u>40
Section 7.2	<u>Collection and Enforcement of Major Improvement Area Assessments</u>40
Section 7.3	<u>Against Encumbrances</u>40
Section 7.4	<u>Records, Accounts, Accounting Reports</u>41
 ARTICLE 8	
	FEDERAL INCOME TAX MATTERS41
Section 8.1	<u>General</u>41
Section 8.2	<u>No Private Activity Bonds</u>41

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 8.3	<u>No Federal Guaranty</u>41
Section 8.4	<u>No Hedge Bonds</u>42
Section 8.5	<u>No-Arbitrage</u>42
Section 8.6	<u>Arbitrage Rebate</u>42
Section 8.7	<u>Information Reporting</u>42
Section 8.8	<u>Record Retention</u>42
Section 8.9	<u>Registration</u>42
Section 8.10	<u>Favorable Opinion of Bond Counsel</u>42
Section 8.11	<u>Continuing Obligation</u>42

ARTICLE 9

LIABILITY OF CITY.....	43
------------------------	----

ARTICLE 10

THE TRUSTEE	44
Section 10.1	<u>Trustee as Paying Agent/Registrar</u>44
Section 10.2	<u>Trustee Entitled to Indemnity</u>44
Section 10.3	<u>Responsibilities of the Trustee</u>45
Section 10.4	<u>Property Held in Trust</u>49
Section 10.5	<u>Trustee Protected in Relying on Certain Documents</u>49
Section 10.6	<u>Compensation</u>50
Section 10.7	<u>Permitted Acts</u>51
Section 10.8	<u>Resignation of Trustee</u>51
Section 10.9	<u>Removal of Trustee</u>51
Section 10.10	<u>Successor Trustee</u>51
Section 10.11	<u>Transfer of Rights and Property to Successor Trustee</u>52
Section 10.12	<u>Merger, Conversion or Consolidation of Trustee</u>53
Section 10.13	<u>Trustee to File Continuation Statements</u>53
Section 10.14	<u>Accounts, Periodic Reports and Certificates</u>53
Section 10.15	<u>Construction of Indenture</u>53

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE.....	54
Section 11.1	<u>Amendments Permitted</u>54
Section 11.2	<u>Owners' Meetings</u>54
Section 11.3	<u>Procedure for Amendment with Written Consent of Owners</u>55
Section 11.4	<u>Effect of Supplemental Indenture</u>56
Section 11.5	<u>Endorsement or Replacement of Bonds Issued After Amendments</u>56
Section 11.6	<u>Amendatory Endorsement of Bonds</u>56
Section 11.7	<u>Execution of Supplemental Indenture</u>56

TABLE OF CONTENTS
(continued)

	<u>Page</u>
ARTICLE 12	
DEFAULT AND REMEDIES	57
Section 12.1 <u>Events of Default</u>	57
Section 12.2 <u>Immediate Remedies for Default</u>	57
Section 12.3 <u>Restriction on Owner’s Action</u>	58
Section 12.4 <u>Application of Revenues and Other Moneys After Default</u>	59
Section 12.5 <u>Effect of Waiver</u>	60
Section 12.6 <u>Evidence of Ownership of Bonds</u>	60
Section 12.7 <u>Waiver of Default</u>	60
Section 12.8 <u>No Acceleration</u>	61
Section 12.9 <u>Mailing of Notice</u>	61
Section 12.10 <u>Exclusion of Bonds</u>	61
ARTICLE 13	
GENERAL COVENANTS AND REPRESENTATIONS	61
Section 13.1 <u>Representations as to Pledged Revenues</u>	61
Section 13.2 <u>General</u>	62
ARTICLE 14	
SPECIAL COVENANTS	62
Section 14.1 <u>Further Assurances; Due Performance</u>	62
Section 14.2 <u>Additional Obligations; Other Obligations or Other Liens</u>	62
Section 14.3 <u>Books of Record</u>	63
ARTICLE 15	
PAYMENT AND CANCELLATION OF THE BONDS AND SATISFACTION OF THE INDENTURE.....	63
Section 15.1 <u>Trust Irrevocable</u>	63
Section 15.2 <u>Satisfaction of Indenture</u>	63
Section 15.3 <u>Bonds Deemed Paid</u>	63
ARTICLE 16	
MISCELLANEOUS	64
Section 16.1 <u>Benefits of Indenture Limited to Parties</u>	64
Section 16.2 <u>Successor is Deemed Included in All References to Predecessor</u>	64
Section 16.3 <u>Execution of Documents and Proof of Ownership by Owners</u>	65
Section 16.4 <u>Waiver of Personal Liability</u>	65
Section 16.5 <u>Notices to and Demands on City and Trustee</u>	65
Section 16.6 <u>Partial Invalidity</u>	67
Section 16.7 <u>Applicable Laws</u>	67

TABLE OF CONTENTS
(continued)

	<u>Page</u>
Section 16.8 <u>Payment on Business Day</u>	67
Section 16.9 <u>Counterparts</u>	67
Section 16.1 <u>Statutory Verifications</u>	67
Section 16.2 <u>Form 1295 Exemption</u>	68

EXHIBIT A - Form of Bond

EXHIBIT B – Form of Certificate for Payment

EXHIBIT C – Form of Closing Disbursement Request

INDENTURE OF TRUST

This Indenture of Trust, dated as of March 1, 2024 is by and between the City of Seagoville, Texas (the “City”), and BOKF, National Association, a national banking 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 1.

WHEREAS, a petition was submitted by the Petitioner and filed with the City Secretary of the City (the “City Secretary”) pursuant to Texas Local Government Code, Chapter 372, as amended (the “PID Act”), requesting the creation of a public improvement district located within the corporate limits of the City to be known as the City of Seagoville, Texas Public Improvement District No. 1 (the “District”); and

WHEREAS, the petition contained the signatures of the owners 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 Kaufman Central Appraisal District, and the signatures of the record owners of taxable real property that constitutes more than fifty percent of the area of all taxable property that is liable for assessment within the District; and

WHEREAS, on March 18, 2024, after due notice, the City Council of the City (the “City Council”) opened a public hearing and on such date 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 Section 372.009 of the PID Act and the City Council made the findings required by Section 372.009(b) of the PID Act and, by resolution, adopted by the City Council, authorized the District in accordance with its findings as to the advisability of the improvement projects and services; and

WHEREAS, the City recorded the creation of the District in the real property records of Kaufman County; and

WHEREAS, the City Council, pursuant to Section 372.016 of the PID Act, adopted a resolution accepting preliminary assessment roll for the Major Improvement Area of the District and directing that the City Secretary make the same available for inspection, and directing City staff that notice be mailed to the property owners in the District and published in a newspaper of general circulation within the City; and

WHEREAS, the City Council, pursuant to Section 372.016(b) of the PID Act, published notice of a public hearing (the “Assessment Hearing”) a newspaper of general circulation in the City, to consider the proposed assessment roll for the Major Improvement Area of the District (the “Major Improvement Area Assessment Roll”) and the Service and Assessment Plan and the levy of assessments for the Major Improvement Area Projects (the “Major Improvement Area Assessments”) on property within the Major Improvement Area of the District; and

WHEREAS, the City Council, pursuant to Section 372.016(c) of the PID Act, mailed notice of the Assessment Hearing to consider the proposed Major Improvement Area Assessment Roll and the Service and Assessment Plan and the levy of Major Improvement Area Assessments on

property in the Major Improvement Area of the District to the last known address of the owners of the property liable for the Major Improvement Area Assessments; and

WHEREAS, at the Assessment Hearing, all persons who appeared, or requested to appear, in person or through a representative acting on their behalf, were given the opportunity to contend for or contest the proposed Major Improvement Area Assessment Roll and the Major Improvement Area Assessments, and to offer testimony pertinent to any issue presented on the amount of the Major Improvement Area Assessments, the allocation of Major Improvement Area Projects, the purposes of the Major Improvement Area Assessment, the special benefits conferred on property within the Major Improvement Area of the District by the Major Improvement Area Projects, and the penalties and interest on annual installments and on delinquent annual installments of the Major Improvement Area Assessment; and

WHEREAS, at the Assessment Hearing, there were no written objections or evidence submitted to the City Secretary in opposition to the Service and Assessment Plan, the allocation of the costs of the Major Improvement Area Projects, the Major Improvement Area Assessment Roll, and the levy of the Major Improvement Area Assessments; and

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

WHEREAS, the City Council is authorized by the PID Act to issue its revenue bonds payable from the Assessments for the purpose of (i) paying a portion of the Major Improvement Area Project Costs, (ii) funding a reserve fund for payment of principal and interest on the Bonds, (iii) paying for a portion of the costs incidental to the organization and administration of the District, (iv) paying capitalized interest on the Bonds, and (v) paying 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 Seagoville, Texas, Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Major Improvement Area Project)” (the “Bonds”), such Bonds being payable solely from the Pledged Revenues (defined herein) and other funds pledged under this Indenture to the payment of the Bonds and for the purposes set forth in the preamble of this Indenture; and

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys,

rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

FIRST GRANTING CLAUSE

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

SECOND GRANTING CLAUSE

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

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

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

PROVIDED, HOWEVER, that if and to the extent Assessments have been prepaid, the lien on real property associated with such Assessment prepayment shall be released and any Assessments due pursuant to such lien shall no longer constitute a part of the Trust Estate;

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

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which

are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in all of the moneys, rights and properties described in the Granting Clauses hereof, as follows (collectively, the “Trust Estate”):

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

ARTICLE 1

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:

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

“Actual Costs” shall have the meaning assigned to it in the Service and Assessment Plan.

“Additional Interest” means the 0.50% additional interest charged on the Major Improvement Area Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Service and Assessment Plan.

“Additional Obligations” means any bonds or obligations, including specifically, any installment contracts, reimbursement agreements, temporary note or time warrant secured in whole or in part by an assessment, other than the Major Improvement Area Assessments securing the Bonds, levied against 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 6.10 herein.

“Administrator” means an officer or employee of the City or third party designee of the City who is not an officer or employee thereof, 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 actual or budgeted costs and expenses related to the operation of the District, including, but not limited to, costs and expenses for: (1) the Administrator; (2) City staff; (3) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (4) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (5) preparing and maintaining records with

respect to Assessment Rolls and Annual Service Plan Updates; (6) paying and redeeming PID Bonds; (7) investing or depositing Assessments and Annual Installments; (8) complying with this Service and Assessment Plan, the PID Act, and any Indenture, with respect to the PID Bonds, including the City’s continuing disclosure requirements; and (9) the paying agent/registrar and Trustee in connection with PID Bonds, including their respective legal counsel. Annual Collection Costs collected but not expended in any year shall be carried forward and applied to reduce Annual Collection Costs for subsequent years.

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

“Annual Installment” means the annual installment payment of an Assessment as calculated by the Administrator and approved by the City Council, that includes: (1) principal; (2) interest; (3) Annual Collection Costs; and (4) Additional Interest related to the PID Bonds, if applicable.

“Annual Service Plan Update” means the annual review and update of the Service and Assessment Plan required by and in compliance with Section 372.013 of 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.

“Assessed Property” means any Parcel within the District against which an Assessment is levied.

“Assessment” means an assessment levied against Assessed Property, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on an Assessment Roll, subject to reallocation upon the subdivision of such Assessed Property or reduction according to the provisions of the Service and Assessment Plan and in the PID Act.

“Assessment Ordinance” means an ordinance adopted by the City Council in accordance with the PID Act that levies an Assessment on the Assessed Property, as shown on any Assessment Roll.

“Assessment Roll” means any assessment roll for the Assessed Property, as updated, modified or amended from time to time in accordance with the procedures set forth in the Service and Assessment Plan and in the PID Act.

