
MASTER INDENTURE OF TRUST

By and Between

CITY OF KYLE, TEXAS

and

BOKF, NA

as Trustee

DATED AS OF OCTOBER 15, 2021

SECURING

CITY OF KYLE, TEXAS

IMPROVEMENT AREA #3 BONDS

(6 CREEKS PUBLIC IMPROVEMENT DISTRICT)

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INDENTURE OF TRUST

This Master Indenture of Trust, dated as of October 15, 2021 (this “Master Indenture”) is by and between the City of Kyle, 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, the City, in accordance with the requirements of Chapter 372 of the Texas Local Government Code (the “PID Act”), including all of the requirements of the PID Act pertaining to the notice and public hearing, approved the creation of the Blanco River Ranch Public Improvement District, which is now know as 6 Creeks Public Improvement District (the “*District*”) and on October 19, 2021, approved and adopted the 2021 Amended and Restated Service and Assessment Plan for the District and an ordinance levying assessments against the real property in Improvement Area #3 of the District for the purpose of paying the costs of improvements that provide a special benefit to the properties of the District ; 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 or reimbursing a portion of the costs of the Authorized Improvements, (ii) paying capitalized interest on revenue bonds during and after the period of acquisition and construction of the Authorized Improvements, (iii) funding a reserve fund for payment of principal and interest on the revenue bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying costs of issuance; and

WHEREAS, the City intends to issue bonds for the purposes described above pursuant to one or more supplemental indentures executed and delivered pursuant to the provisions of this Master Indenture; and

WHEREAS, concurrently with the City’s approval of this Master Indenture, the City has authorized the issuance of the initial series Improvement Area #3 Bonds and approved the First Supplemental Indenture pursuant to the provisions of the Master Indenture; and

WHEREAS, after the issuance of the initial series of Improvement Area #3 Bonds, the City intends to issue one or more series of additional Improvement Area #3 Bonds pursuant to additional Supplemental Indentures; and

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

NOW, THEREFORE, the City, in consideration of the foregoing premises and acceptance by the Trustee of the trusts herein created, of the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, CONVEY, PLEDGE, TRANSFER, ASSIGN, and DELIVER to the Trustee for the benefit of the Owners, a security interest in 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 Master 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 Master 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 the rights of the Trustee and the Owners under this Master Indenture to proceed against the City for the purpose of protecting and enforcing the rights of the Owners with respect to such released real property shall terminate;

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

THIS MASTER 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 Master Indenture, the following terms shall have the meanings specified below:

“2021 Amended and Restated Service and Assessment Plan” means the 2021 Amended and Restated Service and Assessment Plan passed and approved by City Council on October 19, 2021 by Ordinance No. ____.

“Account” means any of the accounts established pursuant to Section 5.1.

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

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

“Additional Interest Rate” means the 0.50% Additional Interest charged on the Assessments pursuant to Section 372.018 of the PID Act and described in Section V of the Amended and Restated Service and Assessment Plan. The Additional Interest Rate is not charged on Assessments securing the Reimbursement Obligation.

“Additional Interest Reserve Account” means the reserve account established in accordance with Section 5.1 and administered as provided in Section 5.6.

“Additional Interest Reserve Requirement” means an amount equal to 5.5% of the principal amount of the Outstanding Improvement Area #3 Bonds, or such amount specified in a Supplemental Indenture, which may be funded from bond proceeds and revenues received from the payment of Assessments, deposited to the Pledged Revenue Fund.

“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 Assessments securing the Improvement Area #3 Bonds, levied against property within the District in accordance with the PID Act.

“Administrative Fund” means that Fund established by Section 5.1 and administered pursuant to Section 5.10.

“Administrator” means 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 Master Indenture, or any other agreement or document approved by the City related to the duties and responsibilities of the administration of the District.

“Amended and Restated Service and Assessment Plan” means the 2021 Amended and Restated Service and Assessment Plan, as such service and assessment plan is annually amended and restated, or otherwise updated, amended, or revised from time to time.

“Annual Collection Costs” mean the actual or budgeted costs and expenses relating to collecting the Annual Installments, including, but not limited to, costs and expenses for: (1) the Administrator; (2) legal counsel, engineers, accountants, financial advisors, and other consultants engaged by the City; (3) calculating, collecting, and maintaining records with respect to Assessments and Annual Installments; (4) preparing and maintaining records with respect to Assessment Rolls and Annual Service Plan Updates; (5) issuing, paying, and redeeming the Bonds; (6) investing or depositing Assessments and Annual Installments; (7) complying with this 2021 Amended and Restated Service and Assessment Plan and the PID Act with respect to the issuance and sale of the Bonds, including continuing disclosure requirements; and (8) the Paying Agent/Registrar and Trustee in connection with the 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 Outstanding Improvement Area #3 Bonds in such Bond Year, assuming that the Outstanding Improvement Area #3 Bonds are retired as scheduled (including by reason of Sinking Fund Installments), and (ii) the principal amount of the Outstanding Improvement Area #3 Bonds due in such Bond Year (including any Sinking Fund Installments due in such Bond Year).

“Annual Installment” means, collectively, with respect to each Assessed Property, each annual payment of (i) the Assessments as shown on the Assessment Roll attached to the Amended and Restated Service and Assessment Plan and related to the Improvement Area #3 Bonds and the Improvement Area #3 Projects, including (i) principal; (ii) interest; (iii) Annual Collection Costs; and (iv) Additional Interest collected pursuant to Section V of the Service and Assessment Plan and deposited to the Additional Interest Reserve Account as described in Section 6.8.

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

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

“Assessed Property” means all property within Improvement Area #3 of the District and shown in the Assessment Roll against which an Assessment relating to the Improvement Area #3 Projects is levied in accordance with the Service and Assessment Plan.

“Assessment” means an Assessment levied against a Parcel within Improvement Area #3 and imposed pursuant to an Assessment Ordinance and the provisions herein, as shown on the

Assessment Roll, subject to reallocation upon the subdivision of such Parcel or reduction according to the provisions herein and in the PID Act.

“Assessment Ordinance” means Ordinance No. _____ adopted by the City Council on October 19, 2021, that levied the Assessments on the Assessed Property.

“Assessment Roll” means the Improvement Area #3 Assessment Roll attached to the Amended and Restated Service and Assessment Plan as updated, modified or amended from time to time in accordance with procedures set forth in the Amended and Restated Service and Assessment Plan and in the PID Act (including updates prepared in connection with the issuance of a series of Improvement Area #3 Bonds or in connection with any Annual Service Plan Update), showing the total amount of the Assessment against each Assessed Property.

“Authorized Improvements” means the improvements authorized by the PID Act that (1) will benefit all property assessed within the District, as set forth in the Service and Assessment Plan, (2) are defined as “Authorized Improvements” in the Service and Assessment Plan, and (3) are more particularly described in Section III of the Service and Assessment Plan.

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

“Bond Counsel” means Bickerstaff Heath Delgado Acosta 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 5.1 and administered as provided in Section 5.2.

“Bond Ordinance” means Ordinance No. _____ adopted by the City Council on October 19, 2021, authorizing the Master Indenture and the First Supplemental Indenture and the issuances of the Bonds.

“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.

“Capitalized Interest Account” means the Account within the Bond Fund established pursuant to Section 5.1.

“Certificate for Payment” means a certificate substantially in the form attached to a Supplemental Indenture as Exhibit B, 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

#3 Projects and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 5.3.

“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 to a Supplemental Indenture, 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 5.4.

“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 5.1.

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

“Delinquent Collection Costs” means the costs related to the foreclosure on an Assessed 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 Master Indenture, the transfer/payment office located in Houston, Texas, or such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Developer” means HM 6 Creeks Development, Inc.

“Development Agreement” means the Blanco River Ranch (Phase One Residential Area) De-Annexation and Development Agreement, between the City and Blanco River Ranch Properties, LP, a Texas limited partnership, relating to the Bonds, effective as of May 16, 2017,

and assigned by Blanco River Ranch Properties LP to the Original Landowners on September 20, 2017, and as amended by the First Amendment to the Blanco River Ranch (Phase One Residential Area) De-Annexation and Development Agreement effective on October 6, 2020, and as partially assigned with respect to the land within Improvement Area #3 to the Developer, effective as of September 23, 2020, which provides, in part, for the deposit of proceeds from the issuance and sale of the Bonds and the payment of costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of costs to the Developer from the proceeds of the Bonds for funds advanced by the Developer and used to pay costs of Authorized Improvements and other matters related thereto.

“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.

“Financing Agreement” means the “*Blanco River Ranch Public Improvement District Financing Agreement*” between the City and the Original Landowners, dated as of July 18, 2017, which provides, in part, for the deposit of proceeds from the issuance and sale of the Improvement Area #1 Initial Bonds and the payment of Actual Costs of Authorized Improvements within the District, the issuance of bonds, the reimbursement of Actual Costs to the Original Landowners from the proceeds of the Improvement Area #1 Initial Bonds and any Additional Obligations for funds advanced by the Original Landowners and used to pay Actual Costs of Authorized Improvements in Improvement Area #1 and other matters related thereto, and as amended by the First Amendment to the 6 Creeks Public Improvement District Financing Agreement, effective on April 16, 2019, and as partially assigned with respect to the land within Improvement Area #3 to the Developer, effective as of September 23, 2020, as such agreement may be further amended from time to time.

“First Supplemental Indenture” means the First Supplemental Indenture of Trust entered into between the City and the Trustee, dated as of October 15, 2021, and relating to the issuance of the initial series of Improvement Area #3 Bonds.

“Foreclosure Proceeds” means the proceeds, including Delinquent Penalties and Interest, received by the City from the enforcement of the Assessments against any 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 5.1.

“Improvement Account” means the Account within the Project Fund established pursuant to Section 5.1.

“Improvement Area” means specifically defined and designated areas within the District that are developed in phases, including Improvement Area #1, Improvement Area #2, and Improvement Area #3 and any area within a future improvement area that may be specifically defined and designated as a phase of development.

“Improvement Area #1 Initial Bonds” means those certain “City of Kyle, Texas Special Assessment Revenue Bonds, Series 2019 (6 Creeks Public Improvement District Improvement Area #1 Project),” that are secured by assessments levied in Improvement Area #1 of the District.

“Improvement Area #3” means the property to be developed within the District identified as “Improvement Area #3” and as described in the Amended and Restated Service and Assessment Plan and as generally depicted in the Amended and Restated Service and Assessment Plan.

“Improvement Area #3 Bonds” means all parity bonds or obligations issued by the City pursuant to this Master Indenture payable from and secured in whole or in part by the Assessments, including any bonds issued to refund Improvement Area #3 Bonds, issued under the pursuant to this Master Indenture and a Supplemental Indenture.

“Improvement Area #3 Improvements” means the Authorized Improvements that only benefit Improvement Area #3.

“Improvement Area #3 Landowners” means HM 6 Creeks Development, Inc. and Taylor Morrison of Texas, Inc., and their respective successors and assigns.

“Improvement Area #3 Projects” means (1) Improvement Area #3 Improvements and (2) Improvement Area #3’s allocable share of the Major Improvements, and both of which are being financed by the issuance of Improvement Area #3 Bonds.

“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 a Supplemental Indenture.

“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” mean the Authorized Improvements that benefit more than one Improvement Area in the District.

“Master Indenture” means this Master 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.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Improvement Area #3 Bond Year after the calculation is made through the final maturity date of any Outstanding Improvement Area #3 Bonds.

“Original Landowners” means HMBRR Development, Inc., HMBRR, LP, and HMBRR, LP #2.

“Outstanding” means, as of any particular date when used with reference to Improvement Area #3 Bonds, all Improvement Area #3 Bonds authenticated and delivered under this Master 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 Improvement Area #3 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 Improvement Area #3 Bond in lieu of or in substitution for which a new Improvement Area #3 Bond shall have been authenticated and delivered pursuant to Section 3.10.

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

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

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

“PID Act” means Texas Local Government Code, Chapter 372, Improvement Districts in Municipalities and Counties, Subchapter A, Public Improvement Districts, as amended.

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

“Pledged Revenue Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.2.

“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 Improvement Area #3 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 5.1.

“Project Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.3.

“Purchaser” means the initial purchaser of the Bonds.

“Quarter in Interest” means as of any particular date of calculation the Owners of no less than twenty-five percent (25%) of the principal amount of the then Outstanding Improvement Area #3 Bonds. In the event that two or more groups of Owners satisfy the percentage requirement set forth in the immediately preceding sentence and act (or direct the Trustee in writing to act) in a conflicting manner, only the group of Owners with the greatest percentage of Outstanding Improvement Area #3 Bonds (as measured in accordance with the immediately preceding sentence) shall, to the extent of such conflict, be deemed to satisfy such requirement.

“Rebate Fund” means that fund established pursuant to Section 5.1 and administered pursuant to Section 5.7.

“Record Date” means the close of business on the fifteenth (15th) calendar day (whether or not a Business Day) of the month next preceding an Interest Payment Date.

“Redemption Fund” means that Fund established in Section 5.1 and administered pursuant to Section 5.4 of this Master Indenture.

“Redemption Price” has the meaning set forth in the First Supplemental Indenture.

