

\_\_\_\_\_, 2014

Denton Independent School District

\_\_\_\_\_  
Denton, Texas \_\_\_\_\_

Attention: \_\_\_\_\_

Re: Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2006-B (the “**Bonds**”)

Ladies and Gentlemen:

Reference is made to the Standby Bond Purchase Agreement dated as of \_\_\_\_\_, 2014 (the “**Agreement**”) as further described in Exhibit A hereto, among the Denton Independent School District (the “**Issuer**”), The Bank of Tokyo - Mitsubishi UFJ, Ltd. (the “**Bank**”), acting through its New York Branch, and The Bank of New York Mellon Trust Company, N.A. in connection with the commitment of the Bank to purchase under specified circumstances, the Bonds. Any capitalized term not otherwise defined herein or in Exhibit A shall have the meaning assigned to such term in the Agreement. This is the Fee Letter described in the Agreement.

In order to induce the Bank to enter into the Agreement and to provide liquidity support for the Bonds, the Issuer agrees to make the following payments at the following times:

(1) A facility fee (the “**Facility Fee**”) for each day on the Available Commitment as of the close of business of the Bank on such day, at the Facility Fee Rate (as defined below), payable quarterly in arrears with respect to the Agreement for so long as the Agreement is still outstanding on the first Business Day of each January, April, July and October during the Purchase Period (with the first such payment being due and payable on January 1, 2015), for the period from and including the Effective Date, and on the last day of the Purchase Period; Initially, “**Facility Fee Rate**” means the rate per annum set forth in the grid below opposite the Rating in Level 1.

Level	Bonds' Rating*	Facility Fee
1	AAA/AAA or above	0.40% per annum
2	AA+/AA+	0.40% per annum
3	AA/AA	0.45% per annum
4	AA-/AA-	0.55% per annum
5	A+/A+	0.75% per annum
6	A/A	1.00% per annum
7	A-/A-	1.30% per annum
8	BBB+/BBB+	1.70% per annum**
9	/BBB/BBB	2.20% per annum**
10	Below BBB/BBB	3.20% per annum**

The Facility Fee for any date shall be determined by reference to the Bond's Rating for such date. In the event of split ratings set forth in the table above (e.g., "AA-" by Fitch and "AA-" by S&P), the lowest rating shall control for purposes of establishing the Facility Fee. In addition to the increases set forth above, if an Event of Default shall have occurred under the Agreement, then, in each such case and for so long as the Bank's obligations shall not have been terminated as a result thereof pursuant to the Agreement, the Facility Fee then in effect shall increase automatically and immediately by an additional 1.50% per annum over the Facility Fee in effect immediately prior to such Event of Default and shall remain in effect for so long as such Event of Default remains in effect. In addition to the increases set forth above and in the preceding sentence, if any Rating Agency shall withdraw or suspend any Bonds' Rating for a credit related reason then, in each such case and for so long as the Bank's obligations shall not have been terminated as a result thereof pursuant to the Agreement, the Facility Fee then in effect shall increase automatically and immediately to the rate set forth in Level 10 above, and shall remain in effect for so long as such withdrawal or suspension remains in effect. The Facility Fee will be reduced by the amounts described in the foregoing provisions on such date that the Rating Agency in question shall have publicly announced the reinstatement of the Bonds' Rating to that level which was applicable thereto prior to such downgrade, suspension or withdrawal. Each change in the Facility Fee resulting from a change in the Bonds' Rating shall become effective on the date of the announcement or publication by the Rating Agency of a change in such rating or, in the absence of such announcement or publication, on the effective

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\* "Bonds' Rating" shall mean the long-term credit rating assigned to the Bonds or Parity Debt (without regard to any bond insurance or other credit enhancement) by each Rating Agency. References to the ratings above are references to the rating categories of Fitch and S&P as presently determined by Fitch and S&P, respectively, and, in the event of adoption of any new or changed rating system by Fitch or S&P, or in the event that another rating agency is substituted by the Board for Fitch or S&P, the ratings from Fitch or S&P shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as then currently in effect or, in the case of a substitute rating agency, shall be deemed to refer to the rating category that most closely approximates the applicable rating categories that were in effect on the date hereof.

\*\* A rating below "A3"/"A-" (Level 7 above) is an Event of Default pursuant to Section 7.01(l) of the Agreement. To the extent the Bank elects not to pursue its remedies under the Agreement upon the occurrence of such an Event of Default, the Facility Fee Rate indicated herein shall be in effect.

date of such changed rating. In addition to the foregoing, the Facility Fee will be reduced by the amount described above on such date that the Event of Default under the Agreement causing an increase in the Facility Fee shall have been cured, to the reasonable satisfaction of the Bank, or waived by the Bank.

If the day upon which the Facility Fee payable pursuant to this Fee Letter is not a Business Day, said Fee shall be calculated through and including the last day of the period for which it is attributable and shall not include amounts representing any Facility Fee accrued through the date when said Fee is actually paid to the Bank. The Bank's determination of the Facility Fee pursuant to this Fee Letter shall be conclusive absent manifest error.

(2) In the event the Agreement is terminated or the Available Commitment is reduced to zero prior to \_\_\_\_\_, 2016, the Issuer shall pay to the Bank on the termination or reduction date (x) all fees, expenses and other obligations due under the Agreement and hereunder through the date of termination or reduction, (y) all principal and accrued interest owing on any Purchased Bonds, and (z) an amount equal to the Facility Fee payable pursuant to paragraph (1) (based upon the Available Commitment (taking into consideration reductions in the Available Commitment due to mandatory sinking fund redemptions) in effect from the Effective Date to the date of termination or reduction) through \_\_\_\_\_, 2016, less the actual amount of Facility Fees the Issuer has previously paid to the Bank during such period pursuant to paragraph (1) hereof; *provided*, that no such termination fee will be required to be paid by the Issuer as described hereinabove if (a) the Issuer shall cause a full or partial conversion of the Bonds to other than a Covered Rate or redemption of the Bonds from a source of funds that does not involve the issuance by a bank, financial institution or other third party of a letter of credit, liquidity facility or other credit facility; or (b) Fitch shall have withdrawn or reduced the senior, unsecured short-term rating of the Bank below "F-1" or S&P shall have withdrawn or reduced the senior, unsecured short-term rating of the Bank below "A-1"; *provided, further*, however, that in each instance, all amounts due and payable to the Bank as set forth herein shall be paid to the Bank at or prior to the time of termination or reduction.

(3) A draw fee in an amount equal to \$250 for each purchase of Bonds by the Bank, which amount shall be payable on the related Purchase Date.

(4) In connection with the written request by the Issuer or the Tender Agent of any amendment, supplement, modification, waiver or consent relating to the Agreement or any Related Document requiring any action on the part of the Bank or any transfer of the rights and obligations under the Agreement by the Issuer or the Tender Agent, an amount equal to \$2,500, plus the reasonable fees and expenses of the Bank's counsel.

(5) All fees required to be paid under the Agreement and this Fee Letter shall, upon payment, be nonrefundable and the Facility Fee shall be calculated in accordance with Section 2.08 of the Agreement.

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The parties hereto acknowledge and confirm that, from and after the Effective Date, any reference in the Agreement or in any other Related Document (other than this Fee Letter) to the “Agreements” shall mean and refer to the Agreement and this Fee Letter.

This Fee Letter may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Letter by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

It is understood and agreed that Section 10.06 of the Agreement shall apply to this Fee Letter as though set forth herein in full.

This Fee Letter may not be amended or waived except by the prior written consent of the Bank and the Issuer.

This Fee Letter is delivered to the Issuer on the understanding that neither this Fee Letter nor any of its terms shall be disclosed, directly or indirectly, to any other Person except (a) to the Issuer’s officers, directors, employees, accountants, attorneys, agents and advisors who are directly involved in the consideration of this matter on a confidential and need-to-know basis and for whom the Issuer shall be responsible for any breach by any of them of this confidentiality undertaking or (b) under compulsion of law (whether by interrogatory, subpoena, civil investigative demand or otherwise) or by order of any court or governmental or regulatory body; *provided* that, to the extent permitted, the Issuer shall give the Bank reasonable prior notice of disclosure pursuant to clause (b) of this sentence.

*[The remainder of this page is intentionally left blank; signature page follows.]*

Please confirm that the foregoing is the Issuer's mutual understanding by signing and returning to the Bank an executed counterpart of this Fee Letter. This Fee Letter shall become effective as of the date first above referenced upon the Bank's receipt of an executed counterpart of this Fee Letter from the Issuer.

Very truly yours,

THE BANK OF TOKYO-MITSUBISHI UFJ,  
LTD., acting through its New York Branch

By: \_\_\_\_\_  
James H. Burr  
Vice President

Accepted and agreed to  
as of the date first  
written above by:

DENTON INDEPENDENT SCHOOL DISTRICT

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

## **EXHIBIT A**

Standby Bond Purchase Agreement dated as of \_\_\_\_\_, 2014, among Denton Independent School District, The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, and The Bank of New York Mellon Trust Company, N.A.

**STANDBY BOND PURCHASE AGREEMENT**

Among

**DENTON INDEPENDENT SCHOOL DISTRICT**

and

**THE BANK OF TOKYO-MITSUBISHI, UFJ, LTD.,  
acting through its New York Branch**

and

**THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Tender Agent**

Dated as of \_\_\_\_\_, 2014

Relating to:

Denton Independent School District  
Variable Rate Unlimited Tax School Building Bonds, Series 2006-B

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## STANDBY BOND PURCHASE AGREEMENT

**THIS STANDBY BOND PURCHASE AGREEMENT** is dated as of \_\_\_\_\_, 2014, by and among **DENTON INDEPENDENT SCHOOL DISTRICT** (the “Issuer”), **THE BANK OF TOKYO-MITUBISHI, UFJ, Ltd.** (the “Bank”) and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.** (the “Tender Agent”). All capitalized terms used herein and not otherwise defined shall have the meanings assigned in Section 1.01 or as otherwise provided in Section 1.02.

### WITNESSETH:

**WHEREAS**, the Issuer has issued its Bonds pursuant to the terms of the Order;

**WHEREAS**, pursuant to the terms of the Bonds and the Order and subject to the conditions described therein, the Bonds bearing interest at the Covered Rate are subject to tender for purchase by the holders thereof at various times before the maturity thereof;

**WHEREAS**, the Issuer and the Bank wish to enter into a Standby Bond Purchase Agreement (the “Agreement”) to provide liquidity for the purchase of Bonds bearing interest at a Covered Rate tendered for purchase by the holders thereof pursuant to the terms of the Bonds and the Order that are not remarketed by the Remarketing Agent pursuant to the terms of the Order, the Remarketing Agreement, and the Tender Agent Agreement;

**WHEREAS**, the Bank is willing to purchase Eligible Bonds so tendered for purchase by the holders thereof and not remarketed, upon the terms and conditions set forth in this Agreement; and

**WHEREAS**, in reliance upon, *inter alia*, the provisions hereof, the Bank is willing to enter into this Agreement with the Issuer.

**NOW, THEREFORE**, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter contained, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

**Section 1.01. Definitions.** As used herein, the following terms have the following meanings:

“*Accountant*” means an independent certified public accountant or a firm of independent certified public accountants, selected by the Issuer and satisfactory to the Bank.

“*Accrued Interest*” means that portion of the Purchase Price paid by the Bank for Eligible Bonds constituting accrued but unpaid interest on such Eligible Bonds.

“*Act*” means Subchapter A, Chapter 45, Texas Education Code, as amended.

“*Affiliate*” means any other Person controlling or controlled by or under common control with the Issuer. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting rights, membership, the power to appoint members, agents or directors, by contract or otherwise.

“*Agreement*” means this Standby Bond Purchase Agreement, as same may be amended, modified or supplemented from time to time.

“*Amortization End Date*” shall mean, with respect to any Bank Bond, the earlier to occur of (i) the fifth anniversary of the date of such Drawing, (ii) the fifth anniversary of the expiration date of the Liquidity Agreement; (iii) the date that a Substitute Liquidity Agreement replaces the Liquidity Agreement, (iv) the date on which the Bonds mature or are redeemed, prepaid or canceled pursuant to the terms of the bond documents or the amount of the Liquidity Agreement is otherwise reduced to zero; or (v) the date on which the interest rate borne by the Bonds is converted to a rate not covered by this Agreement.

“*Amortization Payment Date*” means with respect to any Purchased Bonds (i) each February 1 and August 1 occurring after the Amortization Start Date and prior to the Amortization End Date, commencing with February 1 of the Issuer’s fiscal year immediately following the fiscal year in which the Amortization Start Date occurs and (ii) the Amortization End Date.

“*Amortization Start Date*” means, with respect to each Purchased Bond, the date which is the earlier of (i) 90 days after the Purchase Date for such Purchased Bond and (ii) the date of the termination of the Commitment pursuant to Sections 7.1 or 7.2 hereof.

“*Applicable Law*” means, subject to Section 10.06, (i) all applicable common law and principles of equity and (ii) all applicable provisions of all (A) constitutions, statutes, rules, regulations and orders of all governmental and non-governmental bodies, (B) Governmental Approvals and (C) orders, decisions, judgments and decrees of all courts (whether at law or in equity) and arbitrators.