“Assessment Hearing” has the meaning set forth in the recitals.

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000, or a smaller denomination, if any, resulting from a partial redemption of Bonds as

determined in accordance with Section 4.5 hereof or as a result of any partial defeasance of the Bonds.

“Authorized Improvements” means the improvements authorized by Section 372.003 of the PID Act, as described and set forth in Section III.B of the Service and Assessment Plan.

“Authorized Officer” means (i) the City Manager of the City, or (ii) Director of Finance of the City or such other person designated by the City Manager of the City for such purpose.

“Average Annual Debt Service” means the average of the Annual Debt Service due on the Bonds through the final maturity date of any Outstanding Bonds.

“Bonds” means the City of Seagoville, Texas Special Assessment Revenue Bonds, Series 2024 (City of Santorini Texas Public Improvement District Major Improvement Area Project) issued by the City pursuant to this Indenture and payable from and secured in whole or in part by the Major Improvement Area Assessments including any Refunding Bonds and any Bonds issued in exchange or replacement thereof as permitted by this Indenture.

“Bond Counsel” means Bracewell 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 Fund” means the Fund established pursuant to Section 6.1 and administered as provided in Section 6.4.

“Bond Ordinance” means that certain ordinance adopted by the City Council on March 18, 2024 authorizing the Indenture and the Bonds.

“Bond Issuance Costs” means the costs associated with issuing PID Bonds, including, but not limited to, attorney fees, financial advisory fees, consultant fees, appraisal fees, printing costs, publication costs, capitalized interest, reserve fund requirements, underwriter’s discount, fees charged by the Texas Attorney General, and any other cost or expense incurred by the City directly associated with the issuance of any series of PID Bonds.

“Bond Reserve Account” means the Account within the Reserve Fund established pursuant to Section 6.1 and administered as provided in Section 6.7.

“Bond Reserve Account Requirement” means Average Annual Debt Service calculated as: Total principal and interest due on the Bonds divided by the number of Bond Years remaining; such Bond Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 6.7(c), (b) a mandatory sinking fund redemption pursuant to the terms of this Indenture, (c) an optional redemption pursuant to the terms of this Indenture or (d) an extraordinary optional redemption pursuant to the terms of this Indenture

“Bond Year” or “Fiscal 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, or any national holiday observed by the Trustee.

“Certificate for Payment” means a certificate substantially in the form of Exhibit B attached hereto approved by the Developer and the City Representative executed by a Person approved by the City Representative, delivered to the City Representative and the Trustee specifying the amount of work performed with respect to the Major Improvements and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 6.5 herein.

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

“City Representative” means any official or agent of the City authorized by the City Council to undertake the action referenced herein. As of the date hereof, the Director of Finance, the City Manager, and/or designees are the authorized City Representatives.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached hereto, approved by the Developer and the City Representative, delivered to the Trustee specifying the amounts to be paid on the Closing Date for the costs of establishing the District, as further described in Section 6.5 herein.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Costs of Issuance Account” means the Account within the Project Fund 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.

“Delinquency and Prepayment Reserve Account” means the reserve account established in accordance with Section 6.1 and administered as provided in Section 6.8.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Major Improvement Area Assessed Property and the costs of collection of a delinquent Assessment,

including penalties and reasonable attorney's fees actually paid, but excluding amounts representing Delinquent Penalties and Interest.

"Delinquent Penalties and Interest" means any delinquent interest and delinquent penalty interest collected on a delinquent Assessment.

"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 Seagoville Laguna Azure, LLC, a Texas limited liability company, a Texas limited liability company and its respective successors and assigns.

"Development Agreement" means the agreement executed by and between the Developer, and the City effective December 20, 2022, as amended.

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

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

"Foreclosure Proceeds" means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Major Improvement Area Assessments against any Major Improvement Area Assessed Property, whether by foreclosure of lien or otherwise, but excluding and net of all Delinquent Collection Costs.

"Fund" means any of the funds established pursuant to Section 6.1 of this Indenture.

"Improvement Area #1" means approximately 136.07 acres located within the District, as depicted on Exhibit A-2 attached to the Service and Assessment Plan and more specifically described in Exhibit L-2 attached to the Service and Assessment Plan.

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

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

“Initial Bond” means the Initial Bond as set forth in Exhibit A attached hereto.

“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 March 1 and September 15 of each year, commencing September 15, 2024.

“Investment Securities” means those authorized investments described in the City’s official investment policy as approved by the City Council from time to time, and eligible for the investment of public funds by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

“Major Improvement Area” means approximately 394.407 acres located within the District, as depicted on Exhibit A-3 attached to the Service and Assessment Plan and more specifically described in Exhibit L-3 attached to the Service and Assessment Plan. The Major Improvement Area includes all of the District save and except Improvement Area #1.

“Major Improvement Area Assessment” means an Assessment levied against the Major Improvement Area Assessed Property, related to the Major Improvement Area Projects, and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the Major Improvement Area Assessment Roll, subject to reallocation or reduction pursuant to the provisions set forth in the Service and Assessment Plan and in the PID Act.

“Major Improvement Area Assessment Ordinance” means the ordinance adopted by the City Council levying the Major Improvement Area Assessments on the Major Improvement Area Assessed Property.

“Major Improvement Area Assessed Property” means any Parcel within the Major Improvement Area against which a Major Improvement Area Assessment is levied.

“Major Improvement Area Assessment Roll” means the Assessment Roll for the Major Improvement Area Assessed Property, as set forth in Exhibit F-1 to the Service and Assessment Plan, as updated, modified, or amended from time to time in accordance with the procedures set forth therein.

“Major Improvements” means the Authorized Improvements that confer a special benefit to all of the Assessed Property within the district, as further described in Section III.B of the Service and Assessment Plan and depicted on Exhibit H-2 of the Service and Assessment Plan.

“Major Improvement Area Projects” means collectively, (1) the pro rata portion of the Major Improvements allocable to the Major Improvement Area; (2) the first year’s Annual Collection Costs related to the Bonds; and (3) Bond Issuance Costs incurred in connection with the issuance of the Bonds.

“Major Improvement Project Costs” means the Actual Costs, as defined in the Service and Assessment Plan, of the Major Improvement Area Projects.

“Outstanding” means, as of any particular date when used with reference to the Bonds, all Bonds authenticated and delivered under this Indenture except (i) any Bond that has been canceled by the Trustee (or has been delivered to the Trustee for cancellation) at or before such date, (ii) any Bond for which the payment of the principal or Redemption Price of and interest on such Bond shall have been made as provided in Article 4, and (iii) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered pursuant to Section 3.10 herein.

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

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

“Parcel” or “Parcels” means a specific property within the District identified by either a tax parcel identification number assigned by the Kaufman Central Appraisal District or Dallas Central Appraisal District for real property tax purposes, by legal description, or by lot and block number in a final subdivision plat recorded in the Official Public Records of the County, or by any other means determined by the City.

“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 and Accounts” means the following funds and the accounts therein: the Pledged Revenue Fund, the Bond Fund, the Project Fund, the Bond Reserve Account, and the Redemption Fund.

“Pledged Revenue Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.3 hereof.

“Pledged Revenues” means the sum of (i) Annual Installments (excluding the portion of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs), (ii) the moneys held in any of the Pledged Funds and Accounts, and (iii) any additional revenues that the City may pledge to the payment of Bonds.

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

“Principal and Interest Account” means the Account within the Bond Fund established pursuant to Section 6.1 and administered as provided in Section 6.4 herein.

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

“Purchaser” means the initial purchaser of the Bonds.

“Rebate Fund” means that fund established pursuant to Section 6.1 and administered pursuant to Section 6.9 herein.

“Record Date” means the close of business on the fifteenth business day of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 6.1 and administered pursuant to Section 6.6 of this Indenture.

“Redemption Price” means, when used with respect to any Bonds or portion thereof, the principal amount of such Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Bonds to the date fixed for redemption payable upon redemption.

“Refunding Bonds” means refunding bonds secured by a parity lien, with the Outstanding Bonds, on the Trust Estate, as more specifically described in the applicable indenture, authorizing the refunding of all or any portion of the Outstanding Bonds.

“Register” means the register specified in Article 3 of this Indenture.

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Reserve Fund” means that fund established pursuant to Section 6.1 comprised of the Bond Reserve Account and the Delinquency and Prepayment Reserve Account administered pursuant to Sections 6.7 and 6.8, respectively, herein.

“Service and Assessment Plan” means the document, including the Major Improvement Area Assessment Roll, which is attached as Exhibit A to the Service and Assessment Plan, as may be updated, amended and supplemented from time to time.

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

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

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

“Tax Certificate” means the Federal Tax Certificate delivered by the City on the Closing Date for the Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Bonds.

“Trustee” means BOKF, NA, Dallas, Texas, a national banking association, duly organized and validly existing under the laws of the United States of America, with a corporate trust office in Houston, Texas, serving in its capacity as trustee, and its successors, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8 hereof, such entity to serve as Trustee and Paying Agent/Registrar for the Bonds.

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

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) Words importing persons include any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or agency or political subdivision thereof.

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

(d) This Indenture and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Indenture.

ARTICLE 2

THE BONDS

Section 2.1 Security for the Bonds.

The Bonds, as to both principal and interest, are and shall be equally and ratably secured by and payable from a first lien on 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, without physical delivery or transfer of control of the Pledged Revenues, the filing of this Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under this Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered Owners 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 2.2 Limited Obligations.

The Bonds 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 Accounts; and the Bonds and any other obligations incurred by the City under the terms of this Indenture 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 2.3 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 the Bond Ordinance. The City has ascertained and it is hereby determined and declared that the execution and delivery of this Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Indenture and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 2.4 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 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 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 3

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. The Bonds shall be issued in the aggregate principal amount of \$_____ for the purpose of (i) paying or reimbursing a portion of the Major Improvements Project Costs, (ii) funding the Bond Reserve Account of the Reserve Fund, (iii) paying capitalized interest on the Bonds, (iv) paying for a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

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

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

(b) 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 March 1 and September 15 of each year, commencing September 15, 2024, computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 15 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Term Bonds</u>		
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
20__		
20__		

(d) The Bonds shall be subject to mandatory sinking fund redemption, optional redemption, and extraordinary optional redemption prior to maturity as provided in Article 4 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.

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:

- (a) a copy of the executed Assessment Ordinance;
- (b) a copy of the executed Bond Ordinance;
- (c) a copy of this Indenture executed by the Trustee and the City;
- (d) an executed opinion of Bond Counsel; and
- (e) approving opinion of the Attorney General of the State and the State Comptroller's registration certificate.

Section 3.4 Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners thereof as shown in the Register at the close of business on the relevant Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

(c) Interest on the Bonds shall be paid by check, dated as of the Interest Payment Date, and sent, 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 shall be paid to the Owner of such Bond on the due date thereof, whether at the maturity date or the date of prior redemption thereof, upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day that is not a Saturday, Sunday, legal holiday, or day on which 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 to which such unclaimed payments pertain. Subject to any escheat, abandoned property, or similar law of the State of Texas, any such payments remaining unclaimed by the Owners entitled thereto for two (2) years after the applicable payment or redemption date shall be applied to the next payment or payments on such Bonds thereafter coming due and, to the extent any such money remains after the retirement of all Outstanding Bonds, shall be paid to the City to be used for any lawful purpose. Thereafter, none of the City, the Paying Agent/Registrar, or any other Person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat law or similar law of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

Section 3.5 Execution and Registration of Bonds.