“Register” means the register specified in Article 3.

“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.

“Reimbursement Agreement” means that agreement between the City and the Developer, dated _____, 2021, relating to the reimbursement of Actual Costs of Improvement Area #3 Improvements from Assessments.

“Reimbursement Obligation” means an amount not to exceed \$ _____, secured on a subordinate basis to the Improvement Area #3 Bonds, by the Assessments levied against Assessed Properties to be paid to the Developer to reimburse the Developer for advancing Actual Costs of the Improvement Area #3 Projects, pursuant to the Reimbursement Agreement.

“Reserve Account” means the Account within the Reserve Fund established pursuant to Section 5.1 and administered as provided in Section 5.5.

“Reserve Account Requirement” means, unless such requirement is otherwise specified in a Supplemental Indenture, the least of: (i) Maximum Annual Debt Service on the Improvement Area #3 Bonds as of the date of issuance of each series of Improvement Area #3 Bonds, (ii) 125% of average Annual Debt Service on the Improvement Area #3 Bonds as of the date of issuance, or (iii) 10% of the stated principal amount of the Improvement Area #3 Bonds as of the date of issuance; provided, however that subsequent to the date of issuance of each series of Improvement Area #3 Bonds, such Reserve Account Requirement shall be recalculated for compliance with the above upon (a) any transfers made pursuant to Section 5.6(c), (b) a mandatory sinking fund redemption pursuant to the terms of a Supplemental Indenture, (c) an optional redemption pursuant to the terms of a Supplemental Indenture or (d) an extraordinary optional redemption pursuant to the terms of a Supplemental Indenture. The amount of the Reserve Account Requirement for each

series of Improvement Area #3 Bonds shall be set forth in the Reserve Account of the Reserve Fund in the applicable Supplemental Indenture.

“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 a Supplemental Indenture.

“Stated Maturity” means the date the Improvement Area #3 Bonds, or any portion of the Improvement Area #3 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 Master 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 Improvement Area #3 Bonds setting forth the facts, estimates and circumstances in existence on the Closing Date relating to the tax-exempt status of the Improvement Area #3 Bonds.

“Trustee” means BOKF, NA, Houston, Texas, a national banking association, and its successors, duly organized and validly existing under the laws of the United States of America, solely in its capacity as Trustee hereunder, and any other corporation or association that may at any time be substituted in its place, as provided in Article 8, 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 Master Indenture.

Section 1.2. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Master 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 Master 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 Master 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 Master Indenture unless the context shall require otherwise.

(d) This Master 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 Master Indenture.

ARTICLE 2

AUTHORIZATION

Section 2.1. Authorization of Improvement Area #3 Bonds.

(a) There are hereby authorized to be issued and secured hereunder from time to time, pursuant to one or more Supplemental Indentures, in one more or more series or subseries, Improvement Area #3 Bonds for the purpose of (i) paying a portion of the Actual Costs of Improvement Area #3 Projects, (ii) paying capitalized interest on the Improvement Area #3 Bonds as set forth in a Supplemental Indenture, (iii) funding the Reserve Account of the Reserve Fund, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds. The Improvement Area #3 Bonds shall be issued for the purposes above or for such other purposes described in the Supplemental Indentures pursuant to which Improvement Area #3 Bonds are issued. No Improvement Area #3 Bonds shall be issued under this Master Indenture unless they are part of an issue described in a Supplemental Indenture and until the conditions contained in Section 2.2 have been satisfied.

(b) The terms and provisions of each series of Improvement Area #3 Bonds shall be set forth in a Supplemental Indenture authorizing the issuance of such series of Improvement Area #3 Bonds. Improvement Area #3 Bonds issued hereunder may be payable from and secured by a first and senior lien on the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate, as prescribed in the Supplemental Indenture authorizing the issuance thereof.

Section 2.2. Conditions Precedent to Issuance of Improvement Area #3 Bonds.

(a) Each series of Improvement Area #3 Bonds shall be issued and delivered only upon delivery to the Trustee of the following:

(i) Certified copy of a Supplemental Indenture authorizing the issuance thereof and specifying the terms and provisions of such Improvement Area #3 Bonds as required by this Master Indenture;

(ii) A City Certificate stating that (i) all conditions precedent to the issuance of the Improvement Area #3 Bonds specified in this Master Indenture and in any

Supplemental Indenture have been satisfied, and (ii) the City is not in default in any covenant, representation, warranty or provisions of this Master Indenture or of any Supplemental Indenture unless such default will be cured by the issuance of the proposed Improvement Area #3 Bonds; and

(iii) A City Certificate executed by an Authorized Officer of the City directing the application of the proceeds of the Improvement Area #3 Bonds.

(b) No Improvement Area #3 Bonds shall be issued pursuant to a Supplemental Indenture unless the value to lien ratio of the Improvement Area #3 Assessments to the value of the Improvement Area #3 Assessed Property for each series of Improvement Area #3 Bonds equals at least 3:1, unless this requirement is expressly waived by action of the City Council.

Section 2.3. Other Encumbrances Prohibited.

Except for the pledge of the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate to the payment of the Improvement Area #3 Bonds, the Pledged Revenues and Pledged Funds and Accounts in the Trust Estate shall not be pledged or encumbered to or for the payment of any other obligation or liability of the City.

ARTICLE 3

PURPOSES, PLEDGE AND SECURITY

Section 3.1. Purposes of Master Indenture, Contract with Owners.

(a) The purposes of this Master Indenture are to establish a lien and the security for, and to prescribe the minimum standards for the issuance, execution and delivery of, the Improvement Area #3 Bonds and to prescribe the general rights of the Owners, the City and the Trustee in relation thereto.

(b) In consideration of the purchase and acceptance of any or all of the Improvement Area #3 Bonds by those who shall purchase and hold the same from time to time, the provisions of this Master 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.

Section 3.2. Confirmation of Assessments.

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

Section 3.3. Collection and Enforcement of Assessments.

(a) For so long as any Improvement Area #3 Bonds are Outstanding and amounts are due the Developer to reimburse it for its funds it has contributed to pay costs of the Improvement Area #3 Projects, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof

enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

Section 3.4. Against Encumbrances.

(a) Other than Improvement Area #3 Bonds issued pursuant to the term of this Master Indenture, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Trust Estate, or upon any other property pledged under this Master Indenture, except the pledge created for the security of the Improvement Area #3 Bonds, and other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #3 Bonds.

(b) So long as Improvement Area #3 Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness, other than Improvement Area #3 Bonds authorized as set forth herein, and bonds issued to refund all or a portion of the Improvement Area #3 Bonds, secured by any pledge of or other lien or charge on the Trust Estate pledged under this Master Indenture, other than a lien or pledge subordinate to the lien and pledge of such property related to the Improvement Area #3 Bonds.

Section 3.5. Pledge and Security; Assignment to Trustee.

(a) The City hereby irrevocably pledges to the payment of Improvement Area #3 Bonds, (i) the Pledged Revenues in the Trust Estate and (ii) the Pledged Funds and Accounts in the Trust Estate, such pledge being specifically made to (A) the payment of Annual Debt Service on all Improvement Area #3 Bonds, which are or may be Outstanding from time to time, and (B) the establishment and maintenance of any other special trust funds or accounts which are ordered to be created by a Supplemental Indenture, at the times and for the periods and purposes provided in a Supplemental Indenture or in this Master Indenture.

(b) The provisions, covenants, pledge and lien on and against the Pledged Revenues and Pledged Funds and Accounts on the basis, and in the manner as herein set forth, are established and shall be for the equal benefit, protection and security of the Owners of Improvement Area #3 Bonds, but solely as their rights and interests may appear according to the lien thereon, and to the Persons to whom Annual Collection Costs are owed, due and payable, without distinction as to priority and rights under this Master Indenture.

(c) The Improvement Area #3 Bonds, including interest payable thereon, and all Annual Collection Costs shall constitute limited and special obligations of the City, payable solely

from, and secured solely by a pledge of and lien on, the Pledged Revenues and Pledged Funds and Accounts and not from any other revenues, properties or income of the City. It is provided, however, that the City, in a Supplemental Indenture, may set aside revenues or money of the City that do not constitute Pledged Revenues additional security for and in favor of less than all of the Improvement Area #3 Bonds that are Outstanding from time to time under this Master Indenture. Improvement Area #3 Bonds and Annual Collection Costs shall not constitute debts or obligations of the State or of the City, except to the extent provided in this Master Indenture or a Supplemental Indenture, and the Owners and Persons to whom Annual Collection Costs are owed shall never have the right to demand payment out of any funds raised or to be raised by any system of ad valorem taxation.

(d) For the purpose of further supporting the pledge and lien herein created, the City hereby GRANTS, CONVEYS, PLEDGES, TRANSFERS, SETS OVER and ASSIGNS to the Trustee all of the Pledged Revenues and Pledged Funds and Accounts, in trust for the benefit of the Owners as their rights and interests may appear. It is provided, however, that the Pledged Revenues and Pledged Funds and Accounts shall be received, deposited, held, used and applied strictly in accordance with and subject to the terms and provisions of this Master Indenture and all Supplemental Indentures.

(e) The City hereby irrevocably appoints the Trustee as its lawful agent and attorney-in-fact, for the purpose of performing those duties which consist of receiving the Pledged Revenues. The power of attorney herein conferred and the agency herein created is granted for valuable consideration and is irrevocable for so long as all or any part of the Improvement Area #3 Bonds remain Outstanding or Annual Collection Costs remain unpaid. In addition, it is intended that the power of attorney herein conferred be coupled with an interest, and in furtherance thereof the City and the Trustee confirm their specific, present and co-existing interest in the Pledged Revenues and Pledged Funds and Accounts.

Section 3.6. Security Agreement.

(a) This Master Indenture, certified and delivered to and accepted by the Trustee, is and shall continuously be and constitute a security agreement establishing a first lien and security interest in the Pledged Revenues and Pledged Funds and Accounts pursuant to Applicable Law, with the Trustee as the secured party. The grants, assignments, lien, pledge and security interest of the Trustee created herein on and against the Pledged Revenues and Pledged Funds and Accounts, shall become effective immediately upon and from the time of payment for and delivery of each series of Improvement Area #3 Bonds and the same shall be continuously effective for so long as any Improvement Area #3 Bonds are Outstanding or Annual Collection Costs are unpaid.

(b) Such grants, assignments, lien, pledge and security interest shall be fully effective as to Pledged Revenues and Pledged Funds and Accounts on hand, and all Pledged Revenues shall be subject thereto on and as of the day or date on which they are owed to or collected by any party for the account of the City.

(c) The City shall keep a full and complete copy of this Master Indenture, of each Supplemental Indenture, and their authorizing proceedings at all times among the permanent records of the City. Such records shall be open for inspection to any member of the general public

and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the City, at all times during regular business hours.

(d) The provisions required by subsections (a), (b) and (c) of this Section are included, provided, required and made herein pursuant to the requirements of, and with the effect stated in, Chapters 1201 and 1208, Texas Government Code, as amended. Should any other Applicable Law, in the opinion of counsel to the City, ever require filings additional to the filing required by subsection (c) of this Section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest created herein as to all Improvement Area #3 Bonds, then the City shall diligently and regularly make such filings to the extent required by law to accomplish such result.

Section 3.7. Security for the Bonds.

The Improvement Area #3 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 Pledged Revenues 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 Master Indenture or any other act; all as provided in Texas Government Code, Chapter 1208, as amended, which applies to the issuance of the Improvement Area #3 Bonds and the pledge of the Pledged Revenues granted by the City under this Master Indenture, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Improvement Area #3 Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Master Indenture is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the 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 3.8. Limited Obligations.

The Improvement Area #3 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 Improvement Area #3 Bonds and any other obligations incurred by the City under the terms of this Master Indenture or a Supplemental 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 3.9. Authorization for Master Indenture.

The terms and provisions of this Master 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 Master Indenture is necessary to carry out and effectuate the purposes set forth in the preambles of this Master Indenture and that each and every covenant or agreement herein contained and made is

necessary, useful or convenient in order to better secure the Improvement Area #3 Bonds and is a contract or agreement necessary, useful and convenient to carry out and effectuate the purposes herein described.

Section 3.10. Contract with Owners and Trustee.

(a) The purposes of this Master 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 Master 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 4

TERMS, PROVISIONS AND AUTHENTICATION OF IMPROVEMENT AREA #3 BONDS

Section 4.1. Form and Denominations.

Subject to the provisions of any Supplemental Indenture, Improvement Area #3 Bonds may be issued and executed in any form and manner permitted by Applicable Law and this Master Indenture. The form of the Improvement Area #3 Bonds shall be substantially in the form set forth in or provided for in a Supplemental Indenture.

Section 4.2. Title, Legends.

Each Improvement Area #3 Bond shall be entitled as specified in a Supplemental Indenture and may, in addition, contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions of this Master Indenture or any Supplemental Indenture as may be necessary or desirable to comply with Applicable Law or custom or otherwise as may be determined by the City Council prior to the delivery thereof. All Improvement Area #3 Bonds of a series or subseries shall bear such further designation or designations, added to or incorporated in their title, as may be necessary to distinguish them from the Improvement Area #3 Bonds of every other series or subseries. Improvement Area #3 Bonds shall be lettered or otherwise differentiated so as to distinguish each series or subseries.