“*Applicable Rate*” as referred to in the Order shall mean the Bank Rate.

“*Authorized Denominations*” shall have the meaning assigned in the Order.

“*Authorized Issuer Representative*” means one or more of the following officers of the Issuer: the Superintendent of Schools, or the Executive Director for Budget and Finance and any other officer or employee of the Issuer authorized to perform the specific acts or duties to be performed by resolution or order duly adopted by the Issuer and of whom another Authorized Issuer Representative gives written notice to the Bank; provided, however, that in each case for which a certification or other statement of fact or condition is required to be submitted by an Authorized Issuer Representative pursuant to the terms of this Agreement, such certificate or statement shall be executed only by an Authorized Issuer Representative in a position to know or to obtain knowledge of the facts or conditions that are the subject of such certificate or statement. Any document or certificate hereunder that is executed by an Authorized Issuer Representative shall be deemed to have been authorized by all necessary action by the Issuer.

“*Available Commitment*” as of any day, means the sum of the Available Principal Commitment and the Available Interest Commitment, in each case as of such day.

“*Available Interest Commitment*” initially means \$\_\_\_\_\_ and, upon any change in the amount of the Available Principal Commitment hereunder, means an amount equal to 35 days of accrued interest at 8.00% per annum on the Available Principal Commitment then in effect computed on the basis of a 365-day or 366-day year of actual days elapsed.

“*Available Principal Commitment*” initially means \$30,000,000 and thereafter shall mean such initial amount adjusted from time to time as follows:

(a) Upon any reduction in the Available Principal Commitment pursuant to Section 2.03, downward by the amount of such reduction;

(b) Downward by the principal amount of any Bonds purchased by the Bank pursuant to Section 2.01; and

(c) Upward by the principal amount of any Bonds previously purchased by the Bank pursuant to Section 2.01, which a Purchased Bondholder elects to retain pursuant to Section 2.04(c) or that are sold or deemed sold by a Purchased Bondholder pursuant to Section 2.04(c) (regardless of the Purchase Price received for such Bonds).

Any adjustment to the Available Principal Commitment pursuant to clauses (a), (b) or (c) above shall occur simultaneously with the occurrence of the events described in such clauses.

“*Bank*” means The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch, and its successors and assigns.

“*Bank Bond*” means “Purchased Bond” 90 or more days after the Liquidity Drawing relating thereto.

“*Bank Rate*” means, for any date, the higher of (a) the rate borne by Bonds which are not Purchased Bonds, and (b) the rate per annum specified below:

<b>Period</b>	<b>Rate</b>
Purchase Date through the 90th day following such Purchase Date:	Base Rate
Thereafter:	Base Rate plus 1%

Notwithstanding the foregoing, from and after the earlier of (i) the date amounts are owed hereunder but only so long as not paid when due and (ii) the occurrence of an Event of Default, the Bank Rate shall equal the Default Rate.

“*Base Rate*” means, for any date, a rate per annum equal to the highest of (a) the Prime Rate plus 1%, (b) the Fed Funds Rate plus 2%, or (c) 7.5%.

“*Bond Enabling Laws*” means Article VII, Section 3 of the Texas Constitution; Subchapter A of Chapter 45, Texas Education Code and Chapter 1371, Texas Government Code, and the Order.

“*Bonds*” means the Denton Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2006-B.

“*Business Day*” has the meaning assigned in the Order.

“*Closing Date*” means \_\_\_\_\_, 2014, provided that the conditions precedent set forth in Section 4.01 hereof are satisfied on or before such date.

“*Code*” means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations from time to time promulgated thereunder.

“*Contract*” means any resolution, order, indenture, agreement (other than this Agreement), other contractual restriction, lease, instrument, certificate of incorporation, charter or by-law.

“*Conversion Date*” means the date on which any of the Bonds are converted to an interest rate other than the Covered Rate.

“*Covered Rate*” means the Weekly Rate; provided, however, by written amendment to this Agreement and at the sole discretion by the Bank, the Covered Rate may be amended, subject to the approval of the Issuer, to include other Variable Rates authorized under the Order.

“*Custody Agreement*” means the Custody Agreement dated as of \_\_\_\_\_, 2014, and entered in to by the Bank and the Tender Agent with respect to custody of Purchased Bonds by the Tender Agent on behalf of the Bank.

“*Debt*” means with respect to any Person, all items that would be classified as a liability in accordance with generally accepted accounting principles, including, without limitation, (a) indebtedness or liability for borrowed money, or for the deferred purchase price of Property or services (including trade obligations); (b) obligations as lessee under leases which should have been, or should be, recorded as capital leases in accordance with generally accepted accounting principles; (c) current liabilities in respect of unfunded benefits under employee benefit, retirement or pension plans; (d) obligations issued for the account of any other Person; (e) all obligations arising under acceptance facilities; (f) all guarantees, endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, to provide funds for payment, to supply funds to invest in any other Person or otherwise to assure a creditor against loss; (g) obligations secured by any mortgage, lien, pledge, security interest or other charge or encumbrance on Property, whether or not the obligations have been assumed; and (h) obligations of such Person under Interest Rate Protection Agreements.

“*Default*” means the occurrence of any event or the existence of any condition which constitutes an Event of Default or the occurrence of any event or the existence of any condition which with the giving of notice, the passage of time, or both, would constitute an Event of Default.

“*Defaulted Interest*” means accrued interest on the Bonds which was not paid when due under the terms of the Order or any amounts accruing on amounts owed on the Bonds by reason of such amounts being not paid when due.

“*Default Rate*” means a per annum rate of interest equal to the Base Rate plus 2.0%.

“*Determination of Taxability*” means (a) the receipt by any Owner or the Tender Agent of  
of  
a notice of deficiency issued by the Internal Revenue Service to the effect that interest on the Bonds is includable in the gross income of the holders hereof for purposes of federal income tax, or (b) the delivery to any Owner or the Tender Agent of a written opinion of nationally recognized bond counsel to the effect that interest on the bonds is includable in gross income of the holders hereof for purposes of federal income tax.

“*Differential Interest Amount*” means the excess of (a) interest which has accrued and could actually be paid on Purchased Bonds at the Bank Rate, as determined in accordance with Section 3.01 hereof, up to but excluding the Sale Date, less (b) the interest accrued on such Bonds received by the Purchased Bondholders as part of the Sale Price. The term Differential Interest Amount also may include Special Interest.

“*Dodd-Frank Act*” means the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as enacted by the United States Congress, and signed into law on July 21, 2010, and all statutes, rules, guidelines or directives promulgated thereunder.

“*DTC*” has the meaning assigned to such term in Section 2.02.

“*Eligible Bonds*” means any Bonds Outstanding under and entitled to the benefits of the Order which bear interest at a Covered Rate and that have been tendered or deemed tendered pursuant to an optional or mandatory tender in accordance with Article IV of the Order, other than any such Bond which (a) is a Purchased Bond or (b) is owned by or on behalf of or is held for the account or for the benefit of the Issuer or any Affiliate of the Issuer.

“*Environmental Liability*” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Issuer or any of its Affiliates directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“*Environmental Laws*” means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport



or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the clean up or other remediation thereof.

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and all rules and regulations from time to time promulgated thereunder.

“*Event of Default*” shall have the meaning assigned to such term in Article VII.

“*Event of Insolvency*” means, with respect to any Person, the occurrence of one or more of the following events:

(a) the issuance, under the laws of any state or under the laws of the United States of America, of an order of rehabilitation, liquidation or dissolution of such Person;

(b) the commencement by or against such Person of a case or other proceeding seeking liquidation, reorganization or other relief with respect to such Person or its debts under any bankruptcy, insolvency or other similar state or federal law now or hereafter in effect, including, without limitation, the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Person or any substantial part of its Property or there shall be appointed or designated with respect to it, an entity with competent jurisdiction over the Issuer such as an organization, board, commission, authority, agency or body to monitor, review, oversee, recommend or declare a financial emergency or similar state of financial distress with respect to it or there shall be declared or introduced or proposed for consideration by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; provided, however, with respect to the commencement of any case or other proceeding against such Person which is involuntary, such case or proceeding shall remain undismissed and unstayed for a period of 60 days;

(c) the making of an assignment for the benefit of creditors by such Person;

(d) the inability or failure of such Person to generally pay its debts as they become due;

(e) the declaration of a moratorium with respect to the payment of the debts of such Person;

(f) such Person shall admit in writing its inability to pay its debts when due;  
or

(g) the initiation of any action in furtherance of or to authorize any of the foregoing by or on behalf of such Person.

“*Excess Interest Amount*” shall have the meaning assigned to such term in Section 3.02(b).

“*Expiration Date*” \_\_\_\_\_, 2018, as such date may be extended from time to time by the Bank by delivery of written Notice of Extension to the Tender Agent and the Issuer in the form of **Exhibit D**; provided that if any such date is not a Business Day, the Expiration Date shall be the next succeeding Business Day.

“*Exposure*” means, for any date for any Person, the amount of any Settlement Amount that would be payable by such Person under an Interest Rate Protection Agreement if such Interest Rate Protection Agreement were terminated as of such date. Exposure shall be determined in accordance with the standard methods of calculating such exposure under similar arrangements as reasonably prescribed from time to time by the Bank, taking into account the methodology for calculating amounts due upon early termination as set forth in the related Interest Rate Protection Agreement and the notional principal amount, term and other relevant provisions thereof.

“*Fed Funds Rate*” means, for any day, a fluctuating interest rate per annum equal to the weighted average (rounded to the next higher 1/100 of 1%) of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average (rounded to the next higher 1/100 of 1%) of the quotations for such day on such transactions received by the Bank from three federal funds brokers of recognized standing selected by the Bank. Each determination of the Fed Funds Rate by the Bank shall be conclusive and binding on the Issuer.

“*Fee Letter*” - means the fee letter agreement between the Issuer and the Bank dated as of \_\_\_\_\_, 2014.

“*Fiscal Year*” means the fiscal year of the Issuer ending on June 30 of each calendar year.

“*Fitch*” means Fitch Ratings, and its successors and assigns.

“*Generally Accepted Accounting Principles*” means generally accepted accounting principles applicable to governmental entities consistently applied and maintained throughout the period indicated and consistent with the prior financial practice of the Issuer, except for changes permitted by the Governmental Accounting Standards Board or any similar accounting authority of comparable standing.

“*Governmental Approvals*” means an authorization, consent, approval, license or exemption of, registration or filing with, or report to, any governmental or regulatory unit.

“*Governmental Authority*” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Highest Lawful Rate*” means, subject to the limitations prescribed by Chapter 1204 of the Texas Government Code, as amended, the maximum net effective rate of interest on the relevant obligation permitted by applicable law without regard to any filing made by a lender with respect to notice of rates in excess of any statutory or regulatory threshold interest rate.

“*Immediate Suspension Event*” shall have the meaning assigned to such term in Section 7.03(e).

“*Immediate Termination Event*” or “*Event of Termination*” means a PSF Immediate Termination Event or an Issuer Immediate Termination Event.

“*Interest Payment Date*” shall have the meaning assigned in the Order.

“*Interest Rate Protection Agreement*” means an interest rate swap, cap or collar agreement or similar arrangement between any Person and a financial institution providing for the transfer or mitigation of interest rate risks either generally or under specific contingencies.

“*Investment Grade*” means at least “BBB-” (or its equivalent) by S&P, at least “BBB-” (or its equivalent) by Fitch and at least “Baa3” (or its equivalent) by Moody’s.

“*Investor CUSIP Number*” means \_\_\_\_\_.

“*Issuer*” means the Denton Independent School District, and its successors and assigns permitted hereunder.

“*Issuer Immediate Termination Event*” shall have the meaning assigned to such term in Section 7.03(b).

“*Lien*” means (a) any interest in Property which secures an obligation owed to a Person other than the owner of such Property, including, without limitation, any such interest arising from a mortgage, charge, pledge, security agreement, conditional sale or trust receipt, or arising from a lease, consignment or bailment given for security purposes, and (b) any exception to or defect in the title to or ownership interest in such Property.

“*Liquidity Drawing*” means a drawing made hereunder by presentation of a Notice of Bank Purchase pursuant to Section 2.02 hereof.

“*Liquidity Agreement*” shall have the meaning assigned to such term in the Order.

“*Margin Stock*” shall have the meaning assigned to such term in Regulation U promulgated by the Board of Directors of the Federal Reserve System, as now and hereafter from time to time in effect.

“*Material Adverse Change*” means the occurrence of any event or change resulting in a material and adverse change (in the reasonable opinion of the Bank) in the business, assets, liabilities, condition (financial or otherwise), operations or prospects of the Issuer since the last day of the period reported in the financial statements of the Issuer received by the Bank and described in Section 4.06, or which materially and adversely effects the enforceability of this

Agreement or the Related Documents or the ability of the Issuer to perform its obligations hereunder or thereunder.

“*Material Adverse Effect*” means (a) with respect to the Issuer, a material adverse effect (in the reasonable opinion of the Bank) upon the Issuer’s business, assets, liabilities, condition (financial or otherwise), operations or business prospects and (b) with respect to any agreement or obligation, a material adverse effect (in the opinion of the Bank) upon the binding nature, validity or enforceability of such agreement or obligation or upon the ability of a party to perform such obligations or to perform its obligations pursuant to such agreement.