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

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Indenture unless and until there appears thereon the Certificate of Trustee substantially in the form provided herein (the "Certificate of Trustee" included in the Form of Bond attached hereto as Exhibit A), duly authenticated by manual execution by an officer or duly authorized signatory of the Trustee. It shall not be required that the same officer or authorized signatory of the Trustee sign the Certificate of Trustee on all of the Bonds. In lieu of the executed Certificate of Trustee described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate

substantially in the form provided herein (the “Comptroller’s Registration Certificate”), included in the Form of Bond attached hereto as Exhibit A, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the 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, including the provisions of Title 6 of the Texas Property Code, as amended.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed with the manual or facsimile signatures of the Mayor and the City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the 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 the Bonds, in the aggregate principal amount of all Bonds for such maturity, 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 is registered as the absolute owner of such Bond for the purpose of making and receiving payment as provided herein (except interest shall be paid to the Person in whose name such Bond is registered on the relevant Record Date) and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Trustee, nor the Paying Agent/Registrar, shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of any Bond shall be valid and effectual and shall discharge the liability of the City, the Trustee and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.7 Registration, Transfer and Exchange.

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

(b) A Bond shall be transferable only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds 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 presented for exchange. The Trustee is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) The Trustee is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer Office, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each transferred Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such transferred Bond is delivered.

(e) Each exchange Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(f) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different Authorized Denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(g) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond or portion thereof called for redemption prior to maturity within forty-five (45) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

(h) Prior to any transfer of any Bond outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor of a Bond shall provide or cause to be provided to the Paying Agent/Registrar all information necessary to allow the Paying Agent/Registrar to comply with any applicable tax reporting obligations, including without limitation, any cost basis reporting obligations under Section 6045 of the Code, as amended. The Paying Agent/Registrar shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Section 3.8 Cancellation.

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

Section 3.9 Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Trustee shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any Authorized Denominations, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Indenture.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Trustee the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and the Trustee shall authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the Authorized Denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.10 Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Trustee shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Trustee, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(1) 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;

(2) furnishes such security or indemnity as may be required by the Paying Agent/Registrar and the Trustee to save them and the City harmless;

(3) 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

(4) satisfies any other reasonable requirements imposed by the City and the Trustee.

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the City, the Paying Agent/Registrar or the Trustee in connection therewith.

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.11 Book-Entry Only System.

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

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

payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Indenture. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the 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 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository; or (ii) notify DTC and DTC Participants of the availability through DTC of certificated Bonds and cause the Paying Agent/Registrar to transfer one or more separate registered Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

Section 3.13 Payments to Cede & Co.

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

ARTICLE 4

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 4.

Section 4.2 Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption

from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

*maturity

\$ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

*maturity

\$ Term Bonds maturing September 15, 20__

<u>Redemption Date</u>	<u>Sinking Fund Installment Amount</u>
September 15, 20__	

September 15, 20__
September 15, 20__

*maturity

(b) At least forty-five (45) days prior to each scheduled mandatory sinking fund redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in Section 4.6.

(c) The principal amount of the Term Bonds required to be redeemed on any 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 Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 2043 in whole or any part, before their respective scheduled maturity dates, on September 15, 2031, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.4 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided

in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.5 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

(c) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Indenture, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond 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 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 or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.7 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.8 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

Section 4.9 Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on or after September 15, 20__ in whole or any part, before their respective scheduled maturity dates, on September 15, 20__, or on any date thereafter such redemption date or dates to be fixed by the City, 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.

(b) The City, at least 45 days before the redemption date (unless a shorter period shall be satisfactory to the Paying Agent/Registrar), shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.10 Extraordinary Optional Redemption.

(a) Notwithstanding any provision in this Indenture to the contrary, but subject to the provisions of Section 4.6(d), the City reserves the right and option to redeem Bonds before their respective scheduled maturity dates, in whole or in part, on any Business Day, at a Redemption Price of 100% of the principal amount of such Bonds, or portions thereof, to be redeemed plus accrued and unpaid 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 as provided in Section 6.7(h)) or any other transfers to the Redemption Fund under the terms of this Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to Sections 6.5(f), 6.5(h) and 6.3. The City direction for such redemption shall include details with regard to a corresponding reduction in the Bond Reserve Account Requirement, as contemplated by the definition thereof.

Notwithstanding the foregoing, the Trustee will not be required to make an extraordinary optional redemption pursuant to this Section 4.4 unless it has at least \$1,000 available in the Redemption Fund with which to redeem the Bonds.

Section 4.11 Partial Redemption.

(a) If less than all of the Bonds are to be redeemed pursuant to Sections 4.2, 4.3, or 4.4, Bonds shall be redeemed in minimum principal amounts of \$1,000 or any integral thereof. Each Bond shall be treated as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by \$1,000. No redemption shall result in a Bond in a denomination of less than the Authorized Denomination in effect at that time; provided, however, if the amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

(b) If less than all of the Bonds are to be redeemed pursuant to optional or extraordinary optional redemption, such redemption shall be effected by redeeming Bonds in such manner as may be specified by the City in a City Certificate; provided, however that in the absence of such instruction from the City by the date required for the sending of notice of redemption pursuant to Section 4.6, the Bonds shall be redeemed by any method selected by the Trustee that results in a pro rata reduction of the Outstanding maturities, treating each date on which a Sinking Fund Installment is due as a separate maturity for such purpose.

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

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

Section 4.12 Notice of Redemption to Owners.

(a) The Trustee shall give notice of any redemption of Bonds 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 or portion thereof to be redeemed, at the address shown in the Register.

(b) The notice shall state the redemption date, the Redemption Price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds Outstanding are to be redeemed, and subject to Section 4.5 hereof, an identification of the Bonds or portions thereof to be redeemed, any conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) The City reserves the right, in the case of an optional or extraordinary optional redemption pursuant to Sections 4.3 or 4.4 herein, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

Section 4.13 Payment Upon Redemption.

(a) The Trustee shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Redemption Fund or otherwise received by the Trustee from the City and shall use such funds solely for the purpose of paying the Redemption Price on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the designated corporate trust office of the Trustee on or after the date fixed for redemption, the Trustee shall pay the Redemption Price on such Bond to the date of redemption from the moneys set aside for such purpose.

Section 4.14 Effect of Redemption.

Notice of redemption having been given as provided in, and not otherwise rescinded as provided by, Section 4.6 of this Indenture, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption provided that funds for the payment of the Redemption Price of such Bonds or the principal of and interest on such Bonds, as applicable, to the date fixed for redemption are on deposit with the Trustee; thereafter, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

ARTICLE 5

FORM OF THE BONDS

Section 5.1 Form Generally.

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

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

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

Section 5.2 CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof; and, none of the City, the Trustee, or the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds. The City prohibits any Bond to be issued in a denomination of less than an Authorized Denomination and further prohibits the assignment of a CUSIP number to any Bond with a denomination of less than an Authorized Denomination and any attempt to accomplish either of

the foregoing shall be void and of no effect. The Trustee may include in any redemption notice a statement to the effect that the CUSIP numbers on the Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the Owners of the Bonds and that neither the City nor the Trustee shall be liable for any inaccuracies of such numbers.

Section 5.3 Legal Opinion.

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

ARTICLE 6

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:

- (1) Pledged Revenue Fund;
- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund; and
- (7) Administrative Fund.

(b) Creation of Accounts.

(1) The following Accounts are hereby created and established within the Bond Fund:

- (A) Principal and Interest Account.
- (B) Capitalized Interest Account

(2) The following Accounts are hereby created and established within the Project Fund:

- (A) Project Improvement Account;
- (B) Developer Improvement Account

(C) Costs of Issuance Account; and

(3) The following Accounts are hereby created and established within the Reserve Fund:

(A) Bond Reserve Account; and

(B) Delinquency and Prepayment Reserve Account.

(c) Each Fund and each Account created within such Fund shall be only established as needed and maintained by the Trustee separate and apart from all other funds and accounts of the City. The Pledged Funds and Accounts 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. Amounts on deposit in the Funds and Accounts shall be used solely for the purposes set forth herein.

(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:

(1) to the Bond Reserve Account: _____.

(2) to the Costs of Issuance Account: _____.

(3) To the Capitalized Interest Account: _____.

(4) to the Administrative Fund _____; and

(5) to the Project Improvement Account of the Project Fund: _____.

(b) \$_____ of funds received from the Developer shall be deposited to the Developer Improvement Account of the Project Fund.

Section 6.3 Pledged Revenue Fund.

(a) On or before February 1 (provided that Pledged Revenues have been received by the City, or if not, then as soon available) while the Bonds are Outstanding, beginning February 1, 2025, the City shall deposit or cause to be deposited the Pledged Revenues (which excludes, for the avoidance of doubt that portion of the Annual Installments collected for the payment Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 6.10 hereof) into the Pledged Revenue Fund which deposit shall be directed by the City to the Trustee pursuant to a City Certificate. Specifically, except as set forth in Section 6.3(f), the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, to the Bond Fund amounts sufficient to pay debt service on the Bonds coming due in the next Bond Year;

(2) second, to the Bond Reserve Account in an amount to cause the amount in the Bond Reserve Account to equal the Bond Reserve Account Requirement as described in Section 6.7(a) and Section 6.7(e);

(3) third, amounts representing Additional Interest to the Delinquency and Prepayment Reserve Account of the Reserve Fund in an amount equal to the Delinquency and Prepayment Reserve Requirement; and

(4) fourth, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

(b) Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (3) above are made, the City shall have the option, in its sole and absolute discretion, to transfer such excess funds into the Redemption Fund to redeem Bonds as provided in Article 4.

(c) The City or the Administrator on behalf of the City shall direct the Trustee in writing with respect to the portions of the Pledged Revenues to be deposited pursuant to Section 6.3(f) as Additional Interest, Prepayments or Foreclosure Proceeds. For the avoidance of doubt, all portions of the Annual Installment collected as Additional Interest shall be deposited pursuant only to (a)(3) above.

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

(e) 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 (d) 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.

(f) Notwithstanding Section 6.3(a) above:

(1) Pursuant to the Service and Assessment Plan so long as there are Outstanding Bonds, the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Delinquency and Prepayment Reserve Account as set forth in 6.3(a) above and as otherwise directed by Section 6.8(a) hereof; and

(2) 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;

(3) the Trustee shall deposit Foreclosure Proceeds to the Pledged Revenue Fund and as soon as practicable after such deposit shall transfer Foreclosure Proceeds first to the Reserve Fund, to restore any transfers from the applicable account of the Reserve Fund made with respect to the Major Improvement Area Assessed Property to which the Foreclosure Proceeds relate, and second, to the Redemption Fund. Notwithstanding the foregoing, any portion of Foreclosure Proceeds that are attributable to Annual Collection Costs (as identified to the Trustee in writing) shall be deposited to the Administrative Fund, and any portion of Foreclosure Proceeds attributable to Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Requirement is met and then to the Administrative Fund.

(g) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Delinquency and Prepayment Reserve Account), the City may direct the Trustee by City Certificate to apply Major Improvement Area Assessments for any lawful purposes permitted by the PID Act for which Major Improvement Area Assessments may be paid.

(h) Major Improvement Area Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Delinquency and Prepayment Reserve Account of the Reserve Fund until the Delinquency and Prepayment Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(i) Any Major Improvement Area Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which Major Improvement Area Assessments may be used under the PID Act and such payments shall be applied in accordance with written direction from a City Representative to the Trustee.

Section 6.4 Bond Fund.

(a) No later than 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.

(b) If amounts in the Principal and Interest Account are insufficient for the purposes set forth in paragraph (a) above, the Trustee shall withdraw first from the Delinquency and Prepayment Reserve Account of the Reserve Fund and second from the Bond Reserve Account of the Reserve Fund amounts to cover the amount of such insufficiency. Amounts so withdrawn from the Reserve Fund shall be deposited in the Principal and Interest Account and transferred to the Paying Agent/Registrar.