Section 4.3. Medium of Payment.

The Annual Debt Service on the Improvement Area #3 Bonds shall be payable in any coin or currency of the United States of America that, on the respective dates of payment, is legal tender for the payment of public and private debts.

Section 4.4. Improvement Area #3 Bonds Terms.

Subject to the provisions hereof, Improvement Area #3 Bonds shall be dated, shall mature and be payable on such dates and in such years and amounts, shall bear interest at the rate or rates and in the manner, and shall be subject to redemption on such terms and conditions as is specified in the Supplemental Indenture authorizing their issuance.

Section 4.5. Appointment of Initial Paying Agent/Registrar.

(a) The Trustee is hereby appointed as the initial Paying Agent/Registrar for the Improvement Area #3 Bonds. The City may appoint a different Paying Agent/Registrar with respect to one or more series of Improvement Area #3 Bonds. At all times while any Improvement Area #3 Bonds are Outstanding, the City will maintain a Paying Agent/Registrar with respect to each series of Improvement Area #3 Bonds that is qualified under this Master Indenture. If the Trustee is not the Paying Agent/Registrar with respect to a series of Improvement Area #3 Bonds, the City Representative is hereby authorized and directed to execute a Paying Agent/Registrar Agreement with each Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

(b) Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas or the United States, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Improvement Area #3 Bonds.

(c) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Improvement Area #3 Bonds.

(d) The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Improvement Area #3 Bonds.

(e) Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

(f) By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Master Indenture and the Supplemental Indentures pursuant to which the Improvement Area #3 Bonds are issued and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

(g) If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other

pertinent books and records relating to the Improvement Area #3 Bonds to the successor Paying Agent/Registrar.

Section 4.6. Owner of the Improvement Area #3 Bonds.

The City and each Paying Agent/Registrar may deem and treat the person in whose name any Improvement Area #3 Bonds are registered as the absolute owner of such Improvement Area #3 Bond, whether such Improvement Area #3 Bond shall be overdue or not, for the purpose of receiving payment of or on account of, the principal, and Redemption Price, if any, of, and interest on, such Improvement Area #3 Bond and for all other purposes, and all payments made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such obligation to the extent of the sum or sums so paid, and neither the City, nor any Paying Agent/Registrar shall be affected by a notice to the contrary.

Section 4.7. Execution and Authentication of Improvement Area #3 Bonds.

(a) Each Improvement Area #3 Bond shall be executed in the name of the City by the manual or facsimile signature of the Mayor of the City and the City's official seal shall be affixed, imprinted, engraved or otherwise reproduced thereon and attested by the manual or facsimile signature of the City Secretary of the City.

(b) In case any officer who has executed any of the Improvement Area #3 Bonds ceases to be such officer before the Improvement Area #3 Bonds so signed or attested have been authenticated and delivered, such Improvement Area #3 Bonds may nevertheless be authenticated and delivered as if the person who so signed or attested such Improvement Area #3 Bonds had not ceased to be such officer. Any Improvement Area #3 Bond may be signed or attested on behalf of the City by any person who, on the date of such act, holds the proper office, notwithstanding that at the date of such Improvement Area #3 Bond such person may not have held such office.

(c) Improvement Area #3 Bonds shall be authenticated in the manner specified in the Supplemental Indenture authorizing the issuance thereof.

Section 4.8. Improvement Area #3 Bonds in Certificated or Book-Entry-Only Form.

The Improvement Area #3 Bonds shall be issued in fully registered form, and may be issued in Book-Entry-Only form or certificated form, as specified in the Supplemental Indenture authorizing the issuance thereof.

ARTICLE 5

FUNDS AND ACCOUNTS

Section 5.1. Establishment of Funds and Accounts.

(a) Creation of Funds. The following Funds are hereby created and established under this Master Indenture:

- (1) Pledged Revenue Fund;

- (2) Bond Fund;
- (3) Project Fund;
- (4) Reserve Fund;
- (5) Redemption Fund;
- (6) Rebate Fund;
- (7) Improvement Area #3 Reimbursement Fund; and
- (8) Administrative Fund

(b) Creation of Accounts.

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

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

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

- (A) Improvement Account; and
- (B) Costs of Issuance Account.

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

- (A) Reserve Account; and
- (B) Additional Interest Reserve Account.

(c) Each Fund and 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 Improvement Area #3 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 Master Indenture shall be applied or withdrawn for the purposes of such Fund or Account as specified in Section 5.12.

Section 5.2. Pledged Revenue Fund.

(a) On or before February 15th provided that Pledged Revenues have been received by the City, or if not, then as soon available, of each year while the Improvement Area #3 Bonds are Outstanding, beginning February 15, 2023, 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 of Annual Collection Costs and Delinquent Collection Costs, which shall be deposited pursuant to Section 5.8) 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 5.2(d) the Pledged Revenues shall be deposited to the Pledged Revenue Fund to be used in the following order of priority:

(1) first, unless otherwise directed by a Supplemental Indenture, to be retained in the Pledged Revenue Fund amounts sufficient to pay Annual Debt Service on the Improvement Area #3 Bonds coming due in the current Bond Year, as described in Section 5.3(b);

(2) second, unless otherwise directed by a Supplemental Indenture, to the Reserve Account in an amount to cause the amount in the Reserve Account to equal the Reserve Account Requirement as described in Section 5.6.

(3) third, unless otherwise directed by a Supplemental Indenture, amounts representing Additional Interest to the Additional Interest Reserve Account of the Reserve Fund in an amount equal to the Additional Interest Reserve Requirement;

(4) fourth, to the Improvement Area #3 Reimbursement Fund in amounts and for the time period set forth in the Amended and Restated Service and Assessment Plan and for the annual reimbursement of Actual Costs of Improvement Area #3 Projects pursuant to the Reimbursement Agreement as set forth in the Amended and Restated Service and Assessment Plan; and

(5) fifth, unless otherwise directed by a Supplemental Indenture, in accordance with the written direction of the City, to pay other costs permitted by the PID Act.

Notwithstanding the foregoing, if any funds remain on deposit in the Pledged Revenue Fund after the transfers required by clauses (1) through (4) 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 Improvement Area #3 Bonds as provided in Article 4. 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 5.3(d) as Additional Interest, Prepayments or Foreclosure Proceeds.

(b) From time to time as needed to pay the obligations relating to the Improvement Area #3 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 and any expected transfers from the Capitalized Interest Account to the Principal and Interest Account to be deposited pursuant to Section 5.3(d), 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 Improvement Area #3 Bonds on the next Interest Payment Date.

(c) If, after the foregoing transfers and any transfer from the Reserve Fund as provided in Section 5.7, there are insufficient funds to make the payments provided in paragraph (b) above, the Trustee shall apply the available funds in the Principal and Interest Account first to the payment of interest, then to the payment of principal (including any Sinking Fund Installments) on the Improvement Area #3 Bonds, in the same manner as described in Section 9.4(a).

(d) Notwithstanding Section 5.2(a) above:

(1) the Trustee shall deposit Additional Interest to the Pledged Revenue Fund and shall transfer all or a portion of such Additional Interest to the Additional Interest Reserve Account as set forth in 5.2(a) and as otherwise directed by Section 5.7; and

(2) the Trustee shall deposit within two (2) business days Prepayments to the Pledged Revenue Fund and after such deposit shall transfer such Prepayments to the Redemption Fund;

(3) the Trustee shall deposit within two (2) business days Foreclosure Proceeds to the Pledged Revenue Fund and after such deposit shall transfer Foreclosure Proceeds as directed in a City Certificate (i) first to restore any transfers from the Reserve Account of the Reserve Fund made with respect to the Assessed Property to which the Foreclosure Proceeds relate (up to the Reserve Account Requirement) and (ii) second, to restore any transfers from the Additional Interest Reserve Account made with respect to the Assessed Property to which the Foreclosure Proceeds relate, (up to the Additional Interest Reserve Requirement), and (iii) third, 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 Additional Interest Reserve Account of the Reserve Fund until the Additional Interest Reserve Requirement is met and then to the Administrative Fund.

(e) After satisfaction of the requirements to (i) provide for the payment of the principal and interest on the Improvement Area #3 Bonds and (ii) to fund any deficiency that may exist in the Reserve Fund (including the funding of the Additional Interest Reserve Account), the City may direct the Trustee by City Certificate to apply Assessments for any lawful purposes permitted by the PID Act for which Assessments may be paid, including the payment of any amount owed pursuant to the Reimbursement Agreement, as set forth in a Supplemental Indenture.

(f) Assessments representing Delinquent Penalties and Interest (as identified to the Trustee in writing) shall be deposited first to the Additional Interest Reserve Account of the Reserve Fund up to the Additional Interest Reserve Requirement until the Additional Interest Reserve Account Reserve Requirement is met and then to the Administrative Fund.

(g) Any Assessments remaining after satisfying the foregoing payments may be used for any lawful purpose for which 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 5.3. 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 Improvement Area #3 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 Additional Interest Reserve Account of the Reserve Fund and *second* from the 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 Improvement Account of the Project Fund or to the Redemption Fund to be used to redeem Improvement Area #3 Bonds, and the Capitalized Interest Account shall be closed.

Section 5.4. Project Fund.

(a) Money on deposit in the Improvement Account and Costs of Issuance Account of the Project Fund shall be used for the purposes specified in Section 2.1.

(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 Improvement Area #3 Bonds pursuant to one or more City Certificates or pursuant to a closing memo prepared by the City's financial advisor at closing of each series of Improvement Area #3 Bonds. Moneys disbursed to the Developer at closing to pay for the costs of creating the District shall be paid pursuant to a Closing Disbursement Request. Any funds in the Costs of Issuance Account not needed to pay costs of issuance shall be transferred to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #3 Projects or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #3 Bonds, as directed by the City.

(c) If the City Representative determines in his or her sole discretion that amounts then on deposit in the Improvement Account are not expected to be expended for purposes thereof due to the abandonment, or constructive abandonment, of the Improvement Area #3 Projects, such that, in the opinion of the City Representative, it is unlikely that the amounts in the 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 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 Improvement Account shall be transferred to the Redemption Fund to redeem Improvement Area #3 Bonds on the earliest practicable date after notice of redemption has been provided in accordance with this Master Indenture and the Improvement Account shall be closed.

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

(e) Upon the filing of a City Certificate stating that all Improvement Area #3 Projects have been completed and that all Actual Costs have been paid, or that any such costs are not required to be paid from the 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 Improvement Account of the Project Fund.

(f) 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 as directed by the City in a City Certificate filed with the Trustee, and the Costs of Issuance Account shall be closed. If such City Certificate is so filed, the amounts on deposit in the Costs of Issuance Account shall be transferred, as directed by the City, to (i) the Improvement Account of the Project Fund and used to pay Actual Costs of the Improvement Area #3 Projects or (ii) to the Principal and Interest Account of the Bond Fund and used to pay interest on the Improvement Area #3 Bonds.

Section 5.5. Redemption Fund.

(a) Subject to adequate amounts on deposit in the Pledged Revenue Fund, amounts on deposit in the Redemption Fund shall be used and withdrawn by the Trustee to redeem Bonds pursuant to redemption provisions as provided a Supplemental Indenture.

(b) The Trustee shall cause to be deposited to the Redemption Fund from Prepayments and Foreclosure Proceeds received by the Trustee, an amount sufficient to redeem Improvement Area #3 Bonds as provided in a Supplemental Indenture. 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 Improvement Area #3 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Additional Interest Reserve Account, transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #3 Bonds.

(c) The Trustee shall, to the extent sufficient funds are available from the Pledged Revenues received by the Trustee and not otherwise disbursed in accordance with the provisions of this Master Indenture, cause to be deposited to the Redemption Fund from Pledged Revenues

and pursuant to any transfers made pursuant to Section 5.5, an amount sufficient to redeem Improvement Area #3 Bonds as provided in a Supplemental Indenture at the direction of the City.

Section 5.6. Reserve Account.

(a) The City agrees with the Owners of the Improvement Area #3 Bonds to accumulate, and when accumulated, maintain in the Reserve Account, an amount equal to not less than the Reserve Account Requirement. Subject to subsection (c) below, all amounts deposited in the Reserve Account of the Reserve Fund shall be used and withdrawn by the Trustee for the purpose of making transfers to the Principal and Interest Account of the Bond Fund 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 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 Reserve Account exceeds the 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 5.12(d)), as set forth in the City Certificate. The excess amounts transferred from the Reserve Account to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #3 Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #3 Bond proceeds (including investment earnings on such proceeds).

(d) At the final maturity of the Improvement Area #3 Bonds, the amount on deposit in the Reserve Account shall be transferred to the Principal and Interest Account or the Redemption Fund, as applicable, and applied to the payment of the principal of the Improvement Area #3 Bonds.

(e) If, after a Reserve Account withdrawal, the amount on deposit in the Reserve Account is less than the Reserve Account Requirement, the Trustee shall transfer from the Pledged Revenue Fund to the Reserve Account the amount of such deficiency, in accordance with Section 5.2, 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 Improvement Area #3 Bonds, the amount on deposit in the Reserve Account and the Additional Interest Reserve Account shall be transferred to the Principal and Interest Account and applied to the payment of the principal of the Improvement Area #3 Bonds.