“*Material Debt*” means (a) the Bonds (including Purchased Bonds) and (b) any Debt payable from the levy of an ad valorem tax on a parity with or senior to the Bonds.

“*Material Litigation*” shall have the meaning assigned to such term in Section 4.04.

“*Maximum Interest Rate*” means (a) with respect to Purchased Bonds, the Highest Lawful Rate and (b) with respect to Bonds other than Purchased Bonds, 8% per annum or such other higher rates of interest as shall be approved by the Issuer, but in no event to exceed the lesser of (i) 15% per annum or (ii) the Highest Lawful Rate, provided, however, that regardless of such approval by the Issuer, no such higher rate of interest shall be effective unless and until (x) the Issuer and the Bank amend this Agreement accordingly, (y) the Issuer is able to demonstrate that the Issuer has the projected ability to pay the principal and interest on the Bonds assuming such higher interest rate in the manner required by Section 45.0031, Texas Education Code, or any successor statute in effect at such time and (z) the Issuer shall have delivered to the Paying Agent/Registrar and the Remarketing Agent an opinion of nationally recognized bond counsel to the effect that such change in the Maximum Interest Rate will not have an adverse effect on the exclusion from federal income tax of the interest on the Bonds.

“*Moody’s*” means Moody’s Investors Service, Inc., and its successors and assigns.

“*Notice of Bank Purchase*” means a notice in the form of **Exhibit A**.

“*Notice of Extension*” means a notice in the form of **Exhibit D**.

“*Notice Termination Event*” shall have the meaning assigned to such term in Section 7.03(c).

“*Official Statement*” means the final Official Statement dated July 20, 2006 (including the cover page and all summary statements, appendices and other materials included or incorporated by reference or attached thereto), as amended and supplemented by any supplement thereto, and as further amended and supplemented by the remarketing memorandum used with respect to the remarketing of the Bonds dated \_\_\_\_\_, 2014.

“*Order*” means the Order adopted by the Board of Trustees of the Issuer on June 27, 2006, authorizing the issuance of the Bonds, as amended pursuant to the Order adopted by the Board of Trustees of the Issuer on June 12, 2012, as further amended pursuant to the Order adopted by the Board of Trustees of the Issuer on October \_\_\_\_\_, 2014, and as may be further amended from time to time.

“*Outstanding*” shall have the meaning assigned in the Order.

“*Owner*” means the registered owner of a Bond or, if the Bonds are held in book-entry form, the beneficial owner of such Bond.

“*Parity Facility*” means any standby bond purchase agreement or letter of credit or other liquidity facility or credit facility other than this Agreement which provides for the payment of the purchase price of or principal and interest on any ad valorem tax bonds issued on a parity with or senior to the Bonds.

“*Participant(s)*” means any bank(s) or other financial institution(s) which may purchase a participation interest from the Bank in this Agreement, together with certain of the Related Documents, pursuant to a participation agreement between the Bank and the Participant(s).

“*Patriot Act*” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“*Paying Agent Registrar*” means The Bank of New York Mellon Trust Company, National Association, and its permitted successors as Paying Agent Registrar under the Order.

“*Permanent School Fund*” or “*PSF*” shall mean that certain fund, created by article VII, Section 5 of the Texas Constitution, pursuant to which the payment of principal and interest on the Bonds has been guaranteed.

“*Person*” means an individual, a corporation, a partnership, an association, a joint venture, a trust, a business trust, a limited liability company or any other entity or organization, including a governmental or political subdivision or an agency or instrumentality thereof.

“*Prime Rate*” means, for any day, the rate of interest per annum announced from time to time by the Bank in its sole discretion as its prime rate. The Prime Rate shall change on the day on which such a change is announced by the Bank. The Prime Rate is not necessarily announced to the public or the lowest rate charged to any corporate customer by the Bank. Upon the request by the Issuer, the Bank shall promptly provide the Issuer written notice setting forth the Prime Rate as of any date in such Issuer request.

“*Principal Portion*” shall have the meaning assigned to such term in Section 3.01(b).

“*Property*” means, when used in connection with any Person, any and all rights, title and interests of such Person in and to any and all property (including cash) whether real, personal or mixed, or tangible or intangible, and wherever situated.

“*PSF Immediate Termination Event*” shall have the meaning assigned to such term in Section 7.03(a).

“*Purchase Date*” means a Business Day on which the Bank honors a Liquidity Drawing.

“*Purchase Notice*” shall have the meaning assigned to such term in Section 2.04(b).

“*Purchase Period*” means the period from the Closing Date hereof to and including the earliest of the close of business on (a) the Expiration Date, (b) the date on which no Eligible Bonds are Outstanding and (c) the date on which the Available Commitment and the Bank’s obligation to purchase Eligible Bonds pursuant to the terms and conditions hereof have been terminated in their entirety pursuant to Section 2.03 or Article VII.

“*Purchase Price*” means, with respect to any Eligible Bond as of any date, one hundred percent (100%) of the principal amount of such Eligible Bond plus accrued and unpaid interest thereon to the Purchase Date but in no event to exceed the Available Commitment; provided, however, if the Purchase Date for any Eligible Bond is also an Interest Payment Date for such Eligible Bond, the Purchase Price for such Eligible Bond shall not include accrued but unpaid interest on such Eligible Bond; and provided, further, in no event shall the Purchase Price of any Bond include Defaulted Interest accrued on such Eligible Bond or any premium owed with respect to such Bond.

“*Purchased Bond*” means each Bond purchased by the Bank pursuant to Sections 2.01 and 2.02 and held by or for the account of a Purchased Bondholder in accordance with the terms of this Agreement, until remarketed or deemed remarketed in accordance with Section 2.04(c) hereof or redeemed in accordance with Section 3.01(b) hereof.

“*Purchased Bond CUSIP Number*” means \_\_\_\_\_.

“*Purchased Bondholder*” means the Bank (but only in its capacity as Owner of Purchased Bonds pursuant to this Agreement) or any other Person to whom a Purchased Bondholder has sold Purchased Bonds pursuant to Section 2.04(a).

“*Purchaser*” shall have the meaning assigned to such term in Section 2.04(b).

“*Rating Agency*” means S&P, Moody’s, Fitch or any successor or additional rating agency that rates the Bonds at the written request of the Issuer.

“*Register*” shall have the meaning assigned in the Order.

“*Related Documents*” means, collectively, this Agreement, the Custody Agreement, the Bonds (including all Purchased Bonds), the Order, the Remarketing Agreement, the Fee Letter, the Tender Agent Agreement, and any exhibits, instruments or agreements relating thereto.

“*Remarketing Agent*” means, subject to Section 5.07 or 5.13 hereof, the Person acting from time to time as the Remarketing Agent under the Order and the Remarketing Agreement, currently, J.P. Morgan Securities, LLC.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of June 27, 2006 by and between the Issuer and the Remarketing Agent, and, subject to Sections 6.07 and 6.13 hereof, any similar agreement between the Issuer and any successor Remarketing Agent.

“*Remarketing Memorandum*” means \_\_\_\_\_.

“*S&P*” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

“*Sale Date*” shall have the meaning assigned to such term in Section 2.04(b).

“*Sale Price*” shall have the meaning assigned to such term in Section 2.04(b).

“*Settlement Amount*” means, with respect to a Person and any Interest Rate Protection Agreement, any amount payable by such Person under the terms of such Interest Rate Protection Agreement in respect of, or intended to compensate the other party for, the value of such Interest Rate Protection Agreement upon an early termination thereof.

“*Special Interest*” means with respect to any Purchased Bonds and for any fiscal years of the Issuer that portion, if any, of interest on such Purchased Bonds which exceeds the interest which accrues thereon at the Maximum Interest Rate for Bonds other than Purchased Bonds.

“*State*” means the State of Texas.

“*Substitute Liquidity Facility*” means any substitute liquidity facility meeting the requirements of a Substitute Liquidity Facility as defined in the Order.

“*Tender Agent*” means The Bank of New York Mellon Trust Company, National Association, and its permitted successors as Tender Agent under the Order.

“*Termination Fee*” shall have the meaning assigned to such term in the Fee Letter.

“*Termination Notice*” means any notice given by the Bank pursuant to Section 7.03(c) which shall be in the form of **Exhibit B**.

“*Variable Rate*” shall have the meaning assigned to such term in the Order.

“*Weekly Rate*” shall have the meaning assigned to such term in the Order.

“*Written*” or “*in writing*” means any form of written communication or a communication by means of a facsimile device.

**Section 1.02. Incorporation of Certain Definitions by Reference.**

Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefore in the Order and the Bonds, as applicable, unless the context otherwise requires.

**Section 1.03. Computation of Time Periods.** In this Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

**Section 1.04. New York, New York Presumption.** All references herein to times of the day shall be presumed to refer to New York, New York time unless otherwise specified.

**Section 1.05. Relation to Other Documents.** NOTHING IN THIS AGREEMENT SHALL BE DEEMED TO AMEND, OR RELIEVE THE ISSUER OF ANY OF ITS OBLIGATIONS UNDER, ANY RELATED DOCUMENT. TO THE EXTENT ANY PROVISION OF THIS AGREEMENT CONFLICTS WITH ANY PROVISION OF ANY RELATED DOCUMENT TO WHICH THE ISSUER IS A PARTY, THE PROVISIONS OF THIS AGREEMENT SHALL CONTROL.

**Section 1.06. Interpretation.** All words used herein shall be construed to be of such gender or number as the circumstances require. Reference to any document means such document as amended, amended and restated, modified or supplemented from time to time as permitted under its respective terms and the terms hereof. Reference herein to an Article, Exhibit or Section shall constitute a reference to such Article, Exhibit or Section of or to this Agreement unless otherwise specified. The recitals contained on page 1 of this Agreement are incorporated herein by this reference and made a part of this Agreement. The Issuer represents that the statements in such recitals are true and correct.

## ARTICLE II

### THE COMMITMENT; FEES

**Section 2.01. Commitment to Purchase Bonds.** Subject to the terms and conditions of this Agreement, the Bank hereby agrees from time to time during the Purchase Period to extend credit to the Issuer through the purchase, with the Bank's own funds, of Eligible Bonds, at the Purchase Price on a Purchase Date. The aggregate principal amount (or portion thereof in Authorized Denominations) of any Eligible Bonds purchased on any Purchase Date shall not exceed the Available Principal Commitment (calculated in each case, without giving effect to any purchase of Eligible Bonds by the Bank on such date) at 11:00 A.M. on such Purchase Date. The portion of the Purchase Price paid for any Eligible Bonds constituting Accrued Interest on such Eligible Bonds shall not exceed the Available Interest Commitment (calculated in each case without giving effect to any purchase of Eligible Bonds by the Bank on such date) at 11:00 A.M. on such Purchase Date. Any Eligible Bonds so purchased shall thereupon constitute Purchased Bonds and shall, from the date of such purchase and while they are Purchased Bonds, bear interest at the Bank Rate and have other characteristics of Purchased Bonds as set forth herein and in the Order and the Bonds.

**Section 2.02. Method of Purchasing.** If, on any Purchase Date during the Purchase Period, the Bank receives by facsimile transmission, by delivery in person, by mail or by an express delivery service at the location specified for the delivery of a Notice of Bank Purchase pursuant to Section 10.04, a Notice of Bank Purchase from the Tender Agent, and the Tender Agent, by telephone call to the Bank, confirms the Bank's receipt of such Notice, not later than



11:00 A.M., the Bank shall, subject to Sections 2.01 and 8.02 hereof, transfer to the Tender Agent not later than 2:00 P.M. on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all Eligible Bonds tendered or deemed tendered for purchase on such date but not remarketed as specified in such Notice of Bank Purchase. A Notice of Bank Purchase shall be irrevocable after receipt thereof by the Bank. The Bank shall have no responsibility for, nor incur any liability in respect of, any act, or any failure to act, by the Tender Agent or the Remarketing Agent that results in its failure to effect the purchase of Eligible Bonds by the Bank, with such funds pursuant to this Section 2.02. The parties hereto agree that, pursuant to the Order, the Bank (and any other Purchased Bondholder) shall become the Owner of any Bonds purchased with the proceeds of a Liquidity Drawing and such Bonds shall be registered by the Tender Agent in the name of the Bank or its designee and made available for delivery to the Bank at the principal office of the Tender Agent in accordance with the Tender Agent Agreement and Custody Agreement and, prior to such delivery, shall be held in trust by the Tender Agent for the benefit of the Bank. Each of the Issuer and the Tender Agent agrees to comply with these provisions and those in the Order, Tender Agent Agreement and the Custody Agreement regarding Purchased Bonds. If the Bonds are in book entry only form with The Depository Trust Company ("DTC") or another depository appointed for such purpose, Purchased Bonds shall be held by the Tender Agent in its participant account with DTC for the benefit of the Bank or its designee. The Tender Agent shall mark its records to indicate that such Purchased Bonds are so held for the benefit of the Bank; provided, however, that at the written direction of the Bank, the Tender Agent shall cause such Purchased Bonds to be transferred to the DTC participant account of the Bank or its designee. In the event that Purchased Bonds are held as provided in the preceding two sentences, the Tender Agent shall, promptly following receipt of a written request from the Bank, take such steps as are necessary to cause such Purchased Bonds to be converted to physical form and to be delivered to or at the direction of the Bank. Any amounts received by the Tender Agent from the Bank pursuant to the terms of this Agreement and not used to pay the Purchase Price of Eligible Bonds shall be immediately returned to the Bank, and the Available Commitment shall not be reduced pursuant to clause (b) of the definition of Available Principal Commitment by the amount drawn but so returned. The Tender Agent shall not (i) pledge, hypothecate, transfer or release possession of any Purchased Bonds held by the Tender Agent for the benefit of the Bank to any person or in any manner not in accordance with this Agreement, the Tender Agent Agreement and the Order except at the written direction of the Bank, (ii) enter into any other agreement regarding possession of the Purchased Bonds without the prior written consent of the Bank or (iii) release Purchased Bonds unless the Tender Agent has received notice from the Bank that the Bank has been paid amounts owed with respect to the Purchased Bonds and the Available Commitment has been adjusted upward pursuant to clause (c) of the definition of Available Principle Commitment by the amount paid with respect to the Purchased Bonds.