(c) Moneys in the Capitalized Interest Account shall be used for the payment of interest on the Bonds. Not later than five (5) Business Days before each date identified above, the Trustee

shall withdraw funds from the Capitalized Interest Account and transfer to the Principal and Interest Account the amount set forth in a Supplemental Indenture.

(d) Any amounts on deposit to the Capitalized Interest Account after the payment of interest on the dates and in the amounts listed in the applicable Supplemental Indenture shall be transferred, at the direction of the City, to the Project Improvement Account of the Project Fund, or to the Redemption Fund to be used to redeem Bonds and the Capitalized Interest Account shall be closed.

Section 6.5 Project Fund.

(a) Money on deposit in the Project Improvement Account, and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 3.1 hereof.

(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 pursuant to one or more City Certificates or pursuant to a closing memo drafted by the City's financial advisor for disbursement at closing of the Bonds. Moneys disbursed at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request.

(c) Except as otherwise provided in Sections 6.5(f) and 6.5(h) herein, money on deposit in the Project Improvement Account and the Developer Improvement Account of the Project Fund, shall be used solely to pay the Major Improvements Project Costs as set forth in the applicable Certificate for Payment. Upon receipt of a reviewed and approved Certificate for Payment for any Major Improvement Area Project Cost, the Trustee shall make payment for the costs set forth therein, from the following account in the following priority, until monies are no longer available therein: (1) first, from the Project Improvement Account of the Project Fund, and (2) second, from the Developer Improvement Account of the Project Fund. Except as provided in Section 6.5(d), and Section 6.4(i), money on deposit in the Project Improvement Account shall be used solely to pay the costs set forth in the applicable Certificate for Payment. Except as provided in Section 6.4(e) and Section 6.4(f), money on deposit in the Developer Improvement Account shall be used solely to pay costs set forth in the applicable Certificate for Payment.

(d) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Project Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Major Improvement Area Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Project Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit in the Project Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate currently on deposit in the Project Improvement Account shall be transferred to the Redemption Fund to redeem Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Indenture and the Project Improvement Account shall be closed.

(e) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Developer Improvement Account of the Project Fund are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Major Improvement Area Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the Developer Improvement Account will ever be expended for the purposes thereof, the City Representative shall file a City Certificate with the Trustee which identifies the amounts then on deposit the Developer Improvement Account that are not expected to be used for purposes thereof. If such City Certificate is so filed, the amounts identified on the City Certificate to be on deposit in the Developer Improvement Account shall be transferred and released pursuant to Section 6.5(h).

(f) Upon the filing of a City Certificate stating that all Major Improvement Area Projects have been completed and that all Major Improvement Area Project Costs have been paid, or that any such costs are not required to be paid from the Developer Improvement Account pursuant to a Certificate for Payment, the Trustee (i) shall transfer and release the amounts remaining in the Developer Improvement Account pursuant to Section 6.5(h), and (ii) shall close the Developer Improvement Account.

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

(h) Any amounts in the Developer Improvement Account to be transferred and released pursuant to Section 6.5(e) or Section 6.5(f) shall be irrevocably and unconditionally transferred and released to the Developer, or to the Developer's successors and assigns or designees as identified in a written notice from the Developer to the Trustee and the City. The City and the Trustee shall solely and conclusively rely as to payment of amounts released from the Developer Improvement Account, on any such written notice from the Developer as to its successors and assigns or designees. The City shall provide written notice of the release to the Trustee and Developer, or to the Developer's successors and assigns, and the amount payable to the Developer, or its successors and assigns.

(i) Upon the filing of a City Certificate stating that all Major Improvement Area Projects have been completed and that all Major Improvements Project Costs have been paid, or that any such costs are not required to be paid from the Project Improvement Account pursuant to a Certificate for Payment, the Trustee shall transfer the amount, if any, remaining within the Improvement Account to the Principal and Interest Account or to the Redemption Fund as directed by the City Representative in a City Certificate filed with the Trustee, and shall close the Project Improvement Account of the Project Fund

(j) 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 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) Amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds as provided in Article 4.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds, an amount sufficient to redeem Bonds as provided in Section 4.4 on the dates specified for redemption as provided in Section 4.4. If after such transfer, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(c) The Trustee shall cause to be deposited to the Redemption Fund from Pledged Revenues and pursuant to any transfers made pursuant to Section 6.7, an amount sufficient to redeem Bonds as provided in Sections 4.2, 4.3 and 4.4 at the direction of the City.

Section 6.7 Bond Reserve Account.

(a) The City agrees with the Owners of the Bonds to maintain in the Bond Reserve Account, an amount equal to not less than the Bond Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Bond 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 in the event of any deficiency in such Principal and Interest Account on any Interest Payment Date or any date on which principal of the Bonds is due.

(b) Whenever a transfer is made from the Bond Reserve Account to the Principal and Interest Account of the Bond Fund due to a deficiency in the Principal and Interest Account, the Trustee shall provide written notice thereof to the City, specifying the amount withdrawn.

(c) Whenever, on any Interest Payment Date, or on any other date at the request of a City Representative, the amount in the Bond Reserve Account exceeds the Bond Reserve Account Requirement, the Trustee shall provide written notice to the City Representative and the Administrator of the amount of the excess. Upon receipt of a City Certificate, the Trustee shall transfer such excess to (i) the Principal and Interest Account, (ii) the Redemption Fund or (iii) the Administrative Fund (in compliance with Section 6.7(j) herein), as set forth in the City Certificate. The excess amounts transferred from the Bond Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds).

(d) [reserved]

(e) If, after a Bond Reserve Account withdrawal, the amount on deposit in the Bond Reserve Account is less than the Bond Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Bond Reserve Account the amount of such deficiency, in accordance with Section 6.3, but only to the extent that such amount is not required for the timely payment of principal, interest, or Sinking Fund Installments.

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

(g) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund and the Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the City may, pursuant to a City Certificate transfer such moneys to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(h) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, a proportionate amount in the Bond Reserve Account 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 as detailed in a City Certificate. The amount so transferred from the Bond Reserve Account shall be a proportional amount equal to a percentage of the amount of the Bonds redeemed with such percentage equal to the lesser of: (i) the amount required to be in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption, and (ii) the amount actually in the Bond Reserve Account, as a percentage of the Outstanding Bonds prior to the redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Bonds, there are insufficient funds to pay the principal amount plus accrued and unpaid interest on such Bonds to the date fixed for redemption of the Bonds to be redeemed as a result of such Prepayment, the Trustee shall transfer an amount equal to the shortfall from the Delinquency and Prepayment Reserve Account to the Redemption Fund to be applied to the redemption of the Bonds.

(i) If the amount held in the Bond Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account and Redemption Fund, is sufficient to pay the principal amount of all Outstanding Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Bonds as of such Interest Payment Date.

(j) The cumulative amount of any Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of Section 6.7(c) and subsequently used for the payment of operating costs directly relating to the Major Improvements will not exceed 5% of sale proceeds of the Bonds. The Trustee shall have no liability or responsibility for compliance with this section so long as it follows the written instructions from the City.

Section 6.8 Delinquency and Prepayment Reserve Account.

(a) So long as there are Outstanding Bonds, Additional Interest shall be deposited to the Delinquency and Prepayment Reserve Account of the Reserve Fund pursuant to Section 6.3 herein until such time that the amount on deposit in the Delinquency and Prepayment Reserve Account is at least equal to the Delinquency and Prepayment Reserve Requirement. Whenever, at the written request of the City Representative, on any Interest Payment Date or on any other date,

the amount in the Delinquency and Prepayment Reserve Account exceeds the Delinquency and Prepayment Reserve Requirement, the Trustee shall provide written notice to the City of the amount of the excess. The City shall direct the Trustee in writing to transfer the amounts of such excess in the Delinquency and Prepayment Reserve Account to (i) the Bond Reserve Account to restore any deficiency in the Bond Reserve Account up to the Bond Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 6.7(j) herein), or (iii) to the Redemption Fund to be used to redeem Bonds pursuant to Section 4.3. The excess amounts transferred from the Delinquency and Prepayment Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Bond proceeds (including investment earnings on such proceeds). In the event that the Trustee does not receive a City Certificate directing the transfer of the excess Delinquency and Prepayment Reserve funds within forty-five (45) days of providing notice to the City of such excess Delinquency and Prepayment Reserve amount, the Trustee shall transfer the excess Delinquency and Prepayment Reserve amount to the Redemption Fund and provide the City with written notification of the transfer. The Trustee shall incur no liability for the accuracy or validity of the transfer if compliant with this section.

(b) Whenever Bonds are to be redeemed with the proceeds of Prepayments pursuant to Section 4.4, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall transfer funds from the Delinquency and Prepayment Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Bonds pursuant to Section 4.4.

Section 6.9 Rebate Fund.

(a) Amounts on deposit in the Rebate Fund of the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Bonds.

(b) In order to assure that the amount required to be rebated to the federal government is paid to the United States rather than to a third party, investments of funds on deposit in the Rebate Fund shall be made as directed by the City in a written direction and in accordance with the Code, Tax Certificate and Section 8.6 hereof. The Trustee may conclusively rely on such written instructions as set forth in this section and shall not be responsible for any loss or liability resulting from the investment of funds hereunder.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and Section 8.6 and shall not be liable or responsible if it follows the written instructions of the City and shall not be required to take any action under this Section and Section 8.6 in the absence of written instructions from the City.

(d) If, on the date of each calculation made Article 8 the amount on deposit in the Rebate Fund exceeds the amount required to be rebated to the federal government, the City may direct the Trustee, pursuant to a City Certificate, to transfer the amount in excess of the amount required to be rebated to the federal government to the Bond Fund.

Section 6.10 Administrative Fund.

(a) The City shall deposit or cause to be deposited to the Administrative Fund the amounts collected each year to pay Annual Collection Costs and Delinquent Collection Costs. The City or the Administrator, on behalf of the City, shall direct the Trustee pursuant to the City Certificate with respect to the portions of the Annual Installments collected for the payment of Annual Collection Costs and Delinquent Collection Costs to be deposited pursuant to this section.

(b) Moneys in the Administrative Fund shall be held by the Trustee separate and apart from the other Funds and Accounts created and administered hereunder and used as directed by a City Certificate solely for the purposes set forth in the Service and Assessment Plan, including payment of Annual Collection Costs and Delinquent Collection Costs. The Administrative Fund shall not be part of the Trust Estate and is not security for the Bonds.

(c) In accordance with Section 10.6 hereof, the Trustee shall transfer its authorized fees and expenses from the Administrative Fund to pay the foregoing unless the Trustee receives written objection from the City within 10 Business Days of its delivery of notice of such costs to the City. No City Certificate is necessary for the Trustee to receive compensation for the services rendered hereunder.

Section 6.11 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 Certificate filed with the Trustee at least two (2) Business Days in advance of the making of such investment in time deposits, other bank deposit products, or certificates of deposit secured in the manner required by law for public funds, or be invested in direct obligations of, including obligations the principal and interest on which are unconditionally guaranteed by, the United States of America, in obligations of any agencies or instrumentalities thereof, or in such other investments as are permitted under the Public Funds Investment Act Chapter 2256 Texas Government Code, as amended, or any successor law, as in effect from time to time; provided that all such deposits and investments shall 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 set forth in this Indenture. 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 investments which shall be kept and held at an official depository bank, which shall not be deemed to be or constitute a commingling of such money or funds provided that safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by such Fund are held by or on behalf of each such Fund. If necessary, such investments shall be promptly sold to prevent any default. To ensure that cash on hand is invested, in the absence of direction pursuant to a City Certificate, money in any Fund or Account established pursuant to this Indenture shall be invested in the Cavanal Hill Government Fund (APCXX), CUSIP No. 14956P836 until directed otherwise by a City Certificate.