(g) If the amount held in the Reserve Account, together with the amounts held in the Pledged Revenue Fund, Principal and Interest Account of the Bond Fund and the Redemption Fund, is sufficient to pay the principal amount of all Outstanding Improvement Area #3 Bonds on the next Interest Payment Date, together with the unpaid interest accrued on such Improvement

Area #3 Bonds as of such Interest Payment Date, the moneys shall be transferred to the Redemption Fund and thereafter used to redeem all Improvement Area #3 Bonds as of such Interest Payment Date.

(h) Whenever Improvement Area #3 Bonds are to be redeemed with the proceeds of Prepayments, a proportionate amount in the 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 Improvement Area #3 Bonds as detailed in a City Certificate. The amount so transferred from the Reserve Account shall be equal to an amount representing the difference between (i) the lesser of (A) the Reserve Account Requirement prior to redemption and (B) the amount actually on deposit in the Reserve Account prior to redemption, and (ii) the Reserve Account Requirement after such redemption; provided, however, no such transfer from the Reserve Account shall cause the amount on deposit therein to be less than the Reserve Account Requirement to be in effect after such redemption. If after such transfer, and after applying investment earnings on the Prepayment toward payment of accrued interest on the Improvement Area #3 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 Improvement Area #3 Bonds to be redeemed as a result of such Prepayment, the Trustee shall, to the extent sufficient funds are available in the Additional Interest Reserve Account, transfer an amount equal to the shortfall from the Additional Interest Reserve Account to the Redemption Fund to be applied to the redemption of the Improvement Area #3 Bonds.

Section 5.7. Additional Interest Reserve Account.

(a) In addition to the initial deposit to the Additional Interest Reserve Account of the Reserve Fund as set forth in a Supplemental Indenture, Additional Interest shall be deposited to the Additional Interest Reserve Account of the Reserve Fund pursuant to Section 5.1 until such time that the amount on deposit in the Additional Interest Reserve Account is at least equal to the Additional Interest 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 Additional Interest Reserve Account exceeds the Additional Interest 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 Additional Interest Reserve Account to (i) the Reserve Account to restore any deficiency in the Reserve Account up to the Reserve Account Requirement, (ii) the Administrative Fund for payment of Annual Collection Costs (in compliance with Section 5.12(d)), or (iii) to the Redemption Fund to be used to redeem Improvement Area #3 Bonds as set forth in a Supplemental Indenture. The excess amounts transferred from the Additional Interest Reserve Account of the Reserve Fund to the Administrative Fund will be presumed to have been transferred, first, from sources other than Improvement Area #3 Bond proceeds (including investment earnings on such proceeds) and, second, from amounts that are Improvement Area #3 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 Additional Interest 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 Additional Interest 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 Improvement Area #3 Bonds are to be redeemed with the proceeds of Prepayments, if there are insufficient funds in the Redemption Fund from such Prepayments to redeem the Bonds on their redemption date, the Trustee shall, to the extent sufficient funds are available in the Additional Interest Reserve Account, transfer funds from the Additional Interest Reserve Account to the Redemption Fund in the amount of the deficiency and such funds shall be used to redeem Improvement Area #3 Bonds.

Section 5.8. Rebate Fund.

(a) Amounts on deposit in the Rebate Fund shall be used solely for the purpose of paying amounts due the United States Government in accordance with the Code. The Rebate Fund shall not be part of the Trust Estate and is not security for the Improvement Area #3 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 5.11 . 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 as long as the Trustee's actions are pursuant to the City's written direction.

(c) The Trustee conclusively shall be deemed to have complied with the provisions of this Section and the provisions of a supplemental indenture relating to tax-exempt covenants 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 or in a Supplemental Indenture in the absence of written instructions from the City.

(d) If, on the date of each calculation of a rebate made pursuant to the provisions of a supplemental indenture, 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 Principal and Interest Account of the Bond Fund.

Section 5.9. 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 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 Improvement Area #3 Bonds.

(c) In accordance with Section 7.6, 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 ten (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 5.10. Improvement Area #3 Reimbursement Fund.

Money on deposit in the Improvement Area #3 Reimbursement Fund shall be used to reimburse the Developer for Actual Costs of Improvement Area #3 Improvements as set forth in the Amended and Restated Service and Assessment Plan and the Reimbursement Agreement.

Section 5.11. Investment of Funds.

(a) Money in any Fund established pursuant to this Master 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 Master Indenture. Such investments shall be valued each year in terms of current market value as of September 30 and on each Interest Payment Date (for the purpose of determining excess funds pursuant to Section 5.6(c) and 5.7(a)). 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. In the absence of investment instructions from the City, the Trustee shall hold monies held by it uninvested. Any obligations purchased as an investment of moneys in any Fund shall be deemed to be part of such Fund or Account, subject, however, to the requirements of this Master Indenture for transfer of interest earnings and profits resulting from investment of amounts in Funds and Accounts.

(b) 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 approved by the City 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 or whether

investments comply with Section 5.11(a) above, and may conclusively rely on the City's written instructions of the directed investments.

(c) 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 Master Indenture.

(d) 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 will be provided if no activity occurred during such month, so long as the Trustee is providing such online access.

(e) The Trustee may conclusively rely on City Certificates pursuant to Section 5.11(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 5.12. 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 on a monthly basis.

(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 Reserve Account and Additional Interest Reserve Account of the Reserve Fund shall be credited to such Accounts.

(d) The cumulative amount of any Improvement Area #3 Bond proceeds (including investment earnings on such proceeds) that are transferred to the Administrative Fund pursuant to the provisions of this Master Indenture and subsequently used for the payment of operating costs directly relating to the Improvement Area #3 Projects will not exceed 5% of sale proceeds of the series of Improvement Area #3 Bonds to which such proceeds relate. Any City Certificate requesting transfer of bond proceeds and investment earnings to the Administrative Fund shall certify that the funds transferred are not in excess of the limits set forth in this section.

Section 5.13. Security of Funds.

All Funds heretofore created or reaffirmed, to the extent not invested as herein permitted, shall be secured in the manner and to the fullest extent required by law for the security of public funds, and such Funds shall be used only for the purposes and in the manner permitted or required by this Master Indenture.

ARTICLE 6

LIABILITY OF CITY

Section 6.1. Liability of City.

(a) The City shall not incur any responsibility in respect of the Improvement Area #3 Bonds or this Master Indenture other than in connection with the duties or obligations explicitly herein or in the Improvement Area #3 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 Improvement Area #3 Bonds, or as to the existence of a default or event of default thereunder.

(b) 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 Master 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.

(c) No provision of this Master Indenture, the Improvement Area #3 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 Improvement Area #3 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.

(d) 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 Improvement Area #3 Bonds by mandamus or other proceeding at law or in equity.

(e) 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.

(f) Whenever in the administration of its duties under this Master 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 Master 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.

(g) 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 7

THE TRUSTEE

Section 7.1. Trustee as Registrar and Paying Agent.

The Trustee hereby accepts and agrees to execute the respective trusts imposed upon it by this Indenture, but only upon the expressed terms and conditions, and subject to the provisions of this Indenture to all of which the parties hereto and the respective Owners of the Bonds agree. No implied covenants or obligations shall be read into this Indenture against the Trustee. The Trustee is hereby designated and agrees to act as Paying Agent/Registrar for and with respect to the Improvement Area #3 Bonds.

Section 7.2. Trustee Entitled to Indemnity.

The Trustee shall be under no obligation to institute any suit, or to undertake any proceeding under this Master 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 Improvement Area #3 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 first from the Pledged Revenue Fund, then from 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 Improvement Area #3 Bonds Outstanding hereunder.

Section 7.3. Responsibilities of the Trustee.

The Trustee accepts the trusts imposed upon it by this Master 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 Master 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 Master 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 Master 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 Master 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 Master 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 Master Indenture;

(4) no provision of this Master 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; and

(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 8.5 or subparagraphs (d)-(s) of this Section, or otherwise provided for in this Master Indenture.

Whether or not therein expressly so provided, every provision of this Master 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 7.

(d) The recitals contained in this Master 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 Master Indenture or the Improvement Area #3 Bonds or with respect to the security afforded by this Master Indenture, and the Trustee shall incur no liability with respect thereto. Except as otherwise expressly provided in this Master Indenture, the Trustee shall have no responsibility or duty with respect to: (i) the issuance of Improvement Area #3 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 Master 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 Master Indenture.

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

(f) The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Master 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 Master Indenture for the existence, furnishing or use of the Improvement Area #3 Projects.

(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 Improvement Area #3 Bonds, the Trustee shall not be responsible for:

- (1) the validity, priority, recording, re-recording, filing, or re-filing of this Master 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 #3 Projects or collection of insurance money,
- (5) the validity of the execution by the City of this Master Indenture, any Supplemental Indenture, or instruments or documents of further assurance, or
- (6) the sufficiency of the security for the Improvement Area #3 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 Improvement Area #3 Bonds authenticated or delivered hereunder.

(j) The Trustee 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, including a request by the City from an Authorized Officer or a City Certificate or by the Owners of more than 50% of the aggregate outstanding principal amount of the Improvement Area #3 Bonds, so long as authorized pursuant to this Master Indenture. Any action taken by the Trustee pursuant to this Master Indenture upon the direction, request, authority or consent of any Person who is the Owner of any Improvement Area #3 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 Improvement Area #3 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 9.1(1) only to the extent that no Pledged Revenues have been deposited by the City to the Pledged Revenue Fund, and Section 9.1(3), 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 Improvement Area #3 Bonds referring to this Master 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 in this subsection.

(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 Master 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 administrative expenses in bankruptcy.

(o) The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Master 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 Master Indenture, and final payment of the Improvement Area #3 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 Improvement Area #3 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 Improvement Area #3 Bonds.

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

(s) The Trustee shall not be responsible or liable for the environmental condition or any contamination of the Improvement Area #3 Projects 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 #3 Projects 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.

Section 7.4. Property Held in Trust.

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

Section 7.5. Trustee Protected in Relying on Certain Documents.

The Trustee may conclusively rely upon any order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond opinion, or other document provided to the Trustee in accordance with the terms of this Master 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 Master 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 Master 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 Master 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 Master Indenture, or otherwise to the giving to any Person of notice of the provisions hereof except as expressly required in Section 7.13.

Section 7.6. Compensation.

From time to time, the Trustee shall determine and the Trustee shall provide the City Representative with an invoice setting forth the reasonable compensation for all services rendered by it hereunder, including its services as Paying Agent/Registrar, together with all its reasonable expenses, charges, and other disbursements and those of its counsel, agents and employees, incurred in and about the administration and execution of the trusts hereby created and the exercise of its powers and the performance of its duties hereunder, subject to any limit on the amount of such compensation or recovery of expenses or other charges as shall be prescribed by a specific agreement, if any, and the Trustee shall have a first lien on the Trust Estate. Unless written objection is made invoice received by the City within ten (10) days of its delivery to the City, the

Trustee shall transfer from the Administrative Fund the amount set forth thereon. None of the provisions contained in this Master 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 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 Master Indenture (other than funds designated by the City for arbitrage rebate purposes) in its possession under the provisions of this Master Indenture and shall be entitled to a preference therefor over any Improvement Area #3 Bonds Outstanding hereunder.

Section 7.7. 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 Improvement Area #3 Bonds and may join in any action that any Owner of Improvement Area #3 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 Improvement Area #3 Bonds or to effect or aid in any reorganization growing out of the enforcement of the Improvement Area #3 Bonds or this Master Indenture, whether or not such committee shall represent the holders of a majority in aggregate outstanding principal amount of the Improvement Area #3 Bonds. 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 liable for any permissive actions taken except as a consequence of its own answerable for other than its own negligence or willful misconduct.

Section 7.8. 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 7.9 or the appointment of a successor trustee by a court of competent jurisdiction pursuant to Section 7.9 and the acceptance of such appointment by such successor.

Section 7.9. 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 Improvement Area #3 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. 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 Master 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 Improvement Area #3 Bonds.

Section 7.10. Successor Trustee.

If the Trustee shall resign, be removed, be dissolved, or become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator, or conservator of the Trustee or of its property shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of the Trustee hereunder shall thereupon become vacant.

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 after any such vacancy shall have occurred by the Owners of at least twenty-five percent (25%) of the aggregate outstanding principal of the Improvement Area #3 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 Improvement Area #3 Bonds, the City shall forthwith 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 Improvement Area #3 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 Improvement Area #3 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 7.8 or after the occurrence of any other event requiring or authorizing such appointment, the Trustee or any Owner of Improvement Area #3 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 duties and obligations of such predecessor Trustee shall thereafter cease and terminate, and the payment of the fees and expenses owed to the predecessor Trustee shall be paid in full.

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 Master Indenture.

Each successor trustee shall mail, in accordance with the provisions of the Improvement Area #3 Bonds, notice of its appointment to any rating agency which, at the time of such appointment, is providing a rating on the Improvement Area #3 Bonds, and each of the Owners of the Improvement Area #3 Bonds.

Section 7.11. Transfer of Rights and Property to Successor Trustee.