### **Section 2.03. Mandatory Reductions of Available Commitment.**

(a) Upon (i) any redemption, repayment, defeasance or other payment or deemed payment of all or any portion of the principal amount of the Bonds or (ii) the Business Day following the conversion of the interest rate borne by any Bonds to an interest rate other than a Covered Rate, the aggregate Available Principal Commitment and the Bank's obligation to purchase Eligible Bonds pursuant to the terms and conditions hereof shall be reduced upon receipt by the Bank of written notice of such occurrence from the Issuer by the principal amount of the Bonds so redeemed, repaid, defeased or otherwise paid, deemed paid or so converted, as specified in such written notice.

(b) The Available Commitment and the Bank's obligation to purchase Eligible Bonds pursuant to the terms and conditions hereof shall automatically terminate on the date on which a Substitute Liquidity Facility has become effective pursuant to the Order.

### **Section 2.04. Sale of Purchased Bonds; Reinstatement.**

(a) ***Right To Sell Purchased Bonds.*** Each Purchased Bondholder expressly reserves the right to sell, at any time, Purchased Bonds, subject, however, to the express terms of this Agreement. Such Purchased Bondholder shall notify the Issuer, the Tender Agent and the Remarketing Agent promptly of any such sale (other than a sale made pursuant to Section 2.04(c)) and if such Bond is held in book entry form, specifying the account at DTC to which such Purchased Bond is credited, and to notify the transferee that such Bond is not an Eligible Bond so long as it remains a Purchased Bond and that there may not be a short-term investment rating assigned to such Bond so long as it remains a Purchased Bond. Any Purchased Bondholder purchasing a Purchased Bond as described in this Section 2.04(a) shall be deemed to have agreed (i) not to sell such Purchased Bond to any Person except the Bank, an institutional investor or other Person which customarily purchases commercial paper or tax-exempt securities in large denominations or a Purchaser identified by the Remarketing Agent pursuant to Section 2.04(b) and (ii) if such Purchased Bond is held in book entry form, to give all notices in the manner and by the time required by DTC to identify that such Purchased Bond is not an Eligible Bond while it remains a Purchased Bond. Each seller of a Purchased Bond to any Person other than a Purchaser identified by the Remarketing Agent pursuant to Section 2.04(b) shall notify the Remarketing Agent and the Tender Agent of the identity of the new Purchased Bondholder purchasing such Purchased Bond and shall require such new Purchased Bondholder to agree to sell such Purchased Bonds as provided in the preceding sentence and to agree not to otherwise sell its Purchased Bonds. Prior to selling a Purchased Bond to any Person, a written acknowledgment shall be obtained from such Person stating that such Person acknowledges that the Purchased Bond is not an Eligible Bond.

(b) ***Purchase Notices.*** Prior to 12:00 noon on any Business Day on which any Purchased Bondholder holds Purchased Bonds, the Remarketing Agent may deliver a notice (a "Purchase Notice") to the Purchased Bondholder(s) as registered on the Register

and to the Bank, stating that it has located a purchaser (the “Purchaser”) for some or all of such Purchased Bonds and that such Purchaser desires to purchase such Purchased Bonds on a Business Day (a “Sale Date”) which shall be at least two Business Days after the date on which the Purchase Notice is received by the Purchased Bondholder. The Purchased Bonds to be purchased shall be in an Authorized Denomination and at a price equal to the principal amount thereof plus interest thereon as determined by the Remarketing Agent pursuant to the Order (the “Sale Price”). Interest on Purchased Bonds shall otherwise be payable as provided in Section 3.01.

(c) ***Sale of Purchased Bonds.*** A Purchased Bondholder shall, in its sole and absolute discretion, determine whether to sell any Purchased Bonds to any Purchaser and shall give notice of such determination to the Tender Agent and the Remarketing Agent by 2:00 p.m. on the Business Day preceding the Sale Date. In the event such notice is not timely delivered by a Purchased Bondholder, such Purchased Bondholder shall be deemed to have determined to sell such Purchased Bonds to a Purchaser on the Sale Date (subject to receipt by it of the Sale Price). If a Purchased Bondholder determines, or is deemed to have determined, to sell such Purchased Bonds to a Purchaser, such Purchased Bondholder shall deliver such Purchased Bonds to the Tender Agent (or, in the case of Purchased Bonds which are held in book entry form, shall cause the beneficial ownership thereof to be credited to the account of the Tender Agent at DTC) by 10:00 a.m. on the Sale Date against receipt of the Sale Price therefore in immediately available funds at the Purchased Bondholder’s address listed in the Register or such other address as specified by the Purchased Bondholder, and such Bonds shall thereupon no longer be considered Purchased Bonds. In the event that a Purchased Bondholder fails to deliver its Purchased Bonds as described in the immediately preceding sentence, the Purchased Bondholder shall be deemed to have so delivered its Purchased Bonds and the Remarketing Agent shall deliver the Sale Price therefore to the Tender Agent to be held by the Tender Agent, together with the Differential Interest Amount, for the benefit of such Purchased Bondholder pending surrender of such Purchased Bonds by such Purchased Bondholder. When Purchased Bonds are purchased in accordance with this Section 2.04(c), the Tender Agent shall, upon receipt of such Purchased Bonds and upon receipt by such Purchased Bondholder of the Sale Price, notify the Issuer that such Bonds are no longer Purchased Bonds. The Differential Interest Amount shall become an obligation of the Issuer to the Purchased Bondholder, and shall be payable by the Issuer on the Sale Date; provided, however, that notwithstanding the foregoing or any provisions of this Agreement, the Differential Interest Amount with respect to Purchased Bonds consisting of Special Interest shall be paid in accordance with Section 3.05 of the Order and such Special Interest shall not accrue interest pending payment. If a Purchased Bondholder notifies the Tender Agent and the Remarketing Agent, as provided in the first sentence of this Section 2.04(c), that it will not sell its Purchased Bonds, (i) the Tender Agent shall notify the Issuer, the Remarketing Agent, such Purchased Bondholder and the Bank (if the Bank is not the Purchased Bondholder) that as of the Sale Date such Bond or Bonds shall constitute Eligible Bonds and shall no longer constitute Purchased Bonds, (ii) such Bonds shall be deemed to have been remarketed, (iii) the Available Commitment shall be appropriately increased, and (iv) such Bonds shall thereafter bear interest at the same rate as Bonds that are not Purchased Bonds.

(d) **Continuing Obligations.** Following any sale of Purchased Bonds pursuant to Section 2.04(b) and 2.04(c) or otherwise, or any election to retain Bonds pursuant to Section 2.04(c), the Bank or other Purchased Bondholder shall retain the right to receive payment from the Issuer of any interest thereon as provided herein, in Article III hereof and in the Order.

(e) **No Warranty.** Any sale of a Purchased Bond pursuant to this Section 2.04 shall be without recourse to the seller and without representation or warranty of any kind by the Bank or any Purchased Bondholder.

(f) **Further Assurances.** The Issuer further agrees to do or consent to be done all such other reasonable acts and things as may be necessary to make any disposition or sale of any portion or all of the Purchased Bonds permitted by this Agreement valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts or governmental authorities having jurisdiction over any such disposition or sales, all at the Issuer's expense.

**Section 2.05. Rights of Purchased Bondholders.** It is expressly understood and agreed by the parties hereto that, during such time as any Purchased Bondholder holds or is the beneficial owner of any Purchased Bond, such Purchased Bondholder shall have all rights granted to Owners under the Order (other than the right to tender such Purchased Bond for purchase pursuant to the Order and have such Purchased Bonds purchased with amounts advanced hereunder), as well as any additional rights as may be granted to such Purchased Bondholder hereunder or under any of the Related Documents.

#### **Section 2.06. Fees.**

The Issuer agrees to pay all fees to the Bank as set forth in the Fee Letter. The Fee Letter is hereby approved.

#### **Section 2.07. Yield Protection.**

(a) If the Bank or any Participant, shall have determined that the adoption or implementation of, or any change in, any law, rule, treaty, accounting principle required by a Governmental Authority, or regulation, or any policy, guideline, or directive of, or any change in the interpretation, implementation, or administration thereof by, any court, central bank, or other administrative or governmental authority (in each case, whether or not having the force of law), or compliance by the Bank or any Participant with any request or directive of any such court, central bank or other administrative or governmental authority (whether or not having the force of law), (the foregoing are each a "Change in Law") shall (i) change the basis of taxation of payments to the Bank or any Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or any Participant); (ii) impose, modify or deem applicable any reserve, special deposit, or similar requirement against issuing or honoring draws hereunder, or assets held by, or deposits with or for the account of, the Bank or any Participant or

(iii) impose on the Bank or any Participant any other condition regarding this Agreement, and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank or such Participant of honoring draws hereunder or to reduce the amount of any sum received or receivable by the Bank or the Participant hereunder, then, upon demand by the Bank, the Issuer shall pay to the Bank for its own account, or that of such Participant as may be applicable, such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(b) If the Bank or any Participant shall have determined that a Change in Law shall impose, modify or deem applicable any capital or liquidity adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or any Participant allocates capital or liquidity resources to its exposures, claims or commitments (including its obligations under standby bond purchase agreements)) that either (i) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant or (ii) reduces or would reduce the rate of return on the Bank's or such Participant's capital or liquidity to a level below that which the Bank or such Participant could have achieved but for such circumstances (taking into consideration the policies of the Bank or such Participant with respect to capital or liquidity adequacy) then, upon demand by the Bank for its own account or that of such Participant as may be applicable, the Issuer shall pay to the Bank for its own account in the form of a Facility Fee increase.

(c) All payments of amounts referred to in clauses (a) and (b) above shall be paid by the Issuer to the Bank within 30 days of such demand. A certificate as to such increased cost, increased capital, or reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (a) or (b) of this subsection setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank to the Issuer simultaneously with such demand for payment and shall be conclusive as to the amount thereof absent manifest error. In making the determinations contemplated by the above-referenced certificate, the Bank or Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or Participant in good faith determines to be appropriate. The obligations of the Issuer under this Section 2.07 shall survive the termination of this Agreement.

(d) Notwithstanding the provisions of this Section 2.07, the Issuer shall have no liability for cost increases, yield reductions or other costs described in this Section 2.07 to the extent incurred by the Bank more than 180 days prior to the date on which the Bank provides the certificate specified in clause (c) above; *provided that*, to the extent such change that gives rise to such increased cost or reduction is retroactive, then the foregoing 180 day period shall be extended to include the period of retroactive effect thereof.

(e) Notwithstanding the foregoing, for purposes of this Agreement (a) all Changes in Law in connection with the Dodd-Frank Act shall be deemed to be a Change in Law, regardless of the date enacted, adopted or issued, and (b) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel

Committee on Banking Supervision (or any successor or similar authority) or any change in the enforcement or interpretation or administration thereof by any Governmental Authority or comparable agency charged with the interpretation or administration thereof, shall be deemed a Change in Law regardless of the date enacted, adopted or issued.

**Section 2.08. Computations; Payments; Default Interest.**

(a) **Method of Payment.** Except as may be otherwise provided herein, all fees hereunder and interest on amounts owed hereunder or with respect to Purchased Bonds shall be computed on the basis of a year of 360 days, composed of 12 months of 30 days each. All payments by or on behalf of the Issuer to the Bank hereunder shall be fully earned when due and nonrefundable when paid and made in lawful currency of the United States of America and in immediately available funds. Amounts payable to the Bank hereunder shall be transferred to the Bank's account at \_\_\_\_\_ (or to such other account of the Bank as the Bank may specify by written notice to the Issuer or the Tender Agent) not later than 3:30 p.m. on the date payment is due. Any payment received by the Bank after 3:30 p.m. shall be deemed to have been received by the Bank on the next Business Day. If any payment hereunder is due on a day that is not a Business Day, then such payment shall be due on the next succeeding Business Day, and, in the case of the computation of the interest or fees hereunder, such extension of time shall, in such case, be included in the computation of the payment due hereunder. Subject to Sections 3.01(b) and (c) hereof, payments received by the Bank shall be applied, first, to any fees, costs, charges or expenses payable by the Issuer under this Agreement; second, to past due interest; third, to current interest; and, fourth, to principal.