(b) Obligations purchased as an investment of moneys in any Fund or Account shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts. Whenever in this Indenture any moneys are required to be transferred by the City to the Trustee, such transfer may be accomplished by transferring a like amount of Investment Securities.

(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 if authorized by the City Representative in writing. 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 City's written instructions as to the directed investments. The Trustee is not providing investment supervision, recommendations, or advice.

(d) Investments in any and all Funds and Accounts may be commingled in a separate fund or funds for purposes of making, holding and disposing of investments, notwithstanding provisions herein for transfer to or holding in or to the credit of particular Funds or Accounts of amounts received or held by the Trustee hereunder, provided that the Trustee shall at all times account for such investments strictly in accordance with the Funds and Accounts to which they are credited and otherwise as provided in this Indenture.

(e) The Trustee will furnish the City monthly cash transaction statements which include detail for all investment transactions made by the Trustee hereunder; and, the Trustee is not required to provide brokerage confirmations unless the Trustee receives a written request from the City. No monthly cash transaction statement need to be furnished if no activity occurred during such month.

(f) The Trustee may conclusively rely on City Certificates pursuant to Section 6.11(a) that such an investment will comply with the City's investment policy and with the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended.

Section 6.12 Investment Income.

(a) Interest and income derived from investment of the Project Fund shall be deposited to the credit of the Principal and Interest Account of the Bond Fund.

(b) Interest and income derived from investment of the Bond Fund shall be credited to the Principal and Interest Account of the Bond Fund.

(c) Interest and income derived from investment of the Bond Reserve Account and Delinquency and Prepayment Reserve Account of the Reserve Fund shall be credited to such Accounts.

(d) Interest and income derived from investment of the Administrative Expense Fund shall be credit to such Fund.

Section 6.13 Security of Funds.

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

ARTICLE 7

COVENANTS

Section 7.1 Confirmation of Major Improvement Area Assessments.

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

Section 7.2 Collection and Enforcement of Major Improvement Area Assessments.

(a) For so long as any Bonds are Outstanding, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Major Improvement Area Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Major Improvement Area Assessments.

(b) The City will determine or cause to be determined, no later than April 1 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 Major Improvement Area Assessed Property.

Section 7.3 Against Encumbrances.

(a) Other than bonds issued to refund all or a portion of the Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, or upon any other property pledged under this Indenture, except the pledge created for the security of the Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than the Bonds and Refunding Bonds issued to refund all or a portion of the Bonds, secured by any pledge of or other lien or charge on the 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 or Outstanding Bonds or any interest thereon remain outstanding and unpaid and the obligation to the Developer to reimburse it for funds it has contributed to pay Major Improvement Area Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Major Improvement Area Assessments. The Trustee and holder or holders of any Bonds or any duly authorized agent or agents of such holders 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 or duly authorized representative, as applicable. The City shall provide the Trustee or duly authorized representative, as applicable, an opportunity to inspect such books and records relating to the Bonds during the City's regular business hours and on a mutually agreeable date not later than thirty (30) days after the City receives such request.

ARTICLE 8

FEDERAL INCOME TAX MATTERS

Section 8.1 General.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause the interest on any issue of Bonds to be includable in gross income for federal income tax purposes. In furtherance thereof, the City covenants to comply with sections 103 and 141 through 150 of the Code and the provisions set forth in the Federal Tax Certificate executed by the City in connection with each issue of Bonds.

Section 8.2 No Private Activity Bonds.

The City covenants that it will use the proceeds of each issue of the Bonds (including investment income) and the property financed, directly or indirectly, with such proceeds so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code. Furthermore, the City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes an issue of the Bonds to be "private activity bonds" unless it takes a remedial action permitted by section 1.141-12 of the Regulations. The City covenants and agrees that the levied Major Improvement Area Assessments will meet the requirements for the "tax assessment loan exception" within the meaning of Section 1.141-5(d) of the Regulations on the date the Bonds are delivered and will ensure that the Major Improvement Area Assessments continue to meet such requirements.

Section 8.3 No Federal Guaranty.

The City covenants not to take any action or omit to take any action that, if taken or omitted, would cause an issue of Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 8.4 No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause an issue of Bonds to be “hedge bonds” within the meaning of Section 149(g) of the Code.

Section 8.5 No-Arbitrage.

The City covenants that it will make use of the proceeds of each issue of Bonds (including investment income) and regulate the investment of such proceeds of each such issues of Bonds so that such issue will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

Section 8.6 Arbitrage Rebate.

The City covenants that, if the City does not qualify for an exception to the requirements of section 148(f) of the Code, the City will comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds each issue of Bonds, be rebated to the United States.

Section 8.7 Information Reporting.

The City covenants to file or cause to be filed with the Secretary of the Treasury an information statement concerning each issue of Bonds in accordance with section 149(e) of the Code.

Section 8.8 Record Retention.

The City covenants to retain all material records relating to the expenditure of the proceeds (including investment income) of the Bonds and the use of the property financed, directly or indirectly, thereby until three years after the last Bond is redeemed or paid at maturity (or such other period as provided by subsequent guidance issued by the Department of the Treasury) in a manner that ensures their complete access throughout such retention period.

Section 8.9 Registration.

If an issue of Bonds are “registration-required bonds” under section 149(a)(2) of the Code, such issue will be issued in registered form.

Section 8.10 Favorable Opinion of Bond Counsel.

Notwithstanding the foregoing, the City will not be required to comply with any of the federal tax covenants set forth above if the City has received a Favorable Opinion of Bond Counsel.

Section 8.11 Continuing Obligation.

Notwithstanding any other provision of this Indenture, the City’s obligations under the federal tax covenants set forth above will survive the defeasance and discharge of an issue of

Bonds for as long as such matters are relevant to the excludability of interest on such issue Bonds from gross income for federal income tax purposes.

ARTICLE 9

LIABILITY OF CITY

The City shall not incur any responsibility in respect of the Bonds or this Indenture other than in connection with the duties or obligations explicitly herein or in the Bonds assigned to or imposed upon it. The City shall not be liable in connection with the performance of its duties hereunder, except for its own willful default or act of bad faith. The City shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements of the Trustee herein or of any of the documents executed by the Trustee in connection with the Bonds, or as to the existence of a default or event of default thereunder.

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, the Assessment Ordinance, or any agreement, document, instrument, or certificate executed, delivered or approved by the City in connection with the issuance, sale, delivery, or administration of the Bonds (collectively, the "Bond Documents"), shall require the City to expend or risk its own general funds or revenues or other funds or otherwise incur any financial liability in the performance of any of its obligations hereunder, the sole source of payment of obligations incurred by the City under the Bond Documents being limited to the Pledged Revenues.

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. Nothing contained in any of the Bond Documents shall be construed to preclude any action or proceeding in any court or before any governmental body, agency, or instrumentality against the City or any of its officers, officials, agents, or employees to enforce the provisions of any of the Bond Documents or to enforce all rights of the Owners of the Bonds by mandamus or other proceeding at law or in equity.

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 10

THE TRUSTEE

Section 10.1 Trustee as Paying Agent/Registrar.

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

Section 10.2 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 pursuant to a written instrument by the Owners of the Bonds 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 exercise any such rights and powers as Trustee, without indemnity, and in such case the Trustee may make transfers from the Pledged Revenue Fund or the Administrative Fund to pay all costs and expenses, outlays, and counsel fees and other reasonable disbursements properly incurred in connection therewith and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. To the extent permitted by law, the Owners agree to indemnify the Trustee for, and to hold it harmless against, any loss, liability, or expense incurred without negligence, willful misconduct or bad faith on its part, arising out of or in connection with the acceptance or administration of this Indenture or the Trust Estate, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its rights or duties hereunder.

Section 10.3 Responsibilities of the Trustee.

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

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(1) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing hereunder (of which the Trustee has been notified in writing, or is deemed to have notice pursuant to subparagraph (k) below), the Trustee shall, subject to the rights and limitations of liabilities contained herein, exercise those rights and powers vested in it by this Indenture and shall, subject to the rights and limitations of liabilities contained herein, use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this subparagraph shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(1) of this Section or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(2) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by any one of its officers, unless it shall be established that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the controlling Owners relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(5) This subparagraph shall not be construed to affect Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties provided in Section 10.2 (with respect to actions taken without negligence, bad faith or willful misconduct) or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Indenture.

Whether or not therein expressly so provided, every provision of this Indenture or any other Bond Document relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article 10.

(d) The recitals contained in this Indenture and in the Bonds shall be taken as the statements of the City and the Trustee assumes no responsibility and undertakes no duty to verify the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or the Bonds 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 for value; (ii) the application of the proceeds thereof, except to the extent that such proceeds are received by it in its capacity as Trustee; (iii) the application of any moneys paid to the City or others in accordance with this Indenture, except as to the application of any moneys paid to it in its capacity as Trustee; (iv) any calculation of arbitrage or rebate under the Code, or (v) to undertake any other action unless specifically authorized pursuant to a written direction provided by the City or pursuant to this Indenture.

(e) The duties and obligations of the Trustee shall be determined by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture.

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Indenture, except for its own negligence or willful misconduct. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from this Indenture for the existence, furnishing or use of the Major Improvements. The Trustee shall have no liability for any action taken, or errors in judgment made in good faith by it or any of its officers, agents or employees unless it shall have been negligent in employing such agent or in ascertaining the pertinent facts.

(g) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees (but shall be answerable therefor only in accordance with the standard specified above), and (ii) shall be entitled to the advice of counsel concerning all matters of trusts hereof and duties hereunder.

(h) Except for its certificate of authentication on the Bonds, the Trustee shall not be responsible for:

(1) the validity, priority, recording, re-recording, filing or re-filing of this Indenture or any Supplemental Indenture,

(2) any instrument or document of further assurance or collateral assignment,

(3) the filing of any financing statements, amendments thereto or continuation statements,

(4) insurance of the Major Improvements or collection of insurance money,

(5) the validity of the execution by the City of this Indenture, any Supplemental Indenture or instruments or documents of further assurance, or

(6) the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby.

(i) The Trustee shall not be accountable for the application by any Person of the proceeds of any Bonds authenticated or delivered hereunder.

(j) The Trustee may request, conclusively rely on and shall be protected, in the absence of bad faith or negligence on its part, in acting upon any notice, request, direction, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(k) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default, except Events of Default described in Section 12.1(1), unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or by the Owners of more than 50% of the aggregate outstanding principal amount of Bonds referring to this Indenture, describing such Event of Default and stating that such notice is a "notice of default". In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no Event of Default, except as noted above.

(l) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(m) Any resolution by the City, and any opinions, certificates and other instruments and documents for which provision is made in this Indenture, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its actions taken hereunder.

(n) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary trustee and paying agent/registrars fees and expenses and extraordinary fees and expenses of the Trustee and the Paying Agent/Registrar incurred hereunder are intended to constitute Annual Collection Costs in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Indenture shall extend to the Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and rights to indemnification, together with the Trustee's right to compensation for trustee and paying agent/registrars services shall survive the Trustee's resignation or removal, the discharge of this Indenture, and final payment of the Bonds.

(p) 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.

(q) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, except for any information provided by the Trustee, and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(r) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty and the Trustee shall not be answerable to any Owner or any other Person or entity arising from any failure to exercise any permissive right.

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Major Improvements or any real property or improvements related thereto or for any diminution in value of the same as a result of any contamination by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Owners or any other person or entity arising from contamination by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of the Major Improvements or any real property or improvements related thereto or with respect to compliance thereof under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the City, or any of its directors, members, officers, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all other persons or entities of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other party.