Any successor trustee appointed under the provisions of Section 7.10 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 7.12. 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 7.10, or a trust company that is a wholly-owned subsidiary of any of the foregoing.

Section 7.13. 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 Master 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 Improvement Area #3 Bonds then Outstanding or their representatives duly authorized in writing.

Section 7.14. Construction of Master Indenture.

The Trustee may construe any of the provisions of this Master 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 Improvement Area #3 Bonds.

Section 7.15. Offering Documentation.

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 Improvement Area #3 Bonds and shall have no responsibility for compliance with any State or federal securities laws in connection with the Improvement Area #3 Bonds.

Section 7.16. Expenditure of Funds at Risk.

None of the provisions of this Indenture shall require the Trustee to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of its rights or powers if the Trustee shall have reasonable grounds for believing that the repayment of such funds or indemnity against such risk or liability is not assured.

ARTICLE 8

MODIFICATION OR AMENDMENT OF THIS MASTER INDENTURE

Section 8.1. Amendments Permitted.

(a) This Master Indenture and the rights and obligations of the City and of the Owners of the Improvement Area #3 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 Improvement Area #3 Bonds, or with the written consent without a meeting, of the Owners of at a majority of the aggregate principal amount of the Improvement Area #3 Bonds then Outstanding. No such modification or amendment shall (i) extend the maturity of any Improvement Area #3 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 Improvement Area #3 Bond, without the express consent of the Owner of such Improvement Area #3 Bond, (ii) permit the creation by the City of any pledge or lien upon the Pledged Revenues superior to the pledge and lien created for the benefit of the Improvement Area #3 Bonds, (iii) except as otherwise permitted by this Indenture, permit the creation by the City of any pledge or lien upon the Trust Estate or on a parity with the pledge and lien created for the benefit of the Improvement Area #3 Bonds (except as otherwise permitted by Applicable Laws or this Master Indenture), or (iv) reduce the percentage of Improvement Area #3 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 Master 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 Master 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 Improvement Area #3 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 Master Indenture, or in regard to questions arising under this Master Indenture, as the City may deem necessary or desirable and not inconsistent with this Master Indenture, and that shall not adversely affect the rights of the Owners of the Improvement Area #3 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 Improvement Area #3 Bonds.

(5) the Mayor and City Manager, in consultation with Bond Counsel, are authorized to make changes to the terms of this Master Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

(b) Notwithstanding, the issuance of Improvement Area #3 Bonds pursuant to a Supplemental Indenture in accordance with this Master Indenture is not an amendment of this Master Indenture requiring the approval of the Owners of Improvement Area #3 Bonds.

Section 8.2. Owners' Meetings.

The City may at any time call a meeting of the Owners of the Improvement Area #3 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 8.3. 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 Improvement Area #3 Bonds or of this Master Indenture, to the extent that such amendment is permitted by Section 8.1, 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, be mailed by the Trustee first class mail to each Owner of Improvement Area #3 Bonds from whom consent is required under this Master 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 Master Indenture and a notice shall have been mailed as hereinafter in this Section provided. Each such consent shall be effective only if accompanied by proof of ownership of the Improvement Area #3 Bonds for which such consent is given, which proof shall be such as is permitted by Section 8.6. Any such consent shall be binding upon the Owner of the Improvement Area #3 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 provided for in this Section has been mailed.

After the Owners of the required percentage of Improvement Area #3 Bonds shall have filed their consents to the Supplemental Indenture, the City shall mail a notice to the Owners in the manner 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 Improvement Area #3 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 8.3 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 specifically provided in this Article) upon the City and the Owners of all Improvement Area #3 Bonds at the expiration of ninety (90) days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such ninety-day period.

Section 8.4. Effect of Supplemental Indenture.

From and after the time any Supplemental Indenture becomes effective pursuant to this Article 8, this Master Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties, and obligations under this Master Indenture of the City, the Trustee and all Owners of Improvement Area #3 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 Master Indenture for any and all purposes.

Section 8.5. Endorsement or Replacement of Improvement Area #3 Bonds Issued After Amendments.

The City may determine that Improvement Area #3 Bonds issued and delivered after the effective date of any action taken as provided in this Article 8 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, a suitable notation shall be made on such Bond. The City may determine that new Improvement Area #3 Bonds, so modified as in the opinion of the City is necessary to conform to such Owner's action, shall be prepared, executed, and delivered. In that case, upon demand of the Owner of any Improvement Area #3 Bonds then Outstanding, such new Improvement Area #3 Bonds shall be exchanged at the designated office of the Trustee without cost to any Owner, for Improvement Area #3 Bonds then Outstanding, upon surrender of such Improvement Area #3 Bonds.

Section 8.6. Amendatory Endorsement of Improvement Area #3 Bonds.

The provisions of this Article 8 shall not prevent any Owner from accepting any amendment as to the particular Improvement Area #3 Bonds held by such Owner, provided that due notation thereof is made on such Improvement Area #3 Bonds.

Section 8.7. 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 Master 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 Master 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 Master Indenture or otherwise.

ARTICLE 9

DEFAULT AND REMEDIES

Section 9.1. 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 Assessments including the prosecution of foreclosure proceedings;
- (3) The failure to make payment of the principal of or interest on any of the Improvement Area #3 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 Master 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 a Quarter in Interest of the Improvement Area #3 Bonds with a copy to the Trustee, specifying such default by the Owners of a Quarter in Interest amount of the Improvement Area #3 Bonds at the time Outstanding requesting that the failure be remedied.

Section 9.2. Immediate Remedies for Default.

(a) Subject to Article 8, upon the happening and continuance of any of the Events of Default described in Section 9.1, the Owners of a Quarter in Interest of the Improvement Area #3 Bonds then Outstanding, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Master Indenture, by action seeking mandamus or by other suit,

action, or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief to the extent permitted by Applicable Laws, including, but not limited to, the specific performance of any covenant or agreement contained herein, or injunction; provided, however, that no action for money damages against the City may be sought or shall be permitted.

(b) THE PRINCIPAL OF THE IMPROVEMENT AREA #3 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 Improvement Area #3 Bonds, in the selection of Trust Estate assets to be used in the payment of Improvement Area #3 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. The Trustee shall have no liability for its selection of Trust Estate assets to liquidate or sell.

(d) Whenever moneys are to be applied pursuant to this Article 9, irrespective of and whether other remedies authorized under this Master 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 judgment of the Trustee, proper for the purpose which may be designated in such request.

Section 9.3. 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 Master 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 a Quarter in Interest of the Improvement Area #3 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 9.2, (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 Improvement Area #3 Bonds then Outstanding, and (vi) notice of such action, suit, or proceeding is given to the Trustee in writing; however, no one or more Owners of the Improvement Area #3 Bonds shall have any right in any manner whatsoever to affect, disturb, or prejudice this Master 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 Improvement Area #3 Bonds then Outstanding. The notification, request and furnishing of indemnity set forth above shall, at the option of the Trustee as advised by counsel, be conditions precedent to the execution of the powers and trusts of this Master Indenture and to any action or cause of action for the enforcement of this Master Indenture or for any other remedy hereunder.

(b) Subject to Article 7, nothing in this Master 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 Improvement Area #3 Bonds.

(c) In case the Trustee or any Owners shall have proceeded to enforce any right under this Master 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 9.4. Application of Revenues and Other Moneys After Default.

(a) All moneys, securities, funds and Pledged Revenues, Pledged Funds, or other assets of the Trust Estate and the income therefrom received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such amounts, the expenses (including its counsel fees, costs, and expenses), liabilities, and advances incurred or made by the Trustee and the fees of the Trustee in carrying out this Master Indenture, during the continuance of an Event of Default, notwithstanding Section 9.2, shall be applied by the Trustee, on behalf of the City, to the payment of interest and principal or Redemption Price then due on Improvement Area #3 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 Improvement Area #3 Bonds, or Redemption Price of any Improvement Area #3 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 Improvement Area #3 Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price 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 9.4.

(b) In the event funds are not adequate to cure any of the Events of Default described in Section 9.1, the available funds shall be allocated to the Improvement Area #3 Bonds that are Outstanding in proportion to the quantity of Improvement Area #3 Bonds that are currently due and in default under the terms of this Master Indenture.

(c) The restoration of the City to its prior position after any and all defaults have been cured, as provided in Section 9.3, shall not extend to or affect any subsequent default under this Master Indenture or impair any right consequent thereon.

Section 9.5. 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 Master Indenture to the Trustee or the Owners, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.6. Waiver of Default.

With the written consent of at least a majority in aggregate principal amount of the Improvement Area #3 Bonds then Outstanding, the Owners may waive compliance by the City with certain past defaults under the Master Indenture and their consequences. Any such consent shall be conclusive and binding upon the Owners and upon all future Owners.

Section 9.7. No Acceleration.

In the event of the occurrence of an Event of Default under Section 9.1, the right of acceleration of any Stated Maturity is not granted as a remedy hereunder and the right of acceleration under this Master Indenture is expressly denied.

Section 9.8. Mailing of Notice.

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

Section 9.9. Exclusion of Improvement Area #3 Bonds.

Improvement Area #3 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

Improvement Area #3 Bonds provided for in this Master Indenture, and the City shall not be entitled with respect to such Improvement Area #3 Bonds to give any consent or take any other action provided for in this Master Indenture.

ARTICLE 10

GENERAL COVENANTS AND REPRESENTATIONS

Section 10.1. Records and Accounts.

The City hereby covenants and agrees that so long as any of the Outstanding Improvement Area #3 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 #3 Projects remain outstanding and unpaid, it will keep and maintain a proper and complete system of records and accounts pertaining to the Assessments. The Trustee and holder or holders of any Improvement Area #3 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 Improvement Area #3 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.

Section 10.2. Representations as to Pledged Revenues.

(a) The City represents and warrants that Applicable Laws authorize the City to issue the Improvement Area #3 Bonds, to execute and deliver this Master Indenture and to pledge the Pledged Revenues in the manner and to the extent provided in this Master 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 Master 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 Master 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 Assessments and any other amounts pledged to the payment of the Improvement Area #3 Bonds to the fullest extent permitted by the PID Act and other Applicable Laws.

(d) To the extent permitted by law, notice of the Annual Installments shall be sent by, or on behalf of the City to the affected property owners on the same statement or such other mechanism that is used by the City, so that such Annual Installments are collected simultaneously with ad valorem taxes and shall be subject to the same penalties, procedures, and foreclosure sale in case of delinquencies as are provided for ad valorem taxes of the City. 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 10.3. General.

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

Section 10.4. Federal Tax Matters.

Improvement Area #3 Bonds may be issued as taxable or tax-exempt obligations pursuant to a Supplemental Indenture. Provisions and covenants relating to income tax matters shall be as set forth in a Supplemental Indenture.

ARTICLE 11

SPECIAL COVENANTS

Section 11.1. 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 Master Indenture.

Section 11.2. Additional Obligations; Other Obligations or Other Liens.

(a) The City reserves the right, subject to the provisions contained in this Section 11.2, 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) Other than the Improvement Area #3 Bonds (issued in accordance with subsection (c) below) and Refunding Bonds issued to refund all or a portion of the Improvement Area #3 Bonds, the City will not create or voluntarily permit to be created any debt, lien or charge on any portion of the Trust Estate, and will not cause or allow any matter or things whereby the lien of this Indenture or the priority hereof might or could be lost or impaired, and further covenants that it will pay or cause to be paid or will make adequate provisions for the satisfaction and discharge of all lawful claims and demands which if unpaid might by law be given precedence over or any equality with this Indenture as a lien or charge upon the Trust Estate; provided, however, that nothing in this Section shall require the City to apply, discharge, or make provision for any such

lien, charge, claim, or demand so long as the validity thereof shall be contested by it in good faith, unless thereby, in the opinion of Bond Counsel or counsel to the Trustee, the same would endanger the security for the Bonds.