(b) **Default Interest.** The Issuer agrees to pay, or cause to be paid, to the Bank, upon demand, interest on any and all amounts owed by the Issuer under this Agreement from the earlier of (i) the date such amounts are due and payable but not paid until payment thereof in full and (ii) the date on which an Event of Default occurs, at a fluctuating interest rate per annum (computed on the basis of a year of 360 days and the actual number of days elapsed) equal to the Default Rate. The obligations of the Issuer under this Section 2.08 shall survive the termination of this Agreement.

**Section 2.09. Cure.** The Bank shall have the right, but not the obligation, to cure any Default, Event of Default or event of nonperformance. The Issuer agrees to pay to the Bank, on demand, any amounts advanced by or on behalf of the Bank to the extent required to cure any Default, Event of Default or event of nonperformance under this Agreement or any Related Document, together with interest thereon at the Default Rate.

**Section 2.10. Maintenance of Accounts.** The Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Issuer resulting from the amounts of principal and interest payable and paid from time to time hereunder. In any legal action or

proceeding in respect of this Agreement, the entries made in such account or accounts shall be presumptive evidence of the existence and amounts of the obligations of the Issuer therein recorded. The failure to record any such amount shall not, however, limit or otherwise affect the obligations of the Issuer hereunder to repay all amounts owed hereunder, together with all interest accrued thereon as provided herein.

**Section 2.11. Withholding.** All payments of principal, interest and any other sums due hereunder shall be made in the amounts required hereunder without any deduction or setoff, notwithstanding the assertion of any right of recoupment or setoff or of any counterclaim by the Issuer (which are hereby waived by the Issuer), and without any withholding on account of taxes, levies, duties or any other deduction whatsoever (all such taxes, levies, duties or deductions being hereinafter referred to as "Taxes"); provided, that Taxes shall not include taxes imposed on the Bank's or a Participant's income. If the Issuer is required by law to withhold or deduct any sum from payments required under this Agreement, the Issuer shall, to the extent permitted by applicable law, increase the amount paid by it to the Bank so that, after all withholdings and deductions, the amount received by the Bank shall equal the amount the Bank would have received without any such withholding or deduction.

If the Bank or a Participant determines, in their sole discretion, that it has received a refund of Taxes as to which it has been indemnified pursuant to this Section 2.11 (including additional amounts paid by the Issuer pursuant to this Section 2.11), it shall pay to the Issuer an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Bank or a Participant, as applicable, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); *provided that* the Issuer, upon the request of the Bank or a Participant, as applicable, agrees to repay the amount paid over pursuant to this Section (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Bank or a Participant, as applicable, in the event the Bank or a Participant, as applicable, is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.11, in no event will the Bank or a Participant, as applicable, be required to pay any amount to the Issuer pursuant to this Section 2.11 the payment of which would place the Bank or a Participant, as applicable, in a less favorable net after-tax position than the Bank or a Participant, as applicable, would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 2.11 shall not be construed to require the Bank to make available its tax returns (or other information relating to its taxes which it deems confidential) to the Issuer or any other Person.

**Section 2.12. Nature of Issuer's Obligations.** The Bonds, including Purchased Bonds, and the Issuer's obligations hereunder are payable from a continuing direct annual ad valorem tax levied by the Issuer, without limit as to rate or amount, on all taxable property within the Issuer. Additionally, payment of principal and interest on the Bonds, including the Purchased Bonds, when due is guaranteed by the Permanent School Fund.

**Section 2.13. CUSIP Numbers.** The Issuer shall, at its expense, at all times (i) cause Bonds which are not Purchased Bonds to be assigned the Investor CUSIP Number or provide notice to the Bank of any change in the Investor CUSIP Number, and (ii) cause Purchased Bonds to be assigned the Purchased Bond CUSIP Number.

### **ARTICLE III**

#### **PURCHASED BONDS**

##### **Section 3.01. Reimbursement.**

(a) Notwithstanding anything to the contrary in any Related Document, the Issuer agrees that the Issuer shall pay, or cause to be paid, to the Bank the portion of each Liquidity Drawing used to pay Accrued Interest on Eligible Bonds on or before two Business Days following the Purchase Date on which such Eligible Bonds are purchased with amounts advanced hereunder.

(b) Upon the honoring of a Liquidity Drawing hereunder by the Bank, the Issuer will incur an obligation to reimburse the Bank therefore. The Issuer agrees to pay, or cause to be paid, to the Bank an amount equal to the portion of the amount advanced pursuant to each Liquidity Drawing used to pay Accrued Interest as provided above in Section 3.01(a). The Issuer agrees to pay, or cause to be paid, to the Bank an amount equal to the portion of the amount advanced pursuant to each Liquidity Drawing used to pay the portion of the Purchase Price of Eligible Bonds constituting the principal of such Bonds (the "Principal Portion"), as evidenced by Purchased Bonds purchased with the proceeds of such Liquidity Drawing, as provided herein. Commencing with the Amortization Start Date, Purchased Bonds shall be subject to special mandatory redemption as authorized by Section 5.04 of the Order. The Issuer shall redeem Purchased Bonds, without any requirement of notice or demand by the Bank, in approximately equal installments of principal due and payable on each Amortization Payment Date, with all remaining unpaid principal due and owing on the Amortization End Date. The Issuer may prepay the amount of any Purchased Bond at any time in Authorized Denominations upon at least ten (10) days' notice to the Bank, such prepayment to be accompanied by interest accrued thereon at the Bank Rate to the date of prepayment. The Issuer shall pay, or cause to be paid, amounts owed under this Section 3.01(b) upon any remarketing of Purchased Bonds in amounts equal to the principal amount of the Purchased Bonds so remarketed. Notwithstanding the foregoing, (i) the Issuer shall pay, or cause to be paid, the Purchased Bonds on the date on which such Purchased Bond is otherwise due and payable pursuant to the Order, whether at its



stated maturity, redemption, mandatory redemption or otherwise; (ii) the Issuer shall pay, or cause to be paid, the Purchased Bonds (or a pro rata portion thereof in the event of the conversion of less than all of the Purchased Bonds) in full on the Conversion Date for the Purchased Bonds; (iii) the Issuer shall pay, or cause to be paid, the Purchased Bonds on the date such amounts are declared due and payable pursuant to Section 7.03 hereof; and (iv) the Issuer shall pay, or cause to be paid, the Purchased Bonds on the date of delivery of a Substitute Liquidity Facility. To the extent that Purchased Bonds are not prepaid or paid when due, including Purchased Bonds purchased from Liquidity Drawings resulting from subsections (i) through (iv) of this section 3.01(b), such unpaid Purchased Bond shall be subject to special mandatory redemption as authorized by Section 5.04 of the Order. Principal payments actually received by the Bank pursuant to the Purchased Bonds shall be credited to the payment of principal owed pursuant to this Section 3.01(b).

(c) The Issuer shall pay, or cause to be paid, to the Bank interest at a fluctuating interest rate per annum equal to the Bank Rate from time to time in effect on the Purchased Bonds, such interest to accrue from the Purchase Date until payment thereof in full, payable on the first Business Day of each calendar month or, if earlier, the date on which all or a portion of such Purchased Bond is repaid, to the extent of such repayment, and on the Amortization Start Date. Interest shall accrue on Purchased Bonds at the Bank Rate which interest shall be due and payable on the dates and in the amounts described in this Section 3.01(c) and in accordance with Section 3.05(b) of the Order. Interest actually received by the Bank on Purchased Bonds shall be credited to the payment of interest owed pursuant to this Section 3.01(c) and in accordance with Section 3.05(b) of the Order. Interest shall be computed on the basis of a 360-day year composed of 12 months of 30 days each.

(d) In the event any Purchased Bond is remarketed or otherwise transferred by the Bank before payment in full of the funds provided by the Bank hereunder with respect thereto, together with interest thereon at the Bank Rate, the provisions of this Section 3.01 shall continue to apply to such indebtedness until all sums owing for all periods during which the same was a Purchased Bond are paid.

(e) The obligation of the Issuer to make the payments described in this Section shall be reduced to the extent that such obligations are paid or as part of the Sale Price.

### **Section 3.02. Highest Lawful Rate.**

(a) If the amount of interest payable hereunder under any Purchased Bond for any period in accordance with the terms hereof exceeds the amount of interest that would be payable for such period had interest for such period been calculated at the Highest Lawful Rate, then interest for such period shall be payable in an amount calculated at the Highest Lawful Rate for such period.

(b) To the extent permitted by law, any interest that would have been due and payable for any period but for the operation of Section 3.02(a) shall accrue and be payable as provided in this Section 3.02(b) and shall, less interest actually paid to the

Bank for such period, constitute the “Excess Interest Amount.” A certificate setting forth the amount of such Excess Interest Amount shall be submitted by the Bank to the Issuer and shall be conclusive as to the amount thereof absent manifest error. If there is any accrued and unpaid Excess Interest Amount as of any date then the Purchased Bonds, shall bear interest at the Highest Lawful Rate, until the earlier of (i) payment to the Bank of the entire Excess Interest Amount or (ii) the date the Purchased Bonds are remarketed or are no longer Outstanding; provided, however, that notwithstanding the foregoing or any provisions of this Agreement, the Special Interest with respect to Purchased Bonds shall be payable in accordance with Section 3.05 of the Order.

(c) Notwithstanding the foregoing, to the extent permitted by law and subject to the limitation that the Excess Interest Amount in the form of a fee may only be recovered to the extent such amount does not cause the net effective interest rate on the Purchased Bonds to exceed the Highest Lawful Rate, on the date on which no principal amount hereunder remains unpaid and no Purchased Bonds are outstanding, the Issuer shall pay to the Bank a fee equal to any accrued and unpaid Excess Interest Amount.

## **ARTICLE IV**

### **REPRESENTATION AND WARRANTIES**

The Issuer represents and warrants as of the Closing Date that:

**Section 4.01. Due Organization; Power and Authority.** The Issuer is an independent school district duly created, organized and validly existing under the laws of the State of Texas and has the full legal right, power, and authority to (i) own its properties and to carry on its business as now being and hereafter proposed to be conducted, (ii) *levy ad valorem taxes*, without limit as to rate or amount, in each year in which Bonds, the Purchased Bonds or any obligations to the Bank hereunder or under the Fee Letter are outstanding on the non-exempt property that is subject to assessment by the Issuer in amounts sufficient to make payments of principal and interest on the Bonds, the Purchased Bonds or the Obligations, in addition to all other outstanding bonds or obligations of the Issuer, (iii) own its properties and to carry on its business as now being and hereafter proposed to be conducted, and (iv) pay all of its obligations hereunder (including, without limitation, the obligation to pay all fees and other amounts payable hereunder).

**Section 4.02. Authorization, Validity and Binding Obligations.** The Issuer has all requisite power and authority to execute and deliver and to perform all of its obligations under this Agreement and the other Related Documents. The execution, delivery and performance by the Issuer of this Agreement, and the delivery of the Official Statement have been duly authorized by all necessary action of the governing body of the Issuer. Each of this Agreement and the Related Documents (other than the Bonds) to which the Issuer is a party constitutes a legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as such

enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Each Bond (including Purchased Bonds) when issued, and as authenticated and delivered by the Paying Agent/Registrar, will have been duly issued, authenticated and delivered under the Act and in conformity with the Order and will constitute the legal, valid and binding obligations of the Issuer enforceable in accordance with their terms, and will be entitled to the benefits of the Order. The obligation of the Issuer to make debt service payments under the Order and the Bonds is absolute and unconditional and is an obligation imposed by law, except as such enforceability may be limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). This Agreement is a "Liquidity Agreement", as such terms are defined in and used in the Order and the other Related Documents.

**Section 4.03. Compliance with Laws and Contracts.** Neither the execution and delivery by the Issuer of this Agreement, nor the consummation of the transactions contemplated herein or in the Related Documents, nor compliance with the provisions hereof or thereof nor the performance of the Order will violate any Applicable Law, or with any provision of the Act or constitute a default under, or result in the creation or imposition of any Lien (other than the Liens created under and pursuant to the Order) upon any of the Property of the Issuer pursuant to the terms of, any order, resolution, mortgage, indenture, agreement or instrument to which the Issuer is a party or by which it or any of its Property is bound.

**Section 4.04. Litigation.** Neither the corporate existence nor boundaries of the Issuer is being contested. There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, arbitrator or public board pending or, to the best knowledge of the Issuer after due inquiry, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding could (i) have a Material Adverse Effect or (ii) adversely affect (A) the transaction contemplated by the Order and the Related documents, or any other agreements or document provided for or contemplated by the Order and the Related Documents, (B) the status of the Issuer as a political subdivision of the State of Texas, (C) the provision made for the payment and security of the Bonds, or (D) the exclusion of interest on the Bonds from gross income for federal income tax purposes (any such action or proceeding being referred to as "Material Litigation").