(u) In the event that any of the Trust Estate shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting such assets, the Trustee is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing and at its own expense, is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies with any such writ, order or decree it shall not be liable to any of the Parties or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority that prohibits the required actions of the Trustee pursuant to this Indenture; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage of computer systems by outside actors; new epidemics not in effect on the date of this Indenture; riots; loss or malfunctions of utilities, computer (hardware or software) or communications service that are not caused by the Trustee's actions or inactions, including failure to maintain or upgrade equipment or software; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility on the date a transfer of funds is required.

Section 10.4 Property Held in Trust.

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

Section 10.5 Trustee Protected in Relying on Certain Documents.

The Trustee may request and rely upon any order, notice, opinion, 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 to be qualified in relation to the subject matter or selected by the City in accordance with this Indenture, 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 to be taken by it in good faith and in accordance therewith.

Whenever the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this Indenture, such matter may be deemed

to be conclusively proved and established by a City Certificate, unless other evidence in respect thereof be hereby specifically prescribed. Such City Certificate shall be full warrant for any action taken or suffered in good faith under the provisions hereof, but 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 10.13 herein.

Section 10.6 Compensation.

(a) Unless otherwise provided by contract with the Trustee, the Trustee shall transfer from the Administrative Fund, from time to time, no less frequently than monthly, reasonable compensation for all services rendered by it hereunder, including its services as Registrar and Paying Agent, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by specific agreement, and the Trustee shall have a lien therefor on any and all funds at any time held by it in the Administrative Fund, and to the extent moneys in the Administrative Fund are insufficient, then from any moneys in the Pledged Revenue Fund. The Trustee shall provide the City with an invoice identifying the fees and other expenses deducted from the Administrative Account each month. If the City makes a written objection to the amount of the fees and expenses deducted, the Trustee shall not deduct its fees and expenses for the succeeding month until the City and the Trustee have reached resolution on the objection. 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 lawfully available funds under the Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

(b) In the event that the Trustee renders any service not contemplated in this Agreement, or if any material controversy arises hereunder, or the Trustee is made a party to any litigation pertaining to this Agreement or the subject matter hereof, then the Trustee shall be compensated for such extraordinary services and any services or work performed by Trustee in connection with any delay, controversy, litigation or event, and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event; provided, however, that all such payments to the Trustee shall be only from funds available in the Administrative Fund and shall be entitled to a preference therefor over any Bonds Outstanding hereunder.

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

Section 10.7 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 and may join in any action that any Owner of Bonds may be entitled to take as fully and with the same rights as if it were not the Trustee. The Trustee may act as depository, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, the City or any committee formed to protect the rights of holders of Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Bonds.

Section 10.8 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' written notice, specifying the date when such resignation shall take effect, to the City and each Owner of any Outstanding Bond. Such resignation shall take effect upon the earlier of the appointment of a successor as provided in Section 10.10 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 10.10 hereof and the acceptance of such appointment by such successor.

Section 10.9 Removal of Trustee.

The Trustee may be removed at any time upon at least thirty (30) days prior written notice by (i) the Owners of at least a majority of the aggregate outstanding principal of the Bonds by an instrument or concurrent instruments in writing signed and acknowledged by such Owners or by their attorneys-in-fact, duly authorized and delivered to the City, or (ii) so long as the City is not in default under this Indenture, the City. Copies of each such instrument shall be delivered by the City to the Trustee and any successor thereof. The Trustee may also be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the City or the Owners of not less than 10% of the aggregate outstanding principal of the Bonds.

Section 10.10 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 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, 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. The City shall mail notice of any such appointment to each Owner of any Outstanding Bonds 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 requisite Owners of Bonds.

If in a proper case no appointment of a successor trustee shall be made within thirty (30) days after the giving by any Trustee of any notice of resignation in accordance with Section 10.8 herein or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Bonds may apply to any court of competent jurisdiction for the appointment of such a successor, and the court may thereupon, after such notice, if any, as the court may deem proper, appoint such successor and the City shall be responsible for the costs of such appointment process.

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, in accordance with the provisions of the Bonds, notice of its appointment to the Trustee, any rating agency which, at the time of such appointment, is providing a rating on the Bonds, and each of the Owners of the Bonds.

Section 10.11 Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 10.10 shall execute, acknowledge, and deliver to its predecessor and the City an instrument in writing accepting such appointment, and thereupon such successor, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers, duties, obligations, and trusts of its predecessor hereunder, with like effect as if originally appointed as Trustee. However, the Trustee then ceasing to act shall nevertheless, on request of the City or of such successor, execute, acknowledge, and deliver such instruments of conveyance and further

assurance (without representation or warranty, express implied or statutory) 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, upon the receipt of payment of any outstanding charges, shall pay over, assign, and deliver to such successor any moneys or other properties subject to the trusts and conditions herein set forth. Should any deed, conveyance, or instrument in writing from the City be required by such successor for more fully and certainly vesting in and confirming to it any such moneys, estates, properties, rights, powers, duties, or obligations, any and all such deeds, conveyances, and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged, and delivered by the City.

Section 10.12 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 10.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 10.13 Trustee to File Continuation Statements.

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

Section 10.14 Accounts, Periodic Reports and Certificates.

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

Section 10.15 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.

ARTICLE 11

MODIFICATION OR AMENDMENT OF THIS INDENTURE

Section 11.1 Amendments Permitted.

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

- (1) 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;
- (2) to make modifications not adversely affecting any Outstanding Bonds in any material respect;
- (3) 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; and
- (4) 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.

Section 11.2 Owners' Meetings.

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

Section 11.3 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 or of this Indenture, to the extent that such amendment is permitted by Section 11.1 herein, to take effect when and as provided in this Section. The City shall provide written direction to the Trustee to provide a copy of such Supplemental Indenture, together with a request to Owners for their consent thereto, shall be mailed by the Trustee first class mail to each Owner of Bonds from whom consent is required under this Indenture, but failure to mail copies of such Supplemental Indenture and request shall not affect the validity of the Supplemental Indenture when assented to as in this Section provided.

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 the Trustee has received an opinion of Bond Counsel to the effect that such amendment is authorized or permitted by this Indenture and will not affect the excludability from gross income for federal income tax purposes of interest payable on the Bonds (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the Trustee). Each such consent shall be effective only if accompanied by proof of ownership of the Bonds for which such consent is given, which proof shall be such as is permitted by Section 12.6 herein. Any such consent shall be binding upon the Owner of the Bonds giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof), unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner hereinbefore provided in this Section for the mailing of the Supplemental Indenture, stating in substance that the Supplemental Indenture has been consented to by the Owners of the required percentage of Bonds and will be effective as provided in this Section (but failure to mail copies of said notice shall not affect the validity of the Supplemental Indenture or consents thereto). Proof of the mailing of such notice shall be filed with the Trustee. A record, consisting of the papers required by this Section 11.3 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 at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period; provided however, that the Trustee during such ninety day period referenced in Section 11.3 herein and any such further period during which any such action or proceeding may be pending shall be entitled in its sole discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture, as it may deem expedient; provided, further, that the Trustee shall have no obligation to take or refrain from taking any such action and the Trustee shall have no liability with respect to any action take or any instance of inactions

Section 11.4 Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 11, 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 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 11.5 Endorsement or Replacement of Bonds Issued After Amendments.

The City may determine that Bonds issued and delivered after the effective date of any action taken as provided in this Article 11 shall bear a notation, by endorsement or otherwise, in form approved by the City, as to such action. In that case, upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for that purpose at the Designated Payment/Transfer Office of the Trustee or at such other office as the City may select and designate for that purpose, a suitable notation shall be made on such Bond. The City may determine that new Bonds, so modified as in the opinion of the City is necessary to conform to such Owners' action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Bonds then Outstanding, such new Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Bonds then Outstanding, upon surrender of such Bonds.

Section 11.6 Amendatory Endorsement of Bonds.

The provisions of this Article 11 shall not prevent any Owner from accepting any amendment as to the particular Bonds held by such Owner, provided that due notation thereof is made on such Bonds.

Section 11.7 Execution of Supplemental Indenture.

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

ARTICLE 12

DEFAULT AND REMEDIES

Section 12.1 Events of Default.

Each of the following occurrences or events shall be and is hereby declared to be an “Event of Default,” to wit:

- (1) The failure of the City to deposit the Pledged Revenues to the Pledged Revenue Fund;
- (2) The failure of the City to enforce the collection of the Major Improvement Area Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable and such failure is not remedied within thirty (30) days; and
- (4) 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 25% of the aggregate outstanding principal of the Bonds with a copy to the Trustee, specifying such default by the Owners of at least 25% of the aggregate outstanding principal amount of the Bonds at the time Outstanding requesting that the failure be remedied.

Section 12.2 Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 12.1, the Owners of at least 25% aggregate outstanding principal amount of the Bonds then Outstanding, may 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. The Trustee retains the right to obtain, at its own cost and expense, the advice of counsel in its exercise of remedies of default.

(b) THE PRINCIPAL OF THE BONDS SHALL NOT BE SUBJECT TO ACCELERATION UNDER ANY CIRCUMSTANCES.

(c) If the assets of the Trust Estate are sufficient to pay all amounts due with respect to all Outstanding Bonds, in the selection of Trust Estate assets to be used in the payment of Bonds due under this Article, the City shall determine, in its absolute discretion, and shall instruct the Trustee by City Certificate, which Trust Estate assets shall be applied to such payment and shall not be liable to any Owner or other Person by reason of such selection and application. In the

event that the City shall fail to deliver to the Trustee such City Certificate, the Trustee shall select and liquidate or sell Trust Estate assets as provided in the following paragraph, and shall not be liable to any Owner, or other Person, or the City by reason of such selection, liquidation or sale.

(d) Whenever moneys are to be applied pursuant to this Article 12, irrespective of and whether other remedies authorized under this Indenture shall have been pursued in whole or in part, the Trustee may cause any or all of the assets of the Trust Estate, including Investment Securities, to be sold. The Trustee may so sell the assets of the Trust Estate and all right, title, interest, claim and demand thereto and the right of redemption thereof, in one or more parts, at any such place or places, and at such time or times and upon such notice and terms, as the Trustee may deem appropriate, and as may be required by Applicable Laws 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 reasonable judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 12.3 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 25% of the aggregate principal amount of the Bonds then Outstanding have made written request to the Trustee and offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) the Owners have furnished to the Trustee written evidence of indemnity as provided in Section 10.2 herein, (iv) the Trustee has for ninety (90) days after such notice failed or refused to exercise the powers hereinbefore granted, or to institute such action, suit, or proceeding in its own name, (v) no direction inconsistent with such written request has been given to the Trustee during such 90-day period by the registered owners of a majority of the aggregate principal amount of the Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee; however, no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Indenture by its, his or their action or to enforce any right hereunder except in the manner provided herein, and that all proceedings at law or in equity shall be instituted and maintained in the manner provided herein and for the equal benefit of the registered owners of all Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall 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 9, nothing in this Indenture shall affect or impair the right of any Owner to enforce, by action at law, payment of any Bond at and after the maturity thereof, or on

the date fixed for redemption or the obligation of the City to pay each Bond issued hereunder to the respective Owners thereof at the time and place, from the source and in the manner expressed herein and in the Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Indenture and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owners, then and in every such case the City, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 12.4 Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Indenture, during the continuance of an Event of Default, notwithstanding Section 12.2 hereof, be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Bonds, as follows:

FIRST: To the payment to the registered 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 registered owners entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the registered owners entitled thereto of the unpaid principal of Outstanding Bonds, or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the direct order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal due and to the registered 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 12.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 12.1, the available funds shall be allocated to the Bonds that are Outstanding in proportion to the quantity of Bonds that are currently due and in default under the terms of this Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 12.3, shall not extend to or affect any subsequent default under this Indenture or impair any right consequent thereon.