(c) The City reserves the right to issue Improvement Area #3 Bonds, but shall be under no obligation to issue Improvement Area #3 Bonds, to finance the Actual Costs of the Improvement Area #3 Projects, including payment of the Improvement Area #3 Reimbursement Obligation, but only in accordance with the conditions set forth below:

(i) The City Representative shall provide the Trustee a certificate certifying that (A) the City is not in default in the performance and observance of any of the terms, provisions and conditions applicable to the City contained in the Indenture and (B) the Developer is not delinquent with respect to fees or any other funds or commitments to be paid to the City in accordance with the Development Agreement or Financing Agreement;

(ii) The Developer shall provide the Trustee a certificate, through an authorized representative, certifying that the Developer is not in default beyond any applicable notice and cure period in the performance and observance of any of the terms, provisions and conditions applicable to the Developer contained in the Financing Agreement, the Acquisition and Reimbursement Agreement or the Development Agreement;

(iii) The Administrator shall provide the Trustee a certificate certifying that the Developer is not delinquent with respect to the payment of Assessments or any ad valorem taxes (other than any ad valorem taxes being contested in good faith);

(iv) The City and the Trustee shall receive a certificate or report from an independent certified appraiser, appraisal firm or financial consultant, assuming completion of the Improvement Area #3 Projects, demonstrating that the ratio of the aggregate appraised value of all Assessed Properties within Improvement Area #3 to the aggregate principal amount of the Improvement Area #3 Bonds to be issued (the "Value to Lien Ratio") is at least 3:1. In calculating the Value to Lien Ratio, the independent certified appraiser, appraisal firm or financial consultant may rely on builder contracts, a certificate from the Administrator identifying lots for which home construction has commenced or the Hays County Tax Assessor/Collector's estimated assessed valuation for completed homes (home and lot assessed valuation) and estimated lot valuation for lots on which homes are under construction;

(v) The Developer shall provide the City and the Trustee a certificate, through an authorized representative, certifying that no less than 40% of the single-family lots located within Improvement Area #3 (A) contain completed single-family homes or (B) have been issued a construction permit by the City;

(vi) The principal (including sinking fund installments) of the Improvement Area #3 Bonds must be scheduled to mature on September 1 of the years in which principal is scheduled to mature;

(vii) The interest on the Improvement Area #3 Bonds must be scheduled to be paid on March 1 and September 1 of the years in which interest is scheduled to be paid;

(viii) The Reserve Account Requirement shall be increased by an amount equal to no less than 25% of the Maximum Annual Debt Service on the proposed Improvement Area #3 Bonds to be issued as of the Closing Date therefor and such amount shall be deposited as of the same;

(ix) The issuance of such Improvement Area #3 Bonds shall not cause the amount of the Annual Installments to be collected in any year after the issuance of such Improvement Area #3 Bonds to exceed the amount of the Annual Installments collected in the year of the issuance of such Improvement Area #3 Bonds; and

(x) The maximum principal amount of Improvement Area #3 Bonds that may be issued, subject to the approval of the City, in total, is the lesser of (i) the then outstanding balance of the Improvement Area #3 Reimbursement Obligation and (ii) the then outstanding Assessments, less the Assessments required to pay the principal of the Bonds.

(d) The City reserves the right to issue Refunding Bonds, the proceeds of which would be utilized to refund all or any portion of the Outstanding Bonds or Outstanding Refunding Bonds and to pay all costs incident to the Refunding Bonds, as authorized by the laws of the State, and in accordance with the conditions set forth below:

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

(ii) Upon their authorization by the City, the Refunding Bonds of a Series issued under this Section 11.2 shall be issued and shall be delivered to the purchasers or owners thereof, but before, or concurrently with, the delivery of said Refunding Bonds to such purchasers or owners there shall have been filed with the Trustee (1) a copy, certified by the City Secretary of the City, of the ordinance or ordinances of the City authorizing the issuance, sale, execution and delivery of the Refunding Bonds and the execution and delivery of a Supplemental Indenture establishing, among other things, the date, rate or rates of interest on, interest payment dates, maturity dates, redemption and all other terms and provisions of such Refunding Bonds, and (2) an original executed counterpart of the Supplemental Indenture for such Refunding Bonds.

Section 11.3. 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 Improvement Area #3 Bonds.

(b) The Trustee shall have no responsibility with respect to the financial and other information received by it pursuant to this Section 11.3 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 Master 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 12

PAYMENT AND CANCELLATION OF THE IMPROVEMENT AREA #3 BONDS AND SATISFACTION OF THE INDENTURE

Section 12.1. Trust Irrevocable.

The trust created by the terms and provisions of this Master Indenture is irrevocable until the Improvement Area #3 Bonds secured hereby are fully paid or provision is made for their payment as provided in this Article 12.

Section 12.2. Satisfaction of Master 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 Improvement Area #3 Bonds, at the times and in the manner stipulated in this Master Indenture, and all amounts due and owing with respect to the Improvement Area #3 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 Improvement Area #3 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 Improvement Area #3 Bonds has been paid so that the City may determine if the Master Indenture is satisfied; if so, the Trustee shall pay over or deliver all moneys held by it in the 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 12.3. Improvement Area #3 Bonds Deemed Paid.

All Outstanding Improvement Area #3 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 Improvement Area #3 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 Improvement Area #3 Bonds to become due on such Improvement Area #3 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 Improvement Area #3 Bonds to become due on such Improvement Area #3 Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iv) if the Improvement Area #3 Bonds are then rated, the Trustee shall have received written confirmation from each rating agency which is providing a rating on the Improvement Area #3 Bonds, that such deposit will not result in the reduction or withdrawal of the rating on the Improvement Area #3 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 Improvement Area #3 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 Improvement Area #3 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 Improvement Area #3 Bonds to become due on such Improvement Area #3 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 13

MISCELLANEOUS

Section 13.1. Benefits of Master Indenture Limited to Parties.

Nothing in this Master 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 Master Indenture. Any covenants, stipulations, promises or agreements in this Master Indenture by and on behalf of the City shall be for the sole and exclusive benefit of the Owners and the Trustee.

Section 13.2. Successor is Deemed Included in All References to Predecessor.

Whenever in this Master 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 Master 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 13.3. Execution of Documents and Proof of Ownership by Owners.

Any request, declaration, or other instrument which this Master 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 Improvement Area #3 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 13.4. 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 Improvement Area #3 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 13.5. Notices to and Demands on City and Trustee.

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

If to the City:

City of Kyle, Texas
100 W. Center Street
Kyle, Texas 78640
Attn: City Manager
Email: ssellers@cityofklye.com
Telephone: 512.262.3923

With a copy to:

The Knight Law Firm, LLP
Attn: Veronica Rivera, City Attorney
223 W. Anderson Lane, Suite A-105
Austin, Texas 78752
Email: vrivera@cityattorneytexas.com
Telephone: 512.323.5778

If to the Trustee, also acting in the capacity of
Paying Agent/Registrar:

BOKF, NA
Attn: Rosalyn Davis
1401 McKinney, Suite 1000
Houston, Texas 77010
Email: Rosalyn.Davis@bokf.com
Telephone: 713.289.5829

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 of an Improvement Area #3 Bond notice of (i) any substitution of the Trustee; or (ii) the redemption or defeasance of all Improvement Area #3 Bonds Outstanding.

(c) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Master Indenture and delivered using Electronic Means (“Electronic Means” means the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the City whenever a person is to be added or deleted from the listing. If the City elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The City understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and the City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the City. The Trustee shall not be

liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The City agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures

Section 13.6. Partial Invalidity.

If any Section, paragraph, sentence, clause, or phrase of this Master Indenture shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Master Indenture. The City hereby declares that it would have adopted this Master Indenture and each and every other Section, paragraph, sentence, clause, or phrase hereof and authorized the issue of the Improvement Area #3 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Master Indenture may be held illegal, invalid, or unenforceable.

Section 13.7. Applicable Laws.

This Master 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 13.8. Payment on Business Day.

In any case where the date of the maturity of interest or of principal (and premium, if any) of the Improvement Area #3 Bonds or the date fixed for redemption of any Improvement Area #3 Bonds or the date any action is to be taken pursuant to this Master 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 13.9. Counterparts.

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

Section 13.10. Anti-Boycott Verification.

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, 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 2271.002, 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. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 13.11. Iran, Sudan and Foreign Terrorist Organizations.

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, 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 and 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. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 13.12. Texas Government Code Section 2274.002.

The Trustee hereby verifies that this Agreement has a value of less than \$100,000 and that the provisions required by Section 2274.002 of the Texas Government Code for contracts having a value of at least \$100,000 are not required in this Agreement.

Section 13.13. Form 1295 Exemption.

The Trustee represents that it is a wholly owned subsidiary of BOK Financial Corporation, 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 Master Indenture of Trust to be executed all as of the date hereof.

CITY OF KYLE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

APPROVED AS TO FORM:
City Attorney

By: _____

[CITY SEAL]

BOKF, NA

By: _____
Authorized Officer

FIRST SUPPLEMENTAL INDENTURE

authorizing

CITY OF KYLE, TEXAS
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2021
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)

Dated as of: OCTOBER 15, 2021

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FIRST SUPPLEMENTAL INDENTURE OF TRUST

This City of Kyle, Texas First Supplemental Indenture of Trust authorizing the City of Kyle, Texas Special Assessment Revenue Bonds, Series 2021 (6 Creeks Public Improvement District Improvement Area #3 Project) dated as of October 15, 2021, is by and between the City of Kyle, Texas (the “City”) and BOKF, NA, as trustee (together with its successors, the “Trustee”). Capitalized terms used in the preambles, recitals and granting clauses and not otherwise defined shall have the meanings assigned thereto in Article I.

WHEREAS, the City and the Trustee have entered into that certain Master Indenture of Trust dated as of October 15, 2021 (the “Master Indenture”), authorizing the issuance of special assessment revenue bonds pursuant to one or more supplemental indentures. Capitalized terms used in this First Supplemental Indenture (this “Supplemental Indenture”) and not otherwise defined shall have the meaning assigned thereto in the Master Indenture; and

WHEREAS, this Supplemental Indenture is adopted for the purpose of, among others, authorizing the issuance of a series of special assessment revenue bonds to be issued pursuant to the terms and provisions of and secured under the Master Indenture; and

WHEREAS, the City is authorized to issue and deliver the Bonds authorized herein in a single series; and

WHEREAS, it is hereby found and determined that the Bonds authorized herein shall constitute Improvement Area #3 Bonds under the Master Indenture and shall be entitled to all of the benefits of the Master Indenture; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Supplemental Indenture was approved was open to the public, and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Supplemental Indenture, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended.

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Short Title.

This Supplemental Indenture may hereafter be cited in other documents and without further description as the “First Supplemental Indenture.”

Section 1.2. Definitions.

The capitalized terms used herein and not otherwise defined shall have the same meanings and definitions as are applied to such terms, respectively, in the Master Indenture. Additionally,

unless otherwise expressly provided or unless the context clearly requires otherwise, the following additional terms shall have the respective meanings specified below:

“Authorized Denomination” means \$100,000 and any integral multiple of \$1,000 in excess of \$100,000; notwithstanding the foregoing, Authorized Denominations shall also include Bonds issued in \$1,000 in principal amount and integral multiples of \$1,000 in the following instances: (A) any Bonds or any portion thereof that have been redeemed in part or (B) any Bonds or any portion thereof that have been defeased in part.

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

“Bond” means any of the Bonds authorized herein.

“Bond Date” means the date designated as the initial date of the Bonds by Section 3.2(a) of this Supplemental Indenture.

“Bond Ordinance” means Ordinance No. _____ adopted by the City Council on October 19, 2021, authorizing the Master Indenture and the First Supplemental Indenture and the issuance of the Bonds.

“Bonds” means the City’s bonds entitled “City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2021 (6 Creeks Public Improvement District Improvement Area #3 Project).”

“Certificate for Payment” means a certificate substantially in the form attached to this Supplemental Indenture as Exhibit B, 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 #3 Projects and the Actual Costs thereof, and requesting payment for such costs from money on deposit in the Project Fund as further described in Section 5.3 of the Master Indenture.

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

“Closing Disbursement Request” means a certificate substantially in the form of Exhibit C attached to this Supplemental Indenture, 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 5.4 of the Master Indenture.

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

“DTC Participant” means 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.

“Initial Bond” means the Initial Bond described in Section 3.4.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being on March 1 and September 1 of each year, commencing September 1, 2022.

“MSRB” means the Municipal Securities Rulemaking Board.

“Purchase Contract” means the bond purchase contract approved in Section 6.1, pursuant to which the Bonds are sold to the Underwriter.

“Record Date” means the fifteenth (15th) calendar day of the month next preceding an Interest Payment Date.

“Redemption Price” means, when used with respect to any Improvement Area #3 Bonds or portion thereof, the principal amount of such Improvement Area #3 Bonds or such portion thereof plus the applicable premium, if any, plus accrued and unpaid interest on such Improvement Area #3 Bonds to the date fixed for redemption payable upon redemption thereof.

“Representation Letter” means the “Blanket Letter of Representations” between the City and DTC.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“SEC” means the United States Securities and Exchange Commission.

“Stated Maturity Date” means the respective dates on which the Bonds are stated to mature.

“Supplemental Indenture” or “First Supplemental Indenture” means this First Supplemental Indenture of Trust.

“Underwriter” means FMSbonds, Inc.

Section 1.3. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Supplemental 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 Supplemental 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) Article and section references shall mean references to articles and sections of this Supplemental Indenture unless designated otherwise.

(c) Nothing in this Supplemental Indenture is intended or shall be construed to confer upon, or give to, any person, other than the City and the Owners, any right, remedy, or claim under or by reason of this Supplemental Indenture or any covenant or provisions hereof.

(d) If any one or more of the covenants, provisions or agreements contained herein should be contrary to Applicable Law, then such covenants, provisions or agreements shall be deemed separable from the remaining covenants, provisions, and agreements hereof, and shall in no way affect the validity of the remaining covenants, provisions, and agreements contained in this Supplemental Indenture.

Section 1.5. Declarations and Additional Rights and Limitations Under Master Indenture.

(a) For all purposes of the Master Indenture, the City declares and provides as follows:

(i) The Bonds are Improvement Area #3 Bonds that are authorized by Section 2.1 of the Master Indenture.

(ii) Administrative Expenses shall include the fees and expenses owed to the Trustee and the Paying Agent/Registrar.