**Section 4.05. No Default.** (a) No Default or Event of Default has occurred and is continuing, (b) the Issuer is in material compliance with, and has not received any complaint or other notice alleging a violation of or failure

to comply with, any order, writ, injunction or decree of any court, arbitrator or other public board or body applicable to the Issuer, or any law or regulation applicable to the Issuer, and (c) the Issuer is not in breach of (i) any financial covenant or other material provision of any agreement, guaranty, order, resolution, or note evidencing, or entered into in connection with, any of its Debt, or (ii) any contract, agreement or instrument to which the Issuer is a party or by which it is bound, breach of which would have an adverse effect on the properties, business, condition (financial or other), results of operations or prospects of the Issuer or the transactions contemplated by this Agreement or any of the other Related Documents to which the Issuer is a party, or which would have an adverse effect on the validity or enforceability of, or the authority or ability of the Issuer to perform its obligations under, this Agreement or any of the Related Documents to which the Issuer is a party.

**Section 4.06. Financial Statements.** The audited financial statements for the Fiscal Years ended August, 2011, 2012 and 2013, including the balance sheets as of such date of said period, all examined and reported on by the Issuer's independent public accountants, as heretofore delivered to the Bank correctly and fairly present in all material respects the financial condition of the Issuer as of said date and the results of the operations of the Issuer for such period, and have been prepared in accordance with Generally Accepted Accounting Principles consistently applied except as stated in the notes thereto; and there has been no Material Adverse Change since August 31, 2013. The Issuer has no material contingent liabilities or other material contracts or commitments which are not reflected in such financial statements, or in the notes thereto.

**Section 4.07. Reoffering Memorandum.** As of the Closing Date, the information contained in the Reoffering Memorandum, other than the information in the description of the Bank provided by the Bank, the information regarding the Permanent School Fund and the information regarding the Depository Trust Company and its Book Entry Only System, as to which the Issuer makes no representation or warranty, is correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

**Section 4.08. The Bonds; Other Debt.** The Issuer's payment obligations under this Agreement and under the Fee Agreement are on a parity with the Bonds, are payable from a continuing direct annual ad valorem tax levied by the Issuer, without limit as to rate or amount, on all taxable property within the Issuer. Additionally, payment of principal of and interest on the Bonds, including the Purchased Bonds, when due is guaranteed by the Permanent School Fund. The obligations of the Issuer under this Agreement, the Bonds, including the Purchased Bonds, constitute a general obligation of the Issuer, and will rank at least *pari passu* with the Issuer's other general obligation debt payable from a continuing direct annual ad valorem tax, levied

by the Issuer, without limit as to rate or amount, on all taxable property with the Issuer.

**Section 4.09. Consents.** All consents, licenses, approvals, validations and authorizations of, and registrations, validations or declarations by or with any court or other governmental body required to be obtained as of the date hereof in connection with the execution, delivery, performance, validity or enforceability of this Agreement have been obtained and are in full force and effect.

**Section 4.10. Incorporation of Representations and Warranties.** The Issuer hereby makes to the Bank as of the Closing Date, except, in each case, to the extent that such representations and warranties specifically refer to an earlier date, in which case as of such earlier date, the same representations and warranties as were made by it in each Related Document to which it is a party, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Related Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Bank if, in the Bank's judgment, such amendment, (a) could reasonably be expected to adversely affect the ability of the Issuer to meet its obligations under any of the Related Documents to which the Issuer is a party or (b) affects the rights or security of the Bank under any of the Related Documents.

**Section 4.11. Accurate Information.** All information, reports and other papers and data with respect to the Issuer furnished by the Issuer or its agents to the Bank were, at the time the same were so furnished, accurate in all material respects and were provided in expectation of the Bank's reliance thereon in delivering this Agreement. Any financial, budget and other projections furnished to the Bank by the Issuer or its agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the Issuer's best estimate of its future financial performance. No representation, warranty or other written statement made by or on behalf of the Issuer in or pursuant to this Agreement or any Related Document or any other document or financial statement provided by the Issuer or its agents to the Bank in connection with this Agreement or any Related Document, contains any untrue statement of a material fact. There is no fact known to the Issuer which the Issuer has not disclosed to the Bank in writing and which materially adversely affects or, so far as the Issuer can now reasonably foresee, is likely to materially adversely affect the condition of the Issuer (financial or otherwise) or the ability of the Issuer to perform its

obligations under this Agreement or the other Related Documents to which the Issuer is a party.

**Section 4.12. Business of the Issuer.** The Issuer is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock.

**Section 4.13. No Proposed Legal Changes.** There is no amendment, or to the best knowledge of the Issuer, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State or any published administrative interpretation of the Constitution of the State or any State law, or any proposition or referendum (or proposed proposition or referendum) or other ballot initiative or any legislation that has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to affect adversely the Bonds or any owner thereof in the capacity thereof or the Bank or the ability of the Issuer to perform its obligations under the Related Documents to which the Issuer is a party.

**Section 4.14. Interest.** None of the Related Documents to which the Issuer is a party or the Bonds provide for any payments that would violate any applicable usury laws regarding permissible maximum rates of interest or the calculation or collection of interest upon interest. In particular, and not in limitation of the foregoing, under the laws of the State, the obligation of the Issuer under this Agreement and under any Bonds which are Purchased Bonds to pay interest at the Bank Rate is a valid, binding and enforceable contractual obligation, which the Bank is entitled to enforce and collect in accordance with the laws of the State.

**Section 4.15. Valid Lien; Order a Contract.** The Issuer's pledge of ad valorem tax revenues to and for the payment of the obligations of the Issuer under this Agreement and for the payment of the Bonds, in each case, pursuant to the Act, (a) is valid and binding as of the Closing Date, (b) creates a perfected security interest therein, (c) requires no further acts, instruments, approvals, filing, registration, recording or publication of the Order or any other instrument nor any prior separation or physical delivery of the ad valorem tax revenues or notice to any Person to validly establish the pledge provided for under the Order or the pledge provided for under this Agreement or to perfect, protect or maintain the Lien created thereby and hereby on the ad valorem tax revenues to secure the Bonds and the amounts payable hereunder and (d) does not require any act of appropriation for the application thereof to the purposes for which pledged. The provisions of the Order constitute a contract between the Issuer and the Owners, and any such Owner, subject to the provisions of the Order and the Bonds, may at law or in equity, by suit, action, mandamus or other proceedings, enforce and compel the performance of all duties required to be performed by the Issuer as a result of issuing the Bonds.

**Section 4.16. ERISA; Plans; Employee Benefit Plans; Labor Matters.** The Issuer is not subject to ERISA and maintains no employee benefit plans subject to ERISA. The Pension Plan that the Issuer maintains for its employees is in compliance with all funding and other requirements of applicable laws and regulations and all payments due from the Issuer for employee health and welfare insurance have been paid or accrued as a liability on the books of the Issuer.

**Section 4.17. Use of Proceeds.** The proceeds of the Bonds were used solely for the purposes set forth in the Order.

**Section 4.18. Solvency.** After giving effect to the obligations contemplated by this Agreement and the Related Documents, the Issuer is solvent, having assets of a fair value which exceeds the amount required to pay its debts (including contingent, subordinated, unmatured and unliquidated liabilities) as they become absolute and matured, and the Issuer is able to and anticipates that it will be able to meet its debts as they mature and has adequate capital to conduct its business in which it is engaged.

**Section 4.19. Investment Company Act.** The Issuer is not an “investment company” or a company “controlled” by an “investment company,” as such terms are defined in the Investment Company Act of 1940 (15 U.S.C. §80a-1 et seq.), as amended.

**Section 4.20. Anti-Terrorism Representation.**

(a) Neither the Issuer nor any of its Affiliates is in violation of any laws relating to terrorism or money laundering (“Anti-Terrorism Laws”), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the “Executive Order”), and the Patriot Act;

(b) Neither the Issuer nor any of its Affiliates is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(v) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset

Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(c) Neither the Issuer nor any of its Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (b)(ii) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

**Section 4.21. Compliance with Law.** The Issuer is in compliance with all Applicable Law, including all Governmental Approvals, except for noncompliance that, singly or in the aggregate, has not had and will not have a Material Adverse Effect and will not cause a Material Adverse Change, on this Agreement or an adverse effect on the Issuer’s ability to perform its obligations hereunder and under the Related Documents.

**Section 4.22. Insurance.** The Issuer currently maintains insurance of such type and in such amounts or in excess of such amounts as are customarily carried by, and insures against such risks as are customarily insured against by, governmental units of like type, size and character to the Issuer.

**Section 4.23. Environmental Laws.** The Issuer and its Property (a) has not become subject to any Environmental Liability nor does the Issuer know of any basis for any Environmental Liability, (b) has not received notice to the effect that any of the Issuer’s Property or operations are not in compliance with any of the requirements of any Environmental Laws or any applicable federal, state or local health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, and (c) to the best of the knowledge of the Issuer, is in compliance with all Environmental Laws and has obtained and maintains or complies with any permit, license or other approval required under any Environmental Law, in each case, except with respect to any matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

**Section 4.24. Sovereign Immunity.** The Issuer hereby waives sovereign immunity from suit for the sole limited purpose of adjudicating a claim for actual damages sustained by Bank for breach of contract under this Agreement and/or the Fee Letter by the District, and shall be payable solely from the Debt Service Tax, and further provided the District does not waive any defense or any limitation on damages available to a party to a contract, other than a bar against suit based on sovereign immunity.



**Section 4.25. Contingent Liabilities.** To the best of its knowledge, the Issuer has no contingent liabilities or other contracts or commitments not previously specifically disclosed in writing to the Bank which would materially adversely affect its financial position or business prospects or its ability to pay its obligations as the same becomes due.

## ARTICLE V

### AFFIRMATIVE COVENANTS

Notwithstanding anything in any Related Document to the contrary, until the later of the end of the Purchase Period and the date no amounts are outstanding hereunder, under the Fee Letter or under the Purchased Bonds, the Issuer covenants and agrees as follows, unless the Bank shall otherwise consent in writing:

**Section 5.01. Compliance With Laws and Regulations.** The Issuer shall comply with all Applicable Laws and Environmental Laws.

**Section 5.02. Reporting Requirements.** The Issuer shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to the business and affairs of the Issuer on a consolidated or combined basis in accordance with generally accepted accounting principles consistently applied. The Issuer shall furnish to the Bank two copies of each of the following:

(a) ***Annual Financial Statements.*** As soon as available, and in any event within 180 days after the close of each Fiscal Year of the Issuer, (i) the complete audited financial statements of the Issuer including the balance sheet as of the end of such Fiscal Year and the related statements of revenues, expenses and cash flows and changes in fund balance for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the preceding Fiscal Year all in reasonable detail, certified and prepared by an Accountant in accordance with generally accepted accounting principles, consistently applied.

(b) ***Certificate of Compliance.*** Simultaneously with the delivery of each set of financial statements referred to in (a) and (b) above, a certificate signed by the Authorized Issuer Representative stating that (i) under his/her supervision the Issuer has made a review of its activities during the preceding quarter or annual period for the purpose of determining whether or not the Issuer has complied with all of the terms, provisions and conditions of this Agreement and the Related Documents and (ii) to the best of his/her knowledge the Issuer is not in Default in the performance or observance of any of the terms, covenants, provisions or conditions of this Agreement or any of the

Related Documents, or if the Issuer shall be in Default, such certificate shall specify each such Default, the nature and status thereof and any remedial steps taken or proposed to correct each such Default.

(c) **Other Reports.** Promptly upon request by the Bank, copies of any financial statement or report furnished to any other holder of the long-term securities of the Issuer pursuant to the terms of any resolution, order, indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Bank pursuant to any other clause of this Section 5.02.

(d) **Budget.** As soon as available after the adoption thereof, the annual budget of the Issuer for each Fiscal Year.

(e) **Amendments.** Promptly after the adoption thereof, copies of any amendments of or supplements to any of the Related Documents.

(f) **Order Information.** Copies of all notices, certificates, opinions and other reports or documents required to be filed pursuant to the Order. The Issuer shall provide the Bank written notice of any change in the identity of the Tender Agent or Remarketing Agent upon becoming aware of the same.

(g) **Information Filings.** Simultaneously with the delivery of any information required to be delivered to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") including any Material Event Notice disseminated, distributed or provided in satisfaction of or as may be required by the provisions of Rule 15c2-12 promulgated pursuant to the Securities Exchange Act of 1934, as amended (17 C.F.R. Sec. 240-15c2-12), or any successor or similar legal requirement.

(h) **Rating Agency Reports.** Copies of all reports and notices provided to any Rating Agency promptly after such information is provided to such Rating Agency.

(i) **Interest Rate Protection Agreements.** Copies of all Interest Rate Protection Agreements to which the Issuer is a party and all documents related thereto promptly following the execution and delivery of such Agreements and documents.

(j) **Other Information.** Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Issuer as the Bank may from time to time reasonably request, including without limitation, reports of any governmental audits and inspections.

### **Section 5.03. Notices.**

(a) **Notice of Default.** The Issuer shall provide to the Bank immediate notice by telephone, promptly confirmed in writing, of any Default or Event of Default. The Issuer shall provide prompt written notice to the Bank of any other development, financial or otherwise, that might adversely affect the ability of the Issuer to perform its obligations hereunder or under the Related Documents or under the Purchased Bonds.