Section 12.5 Effect of Waiver.

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

Section 12.6 Evidence of Ownership of Bonds.

(a) Any request, consent, revocation of consent or other instrument which this Indenture may require or permit to be signed and executed by the Owners of Bonds may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys duly appointed in writing. Proof of the execution of any such instrument, or of any instrument appointing any such attorney, or the holding by any Person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner:

(1) The fact and date of the execution of such instruments by any Owner of Bonds or the duly appointed attorney authorized to act on behalf of such Owner may be provided by a guarantee of the signature thereon by a bank or trust company or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the Person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate, or affidavit shall also constitute sufficient proof of his authority.

(2) The ownership of Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the Register.

(b) Except as otherwise provided in this Indenture with respect to revocation of a consent, any request or consent by an Owner of Bonds shall bind all future Owners of the same Bonds in respect of anything done or suffered to be done by the City or the Trustee in accordance therewith.

Section 12.7 Waiver of Default.

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

Section 12.8 No Acceleration.

In the event of the occurrence of an Event of Default under Section 12.1 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 12.9 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 12.10 Exclusion of Bonds.

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

ARTICLE 13

GENERAL COVENANTS AND REPRESENTATIONS

Section 13.1 Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Bonds, to execute and deliver this Indenture and to pledge the Trust Estate in the manner and to the extent provided in this Indenture, and that the Pledged Revenues 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 Pledged Revenues and all the rights of the Owners and the Trustee, under this Indenture against all claims and demands of all Persons whomsoever.

(c) Subject to available funds, the City will take all steps reasonably necessary and appropriate, to collect all delinquencies in the collection of the Major Improvement Area Assessments and any other amounts pledged to the payment of the Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law and reasonably practical, 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. Notwithstanding the foregoing, if the City is unable in every year to send notice of the Annual Installment on the same statement as ad valorem taxes, the City shall send or shall cause

to be sent, a separate notice of the Annual Installment in a timely fashion such that the Annual Installment can be collected in the same time frame as ad valorem taxes.

Section 13.2 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 14

SPECIAL COVENANTS

Section 14.1 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 14.2 Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 14.2, 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.

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

(c) Other than Refunding Bonds issued to refund all or a portion of the 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 Pledged Revenues or Pledged Funds and Accounts; 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 adversely affect the ability of the City to timely pay the debt service due and owing on the Bonds.

Section 14.3 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 Accounts, and the Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 14.3 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 15

PAYMENT AND CANCELLATION OF THE BONDS
AND SATISFACTION OF THE INDENTURE

Section 15.1 Trust Irrevocable.

The trust created by the terms and provisions of this Indenture is irrevocable until the Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 14.

Section 15.2 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 all of the Bonds, at the times and in the manner stipulated in this Indenture, and all amounts due and owing with respect to the Bonds have been paid or provided for, then the pledge of the Trust Estate and all covenants, agreements, and other obligations of the City to the Owners of such Bonds, shall thereupon cease, terminate, and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the City copies of all such documents as it may have evidencing that principal of and interest on all of the Bonds has been paid so that the City may determine if the Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the in Funds and Accounts held hereunder to the Person entitled to receive such amounts, or, if no Person is entitled to receive such amounts, then to the City.

Section 15.3 Bonds Deemed Paid.

All Outstanding Bonds shall prior to the Stated Maturity or redemption date thereof be deemed to have been paid and to no longer be deemed Outstanding if (i) in case any such Bonds are to be redeemed on any date prior to their Stated Maturity, the Trustee shall have given notice of redemption on said date as provided herein, (ii) there shall have been deposited with the Trustee either moneys in an amount which shall be sufficient, or Defeasance Securities the principal of and the interest on which when due will provide moneys which, together with any moneys

deposited with the Trustee at the same time, shall be sufficient to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, (iii) the Trustee shall have received a report by an independent certified public accountant selected by the City verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on of the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (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. Neither Defeasance Securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Defeasance Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds. Any cash received from such principal of and interest on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, be reinvested in Defeasance Securities as directed in writing by the City maturing at times and in amounts sufficient to pay when due the principal of and interest on the Bonds on and prior to such redemption date or maturity date thereof, as the case may be, only upon receipt by the Trustee of (i) a report by an independent certified public accountant selected by the City, after giving effect to such request, verifying the sufficiency of the moneys or Defeasance Securities deposited with the Trustee to pay when due the principal of and interest on the Bonds to become due on such Bonds on and prior to the redemption date or maturity date thereof, as the case may be and (ii) an opinion of Bond Counsel stating that that no adverse federal tax consequences will result from reinvesting such cash. Any payment for Defeasance Securities purchased for the purpose of reinvesting cash as aforesaid shall be made only against delivery of such Defeasance Securities.

ARTICLE 16

MISCELLANEOUS

Section 16.1 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. This Agreement and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 16.2 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 16.3 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 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 shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

Section 16.4 Waiver of Personal Liability.

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

Section 16.5 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 Certificate for payment shall be in writing and shall be telexed, cabled, delivered by hand, mailed by first class mail, postage prepaid, or transmitted by facsimile or e-mail and addressed as follows:

If to the City:

City of Seagoville, Texas
107 S. Main Street
Seagoville, Texas 76227
Attn: City Manager
Telephone: (940) 440-9343

With a copy to:

And:

Bracewell LLP
Attn: Julie Partain
1445 Ross Ave.
Suite 3800
Dallas, Texas 75202
Email: julie.partain@bracewell.com
(214) 758-1606

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

BOKF, National Association
Attn: Dayna Smith
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Email: dayna.smith@bankoftexas.com

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

Any of such addresses may be changed at any time upon written notice of such change given to the other party by the party effecting the change. Notices and consents given by mail in accordance with this Section shall be deemed to have been given five (5) 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 notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Bonds Outstanding.

(c) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall request and the City shall provide to the Trustee an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its sole, reasonable discretion elects to act upon such instructions in accordance with this Indenture, the Trustee's understanding of such instructions shall be deemed controlling unless contrary to the provisions of this Indenture. 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 instructions conflict or are inconsistent with a previous or subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

Section 16.6 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 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 16.7 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 16.8 Payment on Business Day.

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

Section 16.9 Counterparts.

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

Section 16.1 Statutory Verifications.

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

(a) 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.

(b) 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.

(c) 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.

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

Section 16.2 Form 1295 Exemption. The Trustee represents that it is a wholly owned subsidiary of _____, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

[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 SEAGOVILLE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

[CITY SEAL]

BOKF, NA AS TRUSTEE

By: _____
Authorized Officer

EXHIBIT A

(a) Form of Bond.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, KAUFMAN COUNTY 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 SEAGOVILLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2024
(SANTORINI PUBLIC IMPROVEMENT
DISTRICT MAJOR IMPROVEMENT AREA PROJECT)

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 15, _____	_____, 2024	_____

The City of Seagoville, Texas (the "City"), for value received, hereby promises to pay, solely from the Trust Estate, to

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

_____ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Date of Delivery, as specified above, or the most recent Interest Payment Date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually commencing on September 15, 2024, and on each March 1 and September 15 thereafter until maturity or prior redemption.

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

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas (the “Designated Payment/Transfer Office”), of BOKF, NA, a national banking association, as trustee and paying agent/registrars (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrars, 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, 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 business 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 thirty (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Trustee, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be 15 days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner 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 _____, 2024 and issued in the aggregate principal amount of \$_____ and issued, with the limitations described herein, pursuant to an Indenture of Trust, dated as of March 1, 2024 (the “Indenture”), by and between the City and the Trustee, to which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying or reimbursing a portion of the Major Improvements Project Costs, (ii) funding a debt service reserve fund for payment of principal and interest on the Bonds, (iii) paying for a portion of the costs incidental to the organization and

administration of the District, (iv) paying capitalized interest on the Bonds and (v) paying the costs of issuance of the Bonds.

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

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 denominations of 100,000, or any integral multiple of \$1,000 in excess thereof (“Authorized Denominations”), subject to the partial redemption provisions of the Indenture authorizing redemptions of less than \$100,000 in denominations of \$1,000 and any multiple of \$1,000 in excess thereof.

The Bonds are subject to mandatory sinking fund redemption prior to their respective maturities and will be redeemed by the City in part at a Redemption Price equal to the principal amount thereof plus accrued and unpaid interest thereon to the date set for redemption from moneys available for such purpose in the Principal and Interest Account of the Bond Fund pursuant to Article 6 of the Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ <u> </u> Term Bonds maturing September 15, 20__	
Redemption Date	Sinking Fund Installment Amount
September 15, 20__	
*maturity	

\$ <u> </u> Term Bonds maturing September 15, 20__	
Redemption Date	Sinking Fund Installment Amount

September 15, 20__
September 15, 20__

*maturity

At least forty-five (45) days prior to each sinking fund redemption date, the Trustee shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds of such maturity equal to the Sinking Fund Installments of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory sinking fund redemption date, and shall give notice of such redemption, as provided in the Indenture.

The principal amount of Bonds required to be redeemed on any 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 forty-five (45) days prior to the sinking fund redemption date (i) 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, or (ii) shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption and not previously credited to a sinking fund redemption.

The City reserves the right and option to redeem Bonds maturing on or after September 15, 20__ before their scheduled maturity dates, in whole or in part, on any date, on or after September 15, 20__, such redemption date or dates to be fixed by the City, at a price of par plus accrued and unpaid interest to the date of redemption:

Bonds are subject to extraordinary optional redemption prior to maturity in whole or in part, on any Business Day, 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, other transfers to the Redemption Fund pursuant to the Indenture, or any other transfers to the Redemption Fund permitted in the Indenture.

The Trustee shall give notice of any redemption of Bonds 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 (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 reserves the right, in the case of an optional or extraordinary optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit

of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an event of default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an event of default.

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 holders of the Bonds under the Indenture at any time Outstanding affected by such modification. The Indenture also contains provisions permitting the holders of specified percentages in aggregate principal amount of the Bonds at the time Outstanding, on behalf of the holders 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 holder of this Bond or any predecessor Bond evidencing the same debt shall be conclusive and binding upon such holder and upon all future holders 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, 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 forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

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

NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL TAXING POWER OF THE CITY OF SEAGOVILLE, TEXAS; KAUFMAN COUNTY, TEXAS; THE STATE OF

TEXAS; OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE BONDS.

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

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

City Secretary, City of Seagoville, Texas

Mayor, City of Seagoville, Texas

[City Seal]

(b) Form of Comptroller’s Registration Certificate.

The following Registration Certificate of Comptroller of Public Accounts shall appear on each 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.

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.

_____, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, 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:

Authorized Signatory

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

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this section, 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 specified above" shall be deleted and the following will be inserted: "on September 15 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
--------------	-------------------------------	-----------------------

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

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

EXHIBIT B

FORM OF CERTIFICATE FOR PAYMENT

CERTIFICATE FOR PAYMENT NO. ____

Reference is made to that certain Indenture of Trust by and between the City and the Trustee dated as of March 1, 2024 (the “Indenture”) relating to the “City of Seagoville, Texas, Special Assessment Revenue Bonds, Series 2024 (Santorini Public Improvement District Major Improvement Area Project)” (the “Bonds”). Unless otherwise defined, any capitalized terms used herein shall have the meanings ascribed to them in the Indenture.

The undersigned is an agent for _____, a Texas limited liability company (the “Developer”) and requests payment to the Developer (or to the person designated by the Developer) from:

The Project Improvement Account of the Project Fund from _____, (the “Trustee”), in the amount of _____ (\$_____) for labor, materials, fees, and/or other general costs related to the creation, acquisition, or construction of certain Major Improvements providing a special benefit to property within the Santorini Public Improvement District.