ARTICLE II

PURPOSES, PLEDGE AND SECURITY FOR BONDS

Section 2.1. Purposes of Supplemental Indenture.

The purposes of this Supplemental Indenture are to authorize the award and sale of the Bonds to the Underwriter in accordance with the terms and provisions hereof, and to extend expressly the pledge, lien and security of the Master Indenture to and for the benefit of the Owners.

Section 2.2. Pledge, Security for, Sources of Payment of Bonds.

(a) The pledge, the security provisions of the Master Indenture, including specifically Sections 3.5, 3.6 and 3.7 respectively, of the Master Indenture are hereby expressly restated, fixed, brought forward and granted to the Owners.

(b) The Bonds issued hereunder are Improvement Area #3 Bonds under the Master Indenture, and shall be and are secured in the manner and to the extent provided in the Master Indenture with respect to Improvement Area #3 Bonds. The Bonds shall be and are on a parity with other Improvement Area #3 Bonds issued under the Master Indenture.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.1. Authorization.

The Bonds, to be designated “City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2021 (6 Creeks Public Improvement District Improvement Area #3 Project) are hereby authorized to be issued and delivered in accordance with Act and other Applicable Law. The Bonds shall be issued in the original principal amount of \$_____,000 for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #3 Projects, (ii) paying capitalized interest on the Bonds, (iii) funding the Reserve Account of the Reserve Fund, (iv) paying 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 October 15, 2021 (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 to the Underwriter 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 Stated Maturity Dates specified below or otherwise provided for. Such interest shall be payable semiannually on March 1 and September 1 of each year, commencing September 1, 2022 computed on the basis of a 360-day year of twelve 30-day months.

(c) The Bonds shall mature on September 1 in the years and in the principal amounts and shall bear interest as set forth below:

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
<u>Date</u>		
20__	\$_____,000	_____%
20__	_____,000	_____%

(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 Supplemental Indenture.

Section 3.3. Medium, Method and Place of Payment.

(a) Debt Service on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners whose names appear in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar 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 at least 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on the Bonds shall be paid by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to the Owner entitled to such payment, United States mail, first class postage prepaid, to the address of the Owner as it appears in the Obligation Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner on the due date thereof (whether at the Stated Maturity Date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If a date for the payment of Debt Service on the Bonds is not a Business Day, 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.

(f) Subject to any applicable escheat, unclaimed property, including without limitation Title 6, Texas Property Code, or similar and Applicable Law, unclaimed payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be paid to the City and thereafter neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds.

Section 3.4. Execution and Initial Registration.

(a) The Bonds shall be executed in accordance with the Article IV of the Master Indenture.

(b) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of the Master Indenture and this Supplemental Indenture unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Supplemental Indenture, duly authenticated by manual execution of the

Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Supplemental Indenture, manually executed by the Comptroller of Public Accounts of the State or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(c) On the Closing Date, one Initial Bond, representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the Mayor and attested by manual or facsimile signature of the City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the representative of the Underwriter or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriter registered definitive Bonds as described in Section 3.9(a).

Section 3.5. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat each Owner as the absolute owner of such Bond for the purpose of making and receiving payment of Debt Service thereon (subject to the provisions herein that interest is to be paid to each Owner on the Record Date), and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the person deemed to be the Owner in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.6. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to maintain the Obligation Register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the Master Indenture.

(b) Ownership of any Bond may be transferred in the Obligation Register only upon the presentation and surrender thereof at the Paying Agent/Registrar's Designated Payment/Transfer Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in Authorized Denominations, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Obligation Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in exchange for such transferred and assigned Bond. To the extent

possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three Business Days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar together with a written request therefor duly executed by the Owner or assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantees of signatures satisfactory to 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. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in Authorized Denominations, at the request of the Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds shall be delivered by the Paying Agent/Registrar to the Owner of the Bond or Bonds in not more than three Business Days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned or transferred shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall exchange the Bonds as provided herein, and each substitute 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 Supplemental Indenture to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The City will pay, as an Administrative Expense, the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer or exchange of Bonds, but the Paying Agent/Registrar will 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. In addition, the City hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of Debt Service on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration and exchange of Bonds as provided herein.

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 3.7. Cancellation and Authentication.

All Bonds paid or redeemed before their Stated Maturity Dates in accordance with this Supplemental Indenture, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Supplemental Indenture, shall be canceled upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of the canceled Bonds in accordance with Applicable Law.

Section 3.8. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar, at the Designated Payment/Transfer Office, of a mutilated Bond, the Paying Agent/Registrar 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 any Bond is lost, apparently destroyed or wrongfully taken, the City shall issue and the Paying Agent/Registrar, pursuant to the Applicable Law 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:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

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

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

(c) If, after the delivery of such replacement Bond, 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 or the Paying Agent/Registrar 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, in its discretion, instead of issuing a replacement Bond, may pay such Bond.

(e) Each replacement 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 Supplemental Indenture to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.9. Book-Entry Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.10, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of 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, except as provided in this Supplemental Indenture. 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 Obligation 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 Obligation Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Supplemental 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 Obligation Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the 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 Obligation Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal, 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 Obligation Register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Supplemental 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 Supplemental Indenture with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Supplemental Indenture shall refer to such new nominee of DTC.

(c) The “Representation Letter” previously executed and delivered by an Authorized Officer and made applicable to the City’s obligations delivered in book-entry-only form to DTC as securities depository for said obligations, is hereby ratified and approved for the Bonds.

Section 3.10. Successor Securities Depository.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/ Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, 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, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Obligation 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 Supplemental Indenture.

Section 3.11. Payments to Cede & Co.

Notwithstanding any other provision of this Supplemental 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 Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.1. Limitation on Redemption.

The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article 4.

Section 4.2. Mandatory Sinking Fund Redemption.

(a) The Bonds (referred to as “Term Bonds” below) 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 from moneys available for such purpose in the Principal and Interest Account of the Bond Fund, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ ____,000 Term Bonds maturing September 1, 20__

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$ ____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__*	____,000

*Stated Maturity Date

\$ ____,000 Term Bonds maturing September 1, 20__

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$ ____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__	____,000
September 1, 20__*	____,000

*Stated Maturity Date

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date and subject to any prior reduction authorized by this Supplemental Indenture, 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 redemption date, and shall give notice of such redemption, as provided in Section 4.6 of this Supplemental Indenture.

(c) The principal amount of Bonds of a Stated Maturity required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(a) 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 mandatory sinking fund redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Bonds plus accrued and unpaid interest to the date of purchase thereof, and delivered to the Trustee for cancellation.

(d) The principal amount of Bonds required to be redeemed on any mandatory sinking fund redemption date pursuant to subparagraph (i) of this Section 4.2(a) shall be reduced on a pro rata basis among Sinking Fund Installments by the principal amount of any Bonds which, at least forty-five (45) days prior to the mandatory sinking fund redemption date, shall have been redeemed pursuant to the optional redemption or extraordinary optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.3. Optional Redemption.

(a) The City reserves the option to redeem Bonds in whole or from time to time in part before their respective scheduled maturity dates, on September 1, 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 forty-five (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 Supplemental 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 the Redemption Price from amounts on deposit in the Redemption Fund as a result of Prepayments (including related transfers to the Redemption Fund as provided in the Master Indenture) or any other transfers to the Redemption Fund under the terms of this Master Indenture, including from transfers of Foreclosure Proceeds and transfers pursuant to the provisions of Article V of the Master Indenture. The City direction for such redemption shall include details with regard to a corresponding reduction in the Reserve Account Requirement, as contemplated by the definition thereof.

(b) 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 principal amount of the Outstanding Bond is less than an Authorized Denomination after giving effect to such partial redemption, a Bond in the principal amount equal to the unredeemed portion, but not less than \$1,000, may be issued.

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

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

(d) If less than all of the Bonds are called for extraordinary optional redemption pursuant to Section 4.4, the Bonds or portion of a Bond to be redeemed shall be allocated on a pro rata basis (as nearly as practicable) among all Outstanding Bonds.

(e) Upon surrender of any Bond for redemption in part, the Trustee in accordance with Section 3.7 of this Supplemental Indenture, shall authenticate and deliver and exchange the 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) Upon receipt of a City Certificate directing the redemption of the Bonds, 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, 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, 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 Supplemental 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 V

COVENANTS

Section 5.1. Confirmation of Assessments.

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

Section 5.2. Collection and Enforcement of Assessments.

(a) For so long as any Bonds are Outstanding and amounts are due to the Developer to reimburse it for its funds it has contributed to pay Actual Costs of the Authorized Improvements, the City covenants, agrees and warrants that it will take and pursue all actions permissible under Applicable Laws to cause the Assessments to be collected and the liens thereof enforced continuously, in the manner and to the maximum extent permitted by Applicable Laws, and, to the extent permitted by Applicable Laws, to cause no reduction, abatement or exemption in the Assessments.

(b) The City will determine or cause to be determined, no later than February 15 of each year, whether or not any Annual Installment is delinquent and, if such delinquencies exist, the City will order and cause to be commenced as soon as practicable any and all appropriate and legally permissible actions to obtain such Annual Installment, and any delinquent charges and interest thereon, including diligently prosecuting an action in district court to foreclose the currently delinquent Annual Installment. Notwithstanding the foregoing, the City shall not be required under any circumstances to purchase or make payment for the purchase of the delinquent Assessment or the corresponding Assessed Property.

Section 5.3. Against Encumbrances.

(a) Other than Refunding Bonds, the City shall not create and, to the extent Pledged Revenues are received, shall not suffer to remain, any lien, encumbrance or charge upon the Pledged Revenues, the Trust Estate, or any other property pledged under this Supplemental Indenture, except any pledge created for the equal and ratable security of the Bonds.

(b) So long as Bonds are Outstanding hereunder, the City shall not issue any bonds, notes or other evidences of indebtedness secured by any pledge of or other lien or charge on any portion of the Pledged Revenues, the Trust Estate or other property pledged under this Supplemental Indenture, except that the City may issue Refunding Bonds in accordance with the terms of this Supplemental Indenture.

Section 5.4. 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, it will keep and maintain a proper and complete system of records and accounts pertaining to the 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 days after the City receives such request.

Section 5.5. Covenants to Maintain Tax-Exempt Status.

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

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Issue Date.

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

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

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

“*Issue Date*” for the Bonds or other obligations of the City is the respective date on which such bonds or other obligations of the City is delivered against payment therefor.

“*Net Sale Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

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

“*Proceeds*” has the meaning stated in section 1.148-1(b) of the Regulations.

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

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

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

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption

from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

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

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

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

(d) No Private Loan.

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

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

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from

the Issue Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

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

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

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

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

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

(iii) As additional consideration for the purchase of the Bonds by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall, pursuant to a City Certificate, pay to the United States the amount described in paragraph (ii) above at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces

the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Not Hedge Bonds. The City will not invest more than 50 percent of the Proceeds of each series of the Bonds in Nonpurpose Investments having a substantially guaranteed yield for four years or more. On the Issue Date of each series of the Bonds, the City reasonably expects that at least 85 percent of the Net Sale Proceeds of each series of the Bonds will be used to carry out the governmental purpose of such series within three years after the respective Issue Date of such series.

(k) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, or City Secretary, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

ARTICLE VI

FORM OF THE BONDS

Section 6.1. 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 Supplemental Indenture with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Supplemental 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 6.2. CUSIP Registration.

The City may secure identification numbers through the CUSIP Global Services, managed by S&P Global Market Intelligence 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 6.3. 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 VII

SALE, CONTROL AND DELIVERY OF THE BONDS

Section 7.1. Sale of Bonds; Offering Memorandum.

(a) The Bonds are hereby officially sold and awarded to the Underwriter in accordance with the terms and provisions of that certain Purchase Contract relating to the Bonds between the City and the Underwriter and dated the date of the passage of the Bond Ordinance. The form and content of such Purchase Contract are hereby approved, and the Mayor is hereby authorized and directed to execute and deliver such Purchase Contract. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of the Underwriter, or its designee.

(b) 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 Purchase Contract 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 continued. Notwithstanding the approval and delivery of such Preliminary Limited Offering Memorandum and Limited Offering Memorandum by the Mayor, 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 Developer (as defined in the Limited Offering Memorandum) or its financial ability, the homebuilders,; the landowners, or the appraisal of the property in the District performed by Barletta & Associates, Inc.

(c) The Authorized Officer and all other officers of the City are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this Indenture. 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 District is hereby authorized and directed to issue a check of the District 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 not to exceed \$9,500).

(d) The obligation of the Underwriter to accept delivery of the Bonds is subject to, among other conditions specified in the Purchase Contract, the Underwriter being furnished with the final, approving opinion of Bickerstaff Heath Delgado Acosta LLP, Bond Counsel for the City, which opinion shall be dated and delivered on the Closing Date.

Section 7.2. Control and Delivery of Bonds.

(a) The Mayor of the City, or in his absence, the Mayor Pro Tem, is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State, registration by the Comptroller of Public Accounts of the State, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Underwriter under and subject to the general supervision and direction of the Mayor of the City, or in his absence, the Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor, City Secretary or City Manager is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem, the Assistant City Secretary, or an Assistant City Manager, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary, and an Assistant City Manager shall, for the purposes of this Supplemental Indenture, have the same force and effect as if such duties were performed by the Mayor, City Secretary, and City Manager, respectively.