(b) **Litigation.** On the first Business Day of each calendar quarter, the Issuer shall provide to the Bank written notice of all Material Litigation, if any.

(c) **Certain Notices.** The Tender Agent shall furnish to the Bank a copy of any notice, certification, demand or other writing or communication given by the Tender Agent to the Issuer or to the Remarketing Agent under or in connection with any of the Related Documents, within 15 days after the receipt or giving of the same. Without limiting the foregoing, the Tender Agent shall, provide notice to the Bank upon any redemption, repayment, defeasance or other payment or deemed payment of the Bonds pursuant to the Order within 15 day of such occurrence and (ii) promptly furnish, or cause to be furnished, to the Bank, not later than 15 days after furnishing the same to the Remarketing Agent, a copy of any written notice furnished by the Issuer to the Remarketing Agent pursuant to the Order indicating a proposed conversion of the interest rate on the Bonds.

(d) **Notice of Tenders.** The Tender Agent shall give written notice to the Bank, no later than 10 days succeeding the day on which the Tender Agent receives a notice of tender or notice of the establishment of a mandatory tender date with respect to any Bonds, of the aggregate principal amount of Bonds the purchase of which is required and the date on which the Bank shall receive a Notice of Bank Purchase if funds are not otherwise available to be used for such purchase under the terms of the Order.

(e) **Other Notices.** The Issuer shall promptly give written notice to the Bank of any material dispute which may exist between the Issuer and any of the Remarketing Agent or the Tender Agent or any dispute in connection with any transaction contemplated under this Agreement or any Related Document.

**Section 5.04. Further Assurances.** The Issuer shall, upon the request of the Bank, from time to time, execute and deliver and, if necessary, file, register and record such further financing statements, amendments, continuation statements and other documents and instruments and take such further action as may be reasonably necessary to effect the provisions of this Agreement and the Related Documents. Except to the extent it is exempt therefrom, the Issuer will pay or cause to be paid all filing, registration and recording fees incident to such filing, registration and recording, and all expenses incident to the preparation, execution and acknowledgment of such instruments of further assurance, and all federal or state fees and other similar fees, duties, imposts, assessments and charges arising out of or in connection with the execution and delivery of this Agreement, the Related Documents and such instruments of further assurance.

**Section 5.05. Right of Entry.** The Issuer shall permit the duly authorized representatives of the Bank during normal business hours and upon reasonable notice to enter the premises of the Issuer, or any parts thereof, to examine and copy the Issuer's financial and corporate books, records and accounts, and to discuss the affairs, finances, business and accounts of the Issuer with the Issuer's officers and employees.

**Section 5.06. Payment of Obligations; Removal of Liens.** The Issuer shall pay (a) all indebtedness and obligations of the Issuer in accordance with the terms thereof and

(b) all assessments or other governmental charges as the same respectively become due, all taxes, assessments (general or special) and governmental charges of any kind whatsoever that may be at any time lawfully assessed or levied against or with respect to its property or any interest thereon and promptly discharge or cause to be discharged all liens, encumbrances and charges on such property.

**Section 5.07. Related Obligations.** The Issuer shall promptly pay all amounts payable by it hereunder and under the Related Documents according to the terms hereof and thereof and shall duly perform each of its obligations under this Agreement and the other Related Documents to which it is a party, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety without giving effect to any expiration, amendment, supplement or termination of the Related Documents to which the Bank has not given its express written consent. The Issuer shall cause the Tender Agent and the Remarketing Agent at all times to comply with the terms of the Related Documents to which they are a party. If at any time the Tender Agent or the Remarketing Agent shall fail to comply with the terms of the Related Documents or the Remarketing Agent shall fail to successfully remarket the Bonds for a period of 30 consecutive days, the Issuer shall, at the written direction of the Bank, cause a replacement Tender Agent or Remarketing Agent, as applicable, to be appointed within thirty (30) days of such written direction, which replacement must be acceptable to the Bank.

**Section 5.08. Substitute Liquidity Facility.**

(a) The Issuer shall use its best efforts to obtain one or more Substitute Liquidity Facilities to replace this Agreement or cause the Bonds to be converted to bear interest at an interest rate mode other than a Covered Rate in the event the Bank decides not to extend the Expiration Date pursuant to the terms hereof, the Issuer fails to request an extension of the Expiration Date on a timely basis pursuant to the terms hereof or the Purchase Period terminates pursuant to the terms hereof.

(b) The Issuer agrees that any Substitute Liquidity Facility will require, as a condition to the effectiveness of the Substitute Liquidity Facility, that the provider of the Substitute Liquidity Facility provide funds to the extent necessary, in addition to other funds available, on the date the Substitute Liquidity Facility becomes effective, for the purchase of all Purchased Bonds at par plus interest (at the Bank Rate) through the date purchased. On such date any and all amounts owed to the Bank hereunder and under the Order and the Purchased Bonds shall be payable in full to the Bank.

(c) The Issuer shall not permit a Substitute Liquidity Facility to become effective with respect to less than all of the Bonds without the prior written consent of the Bank.

**Section 5.09. Disclosure of Participants.** The Issuer agrees to permit the Bank to disclose any information received by the Bank in connection herewith, including

without limitation the financial information described in Section 5.02, to any Participants of the Bank in this Agreement.

**Section 5.10. Proceeds of Bonds.** The proceeds of the Bonds will be used by the Issuer solely for the purposes described in the Order.

**Section 5.11. Use of Proceeds.** The Issuer shall cause the amounts advanced hereunder to be used solely to pay the Purchase Price of Eligible Bonds due and payable on any Purchase Date.

**Section 5.12. Interest Rate Protection Agreement.** The Issuer may hedge the variable interest rate on the Bonds by maintaining one or more Interest Rate Protection Agreements with a financial institution approved by and with ISDA documentation acceptable to the Bank in writing, in an aggregate notional amount equal to the principal amount of the Bonds outstanding. Such Interest Rate Protection Agreement(s) shall provide that the Issuer shall make fixed rate payments, and receive floating rate payments to offset changes in the variable interest rate expense of the Bonds, all upon terms and subject to such conditions as shall be acceptable to the Bank.

**Section 5.13. Remarketing Agent.** The Issuer shall at all times cause a Remarketing Agent to be in place, which Remarketing Agent, and the related Remarketing Agreement, shall be acceptable to the Bank. Any replacement Remarketing Agreement shall provide that (a) the Remarketing Agent may not resign until a successor remarketing agent has been appointed and accepted its appointment, (b) the Remarketing Agent shall use its best efforts to remarket the Bonds, (c) the Remarketing Agent shall remarket the Bonds at rates up to and including the maximum rate permitted under the Related Documents without regard to the Bank Rate (d) the Bank shall be a third party beneficiary of the Remarketing Agreement; and (e) the Remarketing Agent must give 30 days prior notice to the Bank before any resignation.

**Section 5.14. Lien on Pledged Revenues.** Section 1208, Texas Government Code applies to the Bonds and has heretofore perfected the pledge of the ad valorem tax revenues under the Order. Should State law be amended prior to the termination of this Agreement, the Issuer shall do or cause the Tender Agent to do all things necessary (including, without limitation, the timely filing of continuation statements) to maintain the perfected lien on the ad valorem tax revenues.

**Section 5.15. Purchased Bond Rating.** With respect to Bonds bearing the Purchased Bond CUSIP Number, the Issuer shall maintain, at its expense, a rating from at least one Rating Agency on such Purchased Bonds, or Bank Bonds, of at least Investment Grade.

**Section 5.16. Licenses and Approvals.** The Issuer shall continuously maintain all licenses, approvals and authorizations described in Section 4.03 and Section 4.21.

**Section 5.17. Other Facilities.** In the event that the Issuer directly or indirectly, enters into or otherwise consents to any agreement or instrument (or any amendment, supplement or modification thereto) (each such agreement referred to herein as a “Bank Agreement”) under which, directly or indirectly, any Person or Persons undertakes to

make or provide credit, liquidity or loans to the Issuer or provide funds to purchase Bonds or other Material Debt of the Issuer, which such Bank Agreement (or amendment thereto) provides such Person with more restrictive financial covenants and/or greater rights and remedies upon default than are provided to the Bank in this Agreement, the Issuer shall provide the Bank with a copy of each such Bank Agreement (or amendment thereto) and such more restrictive financial covenants and/or greater rights and remedies upon default, to the extent permitted by applicable law, and subject to rating agency approval as provided in the paragraph below and receipt of Texas Attorney General Approval, if necessary, shall automatically be deemed to be incorporated into this Agreement for so long as those provisions of such other Bank Agreement remain in effect and the Bank shall have the benefits of such more restrictive financial covenants and/or such greater rights and remedies upon default as if specifically set forth herein for so long as those provisions of such other agreement remain in effect. Upon the request of the Bank, the Issuer shall promptly enter into an amendment to this Agreement to include such more restrictive financial covenants and/or greater rights or remedies for so long as those provisions of such other agreement remain in effect (provided that the Bank shall maintain the benefit of such more restrictive financial covenants and/or greater rights and remedies upon default even if the Issuer fails to provide such amendment).

Notwithstanding the foregoing, (i) any events of default incorporated herein from any Bank Agreement pursuant to this Section 5.17, the remedy for which is directing a mandatory tender of Bonds under the Bank Agreement, notwithstanding anything to the contrary set forth in such agreement (or amendment thereto), the obligation of the Bank to purchase Bonds shall terminate in accordance with the provisions of Section 4.06 of the Order after the mandatory tender of the Bonds in accordance with Section 7.03 hereof, and (ii) any additional automatic termination events, suspension events or any additional conditions precedent to purchase under any other Bank Agreement shall only be incorporated by reference upon confirmation from the rating agencies then rating the Bonds that the rating on the Bonds will not be withdrawn or reduced as a result of such incorporation; *provided further* that no greater rights and remedies upon default shall be effective until the Official Statement has been amended or supplemented so as to comply with all federal securities laws or any other applicable law.

**Section 5.18. Insurance.** The Issuer will at all times maintain insurance or shall be self-insured with respect to its business operations and properties against such risks, in such amounts, or with such companies and with such deductibles as is customary for business operations and properties of like size, location and character to those of the Issuer.

**Section 5.19. Accuracy of Information.** All data, certificates, reports, financial statements, opinions of counsel, documents, and other information furnished to the Bank, whether pursuant to this Agreement, or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement, shall at the time that same are so furnished, (i) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof and (ii) not contain any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of

same to the Bank shall constitute a representation and warranty by the Issuer to that effect.

#### **Section 5.20. Documents Related to Other Securities**

At least 30 days prior to the issuance thereof, notify the Bank of the sale or placement of any securities of which it is the issuer or which are issued for its direct benefit, and as soon as practicable but in any event within 10 days after the issuance thereof, furnish to the Bank copies of any prospectus, official statement, offering circular, or placement memorandum, and any supplements thereto, that the Issuer makes available in connection with the offering for sale of any securities of which it is the issuer or which are issued for its direct benefit.

#### **Section 5.21. Remarketing**

The Issuer will use its best efforts to cause the Remarketing Agent to remarket any Bonds purchased with the proceeds of monies available under this Agreement for such purposes as soon as possible and to use the proceeds of such remarketing immediately to purchase the Bonds purchased with the proceeds of such money from the Bank or its designee.

#### **Section 5.22. Selection of Bonds for Redemption**

The Issuer shall select, or cause to be selected, for redemption any and all Purchased Bonds prior to selecting, or causing to be selected for redemption any Bonds that are not Purchased Bonds.

### **ARTICLE VI**

#### **NEGATIVE COVENANTS**

Notwithstanding anything in any Related Document to the contrary, until the later of the end of the Purchase Period and the date no amounts are outstanding hereunder or under the Purchased Bonds, the Issuer covenants and agrees as follows, unless the Bank shall otherwise consent in writing:

**Section 6.01. Amendments.** The Issuer shall not amend, modify or supplement, nor agree to any amendment or modification of, deviation from, or supplement to, any of the Related Documents without the prior written consent of the Bank.

**Section 6.02. Preservation of Existence, Ownership, Etc.** The Issuer shall not dissolve nor shall it sell, lease, assign, transfer or otherwise dispose of all or substantially all of its property. The Issuer shall not consolidate or merge with or into any other Person or permit one or more other Persons to consolidate with or merge into it or acquire all or substantially all of the property of any other Person. The Issuer shall (a) preserve and maintain its corporate existence, rights and franchises, trade names and licenses necessary or desirable in the normal conduct of its business; (b) qualify and remain qualified to do business in each jurisdiction in which such qualification is necessary in

view of the Issuer's business or operations and (c) preserve all of the Property of the Issuer used or useful in the conduct of the Issuer's business or operations and keep the same in good repair, working order and condition, and from time to time make, or cause to be made, all needful and proper repairs, renewals and replacements, betterments and improvements thereto, so that the business carried in connection therewith may be properly and advantageously conducted at all times.

**Section 6.03. Certain Information.** The Issuer shall not include in any offering document for the Bonds any information concerning the Bank that is not supplied in writing, or otherwise approved, by the Bank expressly for inclusion therein.