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

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Certificate for Payment Form on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The itemized payment requested for the below referenced Major Improvements has not been the subject of any prior payment request submitted for the same work to the City or, if previously requested, no disbursement was made with respect thereto.
3. The itemized amounts listed for the Major Improvements below is a true and accurate representation of the Major Improvements associated with the creation, acquisition, or construction of said Major Improvements and such costs (i) are in compliance with the Development Agreement, and (ii) are consistent with and within the cost identified for such Major Improvements as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Reimbursement Agreement, the Indenture, and the Service and Assessment Plan.
5. The Developer has timely paid all ad valorem taxes and Annual Installments of Major Improvement Area Assessments it owes or an entity the Developer controls owes, related to property located in the Santorini Public Improvement District or the TIRZ and has no outstanding delinquencies for such taxes or Major Improvement Area Assessments. All conditions set forth in

the Indenture and the Development Agreement for the payment hereby requested have been satisfied.

6. The work with respect to Major Improvements referenced below has been completed, and the City has inspected such Major Improvements.

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

8. No more than ninety percent (90%) of the budgeted or contracted costs for the P Major Improvements identified may be paid until the work with respect to such Project has been completed and the City has accepted such Authorized Improvement.

9. Developer has completed the spreadsheet required by the City's PID Administrator and has attached the completed spreadsheet to this Certificate for Payment.

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

11. Pursuant to the Development Agreement, after receiving this payment request, the City has inspected the Major Improvements and confirmed that said work has been completed in accordance with approved plans and all applicable governmental laws, rules, and regulations.

12. The amount of this request when combined with all previous Certificates for Payment submitted by the Developer, [check one] (i) _____ does not exceed an amount that would leave \$ _____ remaining in the Project Improvement Account of the Project Fund or (ii) _____ the Developer hereby certifies the following:

(1) All of the Major Improvements have been construction or installed and accepted by the City;

(2) The City has issued 100 certificates of occupancy for homes within Major Improvement Area.

Payments requested hereunder shall be made as directed below:

- a. X amount to Person or Account Y for Z goods or services.
- b. Payment instructions

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

_____ a Texas limited liability company

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Certificate for Payment, acknowledges the Certificate for Payment, and finds the Certificate for Payment to be in order. After reviewing the Certificate for Payment, the City approves the Certificate for Payment and authorizes and directs payment of the amounts set forth below by Trustee from the Project Fund to the Developer or other person designated by the Developer as listed and directed on such Certificate for Payment. The City's approval of the Certificate for Payment shall not have the effect of estopping or preventing the City from asserting claims under the Development Agreement, the Indenture, the Service and Assessment Plan, or any other agreement between the parties or that there is a defect in the Authorized Improvement.

Amount of Certificate for Payment Request	Amount requested be paid from the Project Improvement Account	Amount requested be paid from the Developer Improvement Account
\$ _____	\$ _____	

CITY OF SEAGOVILLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for _____ (the “Developer”) and requests payment from:

[the Cost of Issuance Account of the Project Fund][Project Improvement Account of the Project Fund/Developer Improvement Account of the Project fund] from BOKF, National Association (the “Trustee”) in the amount of _____ DOLLARS (\$_____) for costs incurred in the establishment, administration, and operation of the Seagoville Public Improvement District No. 1 (the “District”), as follows:

Closing Costs Description	Cost	PID Allocated Cost
TOTAL		

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

1. The undersigned is a duly authorized officer of the Developer, is qualified to execute this Closing Disbursement Request on behalf of the Developer, and is knowledgeable as to the matters set forth herein.
2. The payment requested for the above referenced establishment, administration, and operation of the District at the time of the delivery of the Bonds has not been the subject of any prior payment request submitted to the City.
3. The amount listed for the below itemized costs is a true and accurate representation of the Actual Costs incurred by Developer with the establishment of the District at the time of the delivery of the Bonds, and such costs are in compliance with and within the costs as set forth in the Service and Assessment Plan.
4. The Developer is in compliance with the terms and provisions of the Development Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture for the payment hereby requested have been satisfied.
6. The Developer agrees to cooperate with the City in conducting its review of the requested payment, and agrees to provide additional information and documentation as is reasonably necessary for the City to complete said review.
7. The Developer has submitted all documentation required by the City’s PID Administrator with respect to this Disbursement Request.

Payments requested hereunder shall be made as directed below:

- c. X amount to Person or Account Y for Z goods or services.
- d. Payment instructions

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

By: _____

Name: _____

Title: _____

Date: _____

APPROVAL OF REQUEST

The City is in receipt of the attached Closing Disbursement Request, acknowledges the Closing Disbursement Request, and finds the Closing Disbursement Request to be in order. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request to the extent set forth below and authorizes and directs payment by Trustee in such amounts and from the accounts listed below, to the Developer or other person designated by the Developer herein.

Closing Costs	Amount to be Paid by Trustee from Cost of Issuance Account	Amount requested be paid from the Project Improvement Account	Amount requested be paid from the Developer Improvement Account
\$ _____	\$ _____	\$ _____	\$ _____

CITY OF SEAGOVILLE, TEXAS

By: _____

Name: _____

Title: _____

Date: _____



TO: Mayor and City Council
FROM: Cindy D Brown, Assistant City Manager
DATE: March 18, 2024
ITEM: 16
DESCRIPTION: Discuss and consider an Ordinance of the City Council of the City of Seagoville, Texas, amending the Code of Ordinances, City of Seagoville, Texas, to amend Division 2 (“Property Tax”) of Article 1.06 (“Taxation”) of Chapter 1 (“General Provisions”), to adopt Section 1.06.024, adopting an exemption from Ad Valorem Taxation Assessed by the City of a part of the Appraised Value of Real Property Used as Qualifying Child-Care Facilities.

INTRODUCTION

This agenda item is to discuss and consider an Ordinance of the City Council of the City of Seagoville, Texas, amending the Code of Ordinances, City of Seagoville, Texas, to amend Division 2 (“Property Tax”) of Article 1.06 (“Taxation”) of Chapter 1 (“General Provisions”), to adopt Section 1.06.024, adopting an exemption from Ad Valorem Taxation Assessed by the City of a part of the Appraised Value of Real Property Used as Qualifying Child-Care Facilities.

BACKGROUND

After a brief presentation from a local business owner, the City Council requested staff provide information with regard to adopting an exemption from ad valorem taxation assessed by the City of a part of the appraised value of real property used as qualifying child-care facilities. Senate Bill 1145, adopted by the 88th Legislature, amended Section 11.36 of the Texas Tax Code, authorizing municipalities to adopt an exemption from ad valorem taxes assessed by the municipality for a part of the appraised value of real property used as a qualifying child-care facility. This is an optional exemption that the City Council may implement. In the event the City Council does implement this exemption, the value of the exemption must be at least fifty percent (50%) of the property’s appraised value.

Councilmember Hernandez requested staff to break down the information to provide for revenue loss if the exemption is 50%, 60%, 75%, 80%, 90% and 100% exemption. Staff was able to find five (5) licensed child-care providers in Seagoville that participated in the Texas Workforce Commission’s Rising Star Program. However, three (3) of the five (5) show to be home businesses. We also added in the new facility to be located at 605 Avalon. The financial impact section below depicts the findings.

ESTIMATED FINANCIAL IMPACT

50%	60%	75%	80%	90%	100%
\$ 5,850.04	\$ 7,020.05	\$ 8,775.07	\$ 9,360.07	\$ 10,530.08	\$ 11,700.09

ATTACHMENTS

1. Ordinance

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SEAGOVILLE, TEXAS, AMENDING THE CODE OF ORDINANCES, CITY OF SEAGOVILLE, TEXAS, TO AMEND DIVISION 2 (“PROPERTY TAX”) OF ARTICLE 1.06 (“TAXATION”) OF CHAPTER 1 (“GENERAL PROVISIONS”), TO ADOPT SECTION 1.06.024, ADOPTING AN EXEMPTION FROM AD VALOREM TAXATION ASSESSED BY THE CITY OF A PART OF THE APPRAISED VALUE OF REAL PROPERTY USED AS QUALIFYING CHILD-CARE FACILITIES; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the 88th Texas Legislature has adopted Senate Bill 1145, amending Section 11.36 of the Texas Tax Code, authorizing municipalities to adopt an exemption from ad valorem taxes assessed by the municipality for a part of the appraised value of real property used as a qualifying child-care facility; and

WHEREAS, the City Council of the City of Seagoville, Texas, finds it to be in the public interest to adopt the exemption from a portion of the assessed value of real property used as a qualifying child-care facility, as authorized by Texas Tax Code §11.36. Now Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SEAGOVILLE, TEXAS:

SECTION 1. That the Code of Ordinances, City of Seagoville, Texas, be and is hereby amended by amending Division 2, “Property Tax,” of Article 1.06, “Taxation,” of Chapter 1, “General Provisions,” to add a new Section 1.06.024, reserving sections 1.06.25 – 1.06.040, to adopt a partial exemption of the appraised value of real property used as a qualifying child-care facility, said Section 1.06.024 to read in its entirety as follows:

**“CHAPTER 1
GENERAL PROVISIONS**

...

**ARTICLE 1.06
TAXATION**

...

DIVISION 2 PROPERTY TAX

...

Sec. 1.06.024 Child-Care Facility Exemption

- (a) In accordance with Section 11.36 (“Child-Care Facilities”) of the Texas Tax Code, there is hereby adopted an exemption from ad valorem taxation of _____ % of the appraised value of all or that portion of real property used as or leased for a qualifying child-care facility.
- (b) To be entitled to the exemption, the property must be owned and operated as a qualifying child-care facility or must be leased to a person who operates a qualifying child-care facility. A “qualifying child-care facility” is a facility:
 - (1) licensed by the Texas Health and Human Services Commission to provide assessment, care, training, education, custody, treatment, or supervision for a child who is not related by blood, marriage, or adoption to the owner or operator of the facility, for all or part of the 24-hour day, whether or not the facility is operated for profit or charges for the services it offers;
 - (2) located on property used exclusively to provide developmental and educational services for children attending the facility and reasonably necessary for the operation of the facility;
 - (3) wherein the owner or operator participates in the Texas Workforce Commission's Texas Rising Star Program as described by Section 2308.3155, Government Code, as amended, for that facility; and
 - (4) at which at least 20 percent of the total number of children enrolled at the facility receive subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission.
- (c) Notwithstanding any other provision of this section, a person may not claim an exemption for property for which the person claims a residence homestead exemption, or any part of which is leased by the person to another person for use as a principal residence.
- (d) The exemption authorized herein shall be administered by the Texas Comptroller’s Office and the Chief Appraiser of the county in which the facility is situated, and shall be subject to such requirements and restrictions as may be imposed by Section 11.36 of the Texas Tax Code, as amended.

SECTION 2. That any person who makes a false affidavit in claiming the exemption authorized herein and who was determined to be qualified for said exemption based on the false information shall be subject to all penalties, interest, and attorney fees that may accrue for the failure to timely pay ad valorem taxes to the City pursuant to the Texas Tax Code, in addition to other applicable criminal and civil penalties.

SECTION 3. That the exemption provided for herein shall be available to qualified taxpayers commencing in tax year 2024 for taxes assessed and imposed in that year and all tax subsequent years until and unless this exemption is decreased, increased or repealed.

SECTION 4. That should any sentence, paragraph, subdivision, clause, phrase or section of this ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this ordinance, or any part or provision hereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the City's ordinances as a whole.

SECTION 5. That this ordinance shall take effect immediately from and after its passage and the publication of the caption as the law in such cases provides.

DULY PASSED by the City Council of the City of Seagoville, Texas, on the ____ day of _____, 2024.

APPROVED:

Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:

City Attorney