ARTICLE VIII

GENERAL PROVISIONS

Section 8.1. Creation of Additional Funds and Accounts.

(a) The following accounts are hereby created in addition to those created in Section 5.1 of the Master Indenture:

(i) Series 2021 Capitalized Interest Sub-Account of the Capitalized Interest Account of the Bond Fund;

(ii) Series 2021 Costs of Issuance Sub-Account of the Costs of Issuance Account of the Project Fund; and

(iii) Series 2021 Improvement Sub-Account of the Improvement Account of the Project Fund.

Section 8.2. Initial Deposits to Funds and Accounts.

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

(i) to the Series 2021 Capitalized Interest Sub-Account of the Bond Fund: \$ _____ for the payment of interest on the Bonds on the following dates:

<u>Date</u>	<u>Amount</u>
_____	\$ _____
_____	_____

(ii) to the Reserve Account of the Reserve Fund: \$ _____;

(iii) to the Series 2021 Costs of Issuance Sub-Account of the Project Fund: \$ _____;

(iv) to the Administrative Fund: \$ _____;

(v) to the Additional Interest Reserve Account of the Reserve Fund: \$ _____; and

(vi) to the Series 2021 Improvement Sub-Account of the Project Fund: \$ _____.

Section 8.3. Payment of the Bonds.

While any of the Bonds are outstanding and unpaid, the City shall make available to the Paying Agent/Registrar, from the Pledged Funds and Accounts, in the amounts and at the times

required by this Supplemental Indenture and the Master Indenture, money sufficient to pay when due all amounts required to be paid by this Supplemental Indenture and the Master Indenture.

Section 8.4. Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Master Indenture and this Supplemental Indenture; the City will promptly pay or cause to be paid Debt Service on each Bond on the dates and at the places and in the manner prescribed in each Bond; and the City will, at the times and in the manner prescribed by this Supplemental Indenture, deposit or cause to be deposited the amounts of money specified by the Master Indenture and this Supplemental Indenture.

(b) The City is duly authorized under the laws of the State to issue the Bonds; all action on its part for the issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.5. Remedies.

The City and the Owners shall have all rights, remedies, duties and obligations set forth and applicable to them in the Master Indenture and this Supplemental Indenture.

ARTICLE IX

CONTINUING DISCLOSURE UNDERTAKING

Section 9.1. Approval of Continuing Disclosure Agreement.

The form, terms and provisions of that certain continuing disclosure agreement (the "Continuing Disclosure Agreement"), among the City, P3Works, LLC, as Administrator, and RBC Capital Markets, LLC, as Dissemination Agent, dated October 1, 2021, is hereby authorized and approved in substantially final form presented at this meeting and the Mayor is 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 Supplemental Indenture and approved by the Mayor, such approval to be evidenced by the execution thereof. The Mayor's signature on the Continuing Disclosure Agreement may be attested by the City Secretary.

ARTICLE X

MISCELLANEOUS

Section 10.1. Changes to Supplemental Indenture.

The Mayor and City Manager, in consultation with Bond Counsel, are hereby authorized to make changes to the terms of this Supplemental Indenture if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 10.2. Partial Invalidity.

If any section, paragraph, clause or provision of this Supplemental Indenture shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Supplemental Indenture.

Section 10.3. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Supplemental Indenture, against any official or employee of the City or any person executing any Bonds.

Section 10.4. Counterparts.

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

Section 10.5. Anti-Boycott Verification.

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, 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 2271.002, 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. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 10.6. Iran, Sudan and Foreign Terrorist Organizations.

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, 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 and 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. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Section 10.7. Form 1295 Exemption.

The Trustee represents that it is a wholly owned subsidiary of BOK Financial Corporation, a publicly traded business entity, and therefore this Agreement is exempt from Section 2252.908, Texas Government Code, as amended.

Section 10.8. Texas Government Code Section 2274.002.

The Trustee hereby verifies that this Agreement has a value of less than \$100,000 and that the provisions required by Section 2274.002 of the Texas Government Code for contracts having a value of at least \$100,000 are not required in this Agreement.

[remainder of page left blank intentionally]

PRESENTED, PASSED AND APPROVED, AND EFFECTIVE on the 19th day of October, 2021, by a vote of ____ ayes and ____ nays at a regular meeting of the City Council of the City of Kyle, Texas.

By: _____
Mayor, City of Kyle, Texas

ATTEST:

City Secretary

APPROVED AS TO FORM:
City Attorney

By: _____

TRUSTEE'S ACCEPTANCE OF TRUST AND DUTIES

The Trustee, acting by and through the below named duly authorized officer, hereby accepts the trusts imposed by this Supplemental Indenture and the Master Indenture and agrees to perform the duties of Trustee hereunder, but only upon and subject to the express terms and conditions herein.

Dated: _____

BOKF, NA, as Trustee

By: _____
Title: _____

EXHIBIT A

The Form of Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of Trustee and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bond.

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

THE TRANSFER OF THIS BOND IS SUBJECT TO THE TERMS AND RESTRICTIONS DESCRIBED HEREIN.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF KYLE, TEXAS
SPECIAL ASSESSMENT REVENUE BOND, SERIES 2021
(6 CREEKS PUBLIC IMPROVEMENT DISTRICT IMPROVEMENT AREA #3 PROJECT)

<u>INTEREST RATE</u>	<u>STATED</u> <u>MATURITY DATE</u>	<u>DATE OF</u> <u>DELIVERY</u>	<u>CUSIP NUMBER</u>
_____ %	September 1, _____	_____	_____

The City of Kyle, 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 1, 2022 and on each March 1 and September 1 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 Houston, Texas (the “Designated Payment/Transfer Office”), of BOKF, NA, a national banking association, as trustee and paying agent/registrant (the “Trustee,” which term includes any successor trustee under the Indenture), or, with respect to a successor trustee and paying agent/registrant, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the Interest Payment Date, mailed by the Trustee to the registered owner at the address shown on the registration books kept by the Trustee or by such other customary banking arrangements, 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 calendar 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 of a Bond appearing on the books of the Trustee at the close of business on the last Business Day preceding the date of mailing such notice.

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

This Bond is one of a duly authorized issue of assessment revenue bonds of the City having the designation specified in its title (herein referred to as the “Bonds”), dated October 15, 2021 and issued in the aggregate principal amount of \$_____,000 and issued, with the limitations described herein, pursuant to a Master Indenture of Trust, dated as of October 15, 2021 (the “Master Indenture”), and a First Supplemental Indenture dated as of October 15, 2021 (the “First Supplemental Indenture and together with the Master Indenture, the “Indenture”) by and between the City and the Trustee, which Indenture reference is hereby made for a description of the amounts thereby pledged and assigned, the nature and extent of the lien and security, the respective rights thereunder to the holders of the Bonds, the Trustee, and the City, and the terms upon which the Bonds are, and are to be, authenticated and delivered and by this reference to the terms of which each holder of this Bond hereby consents. All Bonds issued under the Indenture are equally and ratably secured by the amounts thereby pledged and assigned. The Bonds are being issued for the purpose of (i) paying a portion of the Actual Costs of the Improvement Area #3 Projects, (ii) paying capitalized interest on the Bonds during and after the period of acquisition and construction of the Improvement Area #3 Projects, (iii) funding a debt service reserve fund for payment of

principal and interest on the Bonds, (iv) paying a portion of the costs incidental to the organization and administration of the District, and (v) paying the costs of issuance of the Bonds.

The Bonds are special and 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 provisions of the Indenture authorizing redemption in Authorized Denominations or in integral multiples of \$1,000, as applicable).

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 4 of this Supplemental Indenture, on the dates and in the Sinking Fund Installment amounts as set forth in the following schedule:

\$ ____,000 Term Bonds maturing September 1, 20__

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$ ____,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__*	__,000

*Stated Maturity Date

\$ ____,000 Term Bonds maturing September 1, 20__

Redemption Date	Sinking Fund Installment Amount
September 1, 20__	\$ ____,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__	__,000
September 1, 20__*	__,000

*stated maturity date

.At least forty-five (45) days prior to each sinking fund redemption date, and subject to any prior reduction authorized by the Indenture, 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 Section 4.6 of the Indenture.

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

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

The City reserves the right and option to redeem Bonds before their scheduled maturity dates, in whole or from time to time in part, on any date, on or after September 1, 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 conditions to such redemption and that on the redemption date, if all conditions, if any, to such redemption have been satisfied, such Bond shall become due and payable. Any notice so given shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

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 KYLE, TEXAS; HAYS 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 Kyle, Texas

Mayor, City of Kyle, 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.

BOKF, NA, as Trustee

By: _____
Authorized Signatory

DATED: _____

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, 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) through (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, as specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on September 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:*

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates"</u>
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(Information to be inserted from Section 3.2(c)); 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 Master Indenture of Trust by and between the City and the Trustee dated as of October 15, 2021 (the “Master Indenture”) and that certain First Supplemental Indenture by and between the City and the Trustee dated as of October 15, 2021 (the “First Supplemental Indenture together with the Master Indenture, the “Indenture”) relating to the “City of Kyle, Texas, Special Assessment Revenue Bonds, Series 2021 (6 Creeks Public Improvement District Improvement Area #3 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 HM 6 Creeks Development, Inc. (the “Developer”), and requests payment to the Developer (or to the person designated by the Developer) from the Improvement Account of the Project Fund.

_____ (“**Construction Manager**”) hereby requests payment for the Actual Cost of the work (the “Draw Actual Costs”) described in attached Attachment A. Capitalized undefined terms shall have the meanings ascribed thereto in the Blanco River Ranch Public Improvement District Financing Agreement between HMBRR Development, Inc., HMBRR, L.P. and HMBRR LP #2 (the “**Owner**”), and the City of Kyle, Texas (the “**City**”), dated as of July 18, 2017, as amended on April 16, 2019, and as partially assigned with respect to the land within Improvement Area #3 to the Developer, effective as of September 23, 2020 (the “**Finance Agreement**”). In connection with this Certification for Payment, the undersigned, in his or her capacity as the _____ of Construction Manager, to his or her knowledge, hereby represents and warrants to the City as follows:

1. He (she) is an authorized representative of Construction Manager, qualified to execute this request for payment on behalf of the Construction Manager and knowledgeable as to the matters forth herein.
2. The true and correct Draw Actual Costs for which payment is requested is set forth in Attachment A and payment for such requested amounts and purposes has not been subject to any previously submitted request for payment.
3. Attached as Attachment B is a true and correct copy of a bills paid affidavit evidencing that any contractor or subcontractor having performed work on a Segment described in Attachment A has been paid in full for all work completed through the previous Certification for Payment.
4. Attached as Attachment C are invoices, receipts, worksheets and other evidence of costs which are in sufficient detail to allow the City to verify the Draw Actual Costs for which payment is requested.

[Signature Page Follows]

SIGNATURE PAGE TO
FORM OF CERTIFICATION FOR PAYMENT

Date : _____ [Construction Manager Signature Block to be added]

APPROVAL BY THE CITY

The Draw Actual Costs of each Segment described in Attachment A have been reviewed, verified, and approved by the City Construction Representative. Payment of the Draw Actual Costs of each such Segment is hereby approved.

Date: _____

CITY OF KYLE, TEXAS

By: _____

ATTACHMENT A TO CERTIFICATION OF PAYMENT

<u>Segment</u>	<u>Description of Work Completed under this Certification for Payment</u>	<u>Draw Actual Costs</u>
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ATTACHMENT B TO CERTIFICATION OF PAYMENT

[attached – bills paid affidavit]

ATTACHMENT C TO CERTIFICATION OF PAYMENT

[attached – receipts]

EXHIBIT C

FORM OF CLOSING DISBURSEMENT REQUEST

The undersigned is an agent for HM 6 Creeks Development, Inc. (the “Developer”), and requests payment from the Costs of Issuance Account of the Project Fund (as defined in the Blanco River Ranch Public Improvement District Financing Agreement) from BOKF, NA (the “Trustee”), in the amount of _____ DOLLARS (\$_____) to be transferred from the Costs of Issuance Account of the Project Fund upon the delivery of the [_____ Bonds] for costs incurred in the establishment, administration, and operation of the 6 Creeks Public Improvement District (the “District”), as follows.

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

1. The undersigned is an 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 below 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.

[insert itemized list of costs here]

TOTAL REQUESTED: \$_____

4. The Developer is in compliance with the terms and provisions of the Financing Agreement, the Indenture, and the Service and Assessment Plan.
5. All conditions set forth in the Indenture and [the Acquisition and Reimbursement Agreement for _____] 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.

Payments requested hereunder shall be made as directed below:

[Information regarding Payee, amount, and deposit instructions]

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

By:

By: _____

Name: _____

Title: _____

APPROVAL OF REQUEST BY CITY

The City is in receipt of the attached Closing Disbursement Request. After reviewing the Closing Disbursement Request, the City approves the Closing Disbursement Request and shall include the payments in the City Certificate submitted to the directing payments to be made from the Costs of Issuance Account upon delivery of the Bonds.

CITY OF KYLE, TEXAS

By: _____
Name: _____
Title: _____