**Section 6.04. Tender Agent; Remarketing Agent.** The Issuer shall not remove the Tender Agent or the Remarketing Agent or appoint a successor to the Tender Agent or the Remarketing Agent without the prior written consent of the Bank and the Order and the Remarketing Agreement shall provide that neither the Tender Agent nor the Remarketing Agent may resign until a successor has been appointed and accepted its appointment. If the position of Tender Agent or Remarketing Agent becomes vacant, the Issuer shall promptly appoint a successor which is reasonably acceptable to the Bank.

**Section 6.05. Accounting Methods.** The Issuer will not adopt, permit or consent to any change in accounting practices other than as required by generally accepted accounting principles.

**Section 6.06. Exempt Status.** The Issuer shall not take any action or omit to take any action that, if taken or omitted, would adversely affect the excludability of interest on the Bonds from the gross income of the holders thereof for purposes of federal income taxation under the Code.

**Section 6.07. Voluntary Redemption or Conversion; Defeasance.** The Issuer shall not voluntarily redeem any Bonds pursuant to the Order prior to redeeming Purchased Bonds in full or if, after giving effect to such redemption, there would be any unpaid amount in respect of such Purchased Bonds which shall not have been paid in full. The Issuer shall not, without the prior written consent of the Bank, voluntarily convert any Bond to a rate other than a Covered Rate pursuant to the Order if, after giving effect to such conversion, there would be any unpaid amount in respect of Purchased Bonds which shall not have been paid in full. In addition, the Issuer will not defease, nor allow the defeasance of, the Bonds without having contemporaneously satisfied all of its obligations hereunder. Any unpaid Excess Interest Amount owing under this Agreement shall be paid in accordance with Article III of this Agreement.

**Section 6.08. Limitation on Interest Rate Protection Agreements.** The Issuer shall not enter into any Interest Rate Protection Agreement if any termination amounts or similar amounts (but excluding regularly scheduled payments under the Interest Rate Protection Agreement) payable thereunder would be payable senior to any amounts required to be paid to the Bank pursuant to this Agreement or the Purchased Bonds.



**Section 6.09. Optional Redemption.** The Issuer shall not permit the optional redemption of any Bonds unless it pays to the Bank any Termination Fee that may be due pursuant to the Fee Letter.

**Section 6.10. Mandatory Tender.** Except as provided in Sections 4.05 and 4.06 of the Order, the Issuer shall not direct, or cause the Tender Agent to direct, that the Bonds be called for mandatory tender at the Issuer's or Tender Agent's option without the prior written consent of the Bank; provided, however, that this Section 6.10 does not apply to mandatory tender due to an Event of Default under Article VII of this Agreement.

**Section 6.11. Federal Reserve Board Regulations.** The Issuer will not use any part of the proceeds of the Bonds or the funds advanced hereunder for the purpose of purchasing or carrying any Margin Stock and has not incurred any indebtedness to be reduced, retired or purchased by the Issuer out of such proceeds, and the Issuer does not own and has no intention of acquiring any Margin Stock.

**Section 6.12. Restrictions on Amortization/Term Out Provisions**The Issuer shall not directly or indirectly, enter into any agreement in which a Person or Persons undertakes to make or provide credit or liquidity to the Issuer in which the amortization period or term out period for bonds purchased by such credit or liquidity provider is less than five (5) years.

**Section 6.13. PSF Guarantee.** The Issuer will not, either through any action on its part or omission to act, permit the guarantee of the Bonds provided by the PSF to lapse, expire or otherwise terminate so long as any of the Bonds are Outstanding.

**Section 6.14. Investment Practices.** The Issuer will not engage in any investment practices which materially deviate from the written investment policy of the Issuer.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

The occurrence of any of the following events (including the expiration of any specified time period) set forth in Sections 7.01 and 7.02 shall constitute an event of default (each, an "Event of Default"):

**Section 7.01. Events of Default not Permitting Immediate Termination.**

(a) **Payments.** Except as described in Section 7.02(b)(ii) hereof, the Issuer shall fail to pay, or cause to be paid, when due regularly scheduled interest, principal and

sinking fund installment on the Bonds including Purchased Bonds, or any amounts owed by the Issuer to the Bank pursuant to this Agreement.

(b) **Payments on Material Debt.** Except as described in Section 7.02(b)(iii) hereof, the Issuer shall fail to pay, or cause to be paid, when due regularly scheduled interest, principal and sinking fund installment on Material Debt.

(c) **Representations.** Any representation or warranty made or deemed made by or on behalf of the Issuer in this Agreement or in any Related Document or in any certificate, financial statement or written statement delivered hereunder or thereunder by or on behalf of the Issuer shall prove to have been inaccurate, misleading or incomplete in any material respect when made or deemed to have been made.

(d) **Covenants.** The Issuer shall fail to perform the covenants in Sections 5.03 (a),(b),(c) and (d), 5.07, 5.10, 5.11, 5.14 and Article VI.

(e) **Other Covenants.** The Issuer shall fail to perform any term, covenant, condition or provision (other than the ones described in Section 7.02 or any other paragraph of this Section 7.01) of this Agreement or any of the Related Documents which failure continues for 30 days or more after written notice thereof shall have been given by either party hereto first aware of such default to the other party; provided, however, so long as the Issuer shall be proceeding with due diligence to remedy any default in the due performance or observance of such covenants which, if begun and prosecuted with due diligence, cannot be completed within a period of 30 days, then such 30-day period shall be extended to the extent necessary to enable the Issuer to begin and complete the remedy of such default through the exercise of due diligence; provided further, however, that in no event shall such period be extended by more than 30 additional days.

(f) **Default.** Default by the Issuer in the payment of any amount when due in respect of any Debt owed to the Bank; or default by the Issuer in the payment when due of any amount due in respect of any other Debt in an aggregate amount in excess of \$5,000,000 (measured in the case of any Interest Rate Protection Agreement, by the Issuer's Exposure thereunder); or default under any mortgage, agreement or other instrument under or pursuant to which such Debt is incurred or issued, and the continuance of such default beyond the period of grace, if any, allowed with respect thereto; or the occurrence of any act or omission by the Issuer under any such mortgage, agreement or other instrument which results in such Debt becoming, or being capable of becoming, immediately due and payable (or, with respect to any Interest Rate Protection Agreement, which results in such Interest Rate Protection Agreement being terminated early or being subject to early termination).

(g) **Invalidity.** Except as described in Section 7.02(b)(iv) or Section 7.02(b)(v) hereof, any provision of this Agreement, the Order, the Bonds (including Purchased Bonds), the PSF guaranty, any of the Related Documents shall cease to be valid and binding on the Issuer, or the Issuer or any governmental authority shall contest any such provision, or the Issuer or any agent or Tender Agent on behalf of the Issuer,

shall deny that the Issuer has any further liability under any provision of this Agreement, the Bonds (including Purchased Bonds) or any of the Related Documents.

(h) **Other Documents.** Any event of default under any of the Related Documents (as defined respectively therein) shall have occurred and be continuing, and the applicable cure period set forth in the applicable Related Document shall have elapsed (other than an “event of default” caused by the failure of the Bank to provide funds for the purchase of Eligible Bonds when required by the terms and conditions of this Agreement).

(i) **Material Adverse Change.** The occurrence of a Material Adverse Change.

(j) **Taxability.** The occurrence of a Determination of Taxability.

(k) **Downgrade of PSF.** During any period when the PSF guaranty is in effect with respect to the Bonds, each of the Rating Agencies then rating the Bonds shall have downgraded any indebtedness, the payment of which is guaranteed by the PSF, below “A” (or its equivalent) or “A2” (or its equivalent) or withdrawn its rating on any such indebtedness due to credit considerations relating to the PSF.

(l) **Downgrade of Issuer.** During any period when the PSF Guarantee is not in effect with respect to the Bonds or if the long-term ratings on the Bonds is otherwise equal to or less than the long-term rating assigned to the Issuer (regardless of the status of the PSF Guarantee) any Rating Agency then rating the Bonds shall have downgraded any Material Debt of the Issuer to below “A-” (or its equivalent) or “A3” (or its equivalent) or withdrawn its rating on any Material Debt of the Issuer;

(m) **Ad valorem taxes.** The obligation of the Issuer to levy *ad valorem* taxes to provide for the payment of its obligations under the Agreement and the principal of and interest on the Bonds and Purchased Bonds shall at any time cease to exist or be unenforceable or the Issuer shall so assert; or

(n) **Bond Enabling Laws.** The Bond Enabling Laws are repealed, reenacted, amended, or otherwise modified (whether directly or indirectly, and including, without limitation, by legislative or judicial action), and in the event of a repeal, reenactment, amendment, or modification, such repeal, reenactment, amendment, or modification results in a Material Adverse Change on the power or authority of the Issuer to levy taxes on all non-exempt land, improvements, and any other property assessed for tax purposes to provide for the payment of the obligations under the Agreement and the principal of and interest on the Bonds and Purchased Bonds and such repeal, reenactment, amendment, or modification does not otherwise provide for a source of funds available to the Issuer sufficient to pay the obligations under the Agreement and the principal and interest on the Bonds, including Purchased Bonds, or such repeal, reenactment, amendment, or modification otherwise causes a Material Adverse Change on the repayment of the principal of and interest on the Bonds, including Purchased Bonds or the obligations of the Issuer under this Agreement.

**Section 7.02. Events of Default Resulting in Immediate Termination.** Each of the following shall constitute an “Immediate Termination Event” or an “Event of Termination”, if it occurs and is continuing:

(a) if during any period when the PSF guaranty is in effect with respect to the Bonds:

(i) ***PSF Bond Payment Default.*** The PSF shall fail to pay any amount of principal of or interest on any Bond when the same shall become due and payable pursuant to the PSF guaranty.

(ii) ***PSF Invalidity.*** A court or governmental authority with jurisdiction to rule on the validity thereof finds that the PSF guaranty or any material provision relating to the payment of principal and interest on the Bonds thereof at any time after its execution and delivery shall, for any reason, cease to be valid and binding on the PSF or be in full force and effect or shall be declared to be null and void, or any pledge or security interest created by the PSF guaranty shall fail to be fully enforceable with the priority required under the PSF guaranty and the Order, or the validity or enforceability of the PSF guaranty shall be contested (1) by the PSF or (2) by any governmental agency or authority having jurisdiction over the PSF unless the same is being contested in good faith and by appropriate proceedings, or the PSF shall deny that it has any further liability or obligation under the PSF guaranty, the Order or any Bond or Purchased Bond, as appropriate.

(iii) ***PSF Event of Insolvency.*** The PSF shall (1) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (2) file a petition seeking to take advantage of any other law, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (3) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy or other laws, (4) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, (5) admit in writing its inability to pay its debts as they become due or be declared insolvent within the meaning of federal bankruptcy laws, (6) make a general assignment for the benefit of creditors, or (7) take any official action for the purpose of effecting any of the foregoing.

(iv) ***PSF Event of Involuntary Insolvency.*** A case or other proceeding shall be commenced against the PSF in any court of competent jurisdiction seeking (1) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other law, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, or (2) the appointment of a trustee, receiver, custodian, liquidator or the like for the PSF, or for all or a substantial part of its property, and any such case or proceeding shall

continue undismissed and unstayed for a period of 60 consecutive calendar days, or an order granting the relief requested in any such case or proceeding against the PSF (including but not limited to an order for relief under such federal bankruptcy laws) shall be entered and shall remain in effect and unstayed for a period of 60 consecutive calendar days.

(v) ***PSF Debt Payment Default.*** The PSF shall fail to pay any amount of principal of or interest on any debt guaranteed by the PSF when the same shall become due and payable.

(vi) ***Rating Downgrade.*** The rating on the Bonds by all of the Rating Agencies then maintaining ratings on the Bonds shall be withdrawn or suspended for credit related reasons or reduced below Investment Grade;

(b) if during any period when the PSF guaranty is not in effect with respect to the Bonds:

(i) ***Event of Insolvency.*** An Event of Insolvency shall have occurred with respect to the Issuer.

(ii) ***Bond Payment Default.*** Any failure, wholly or partially, to make timely any payment of principal or interest required to be made on the Bonds including Purchased Bonds.

(iii) ***Material Debt Payment Default.*** Any failure, wholly or partially, to make timely any payment of principal or interest required to be made on any other Material Debt.

(iv) ***Contest of Validity.*** The Issuer or any agent or Tender Agent on behalf of the Issuer shall in writing (i) claim that any of the provisions that provide for the payment of principal of or interest on the Bonds (including Purchased Bonds) in the Order, the Bonds (including Purchased Bonds) or this Agreement or any provision that provides for the payment of the principal of or interest on any Material Debt is not valid or binding on the Issuer, (ii) repudiate its obligations under any of the provisions that provides for the payment of principal of or interest on the Bonds (including Purchased Bonds) in the Order, the Bonds (including Purchased Bonds) or this Agreement or its obligation to repay any Material Debt and/or (iii) initiate any legal proceedings to seek an adjudication that any of the provisions that provides for the payment of principal of or interest on the Bonds (including Purchased Bonds) in the Order, the Bonds (including Purchased Bonds) or this Agreement or its obligation to repay any Material Debt is not valid or binding on the Issuer.

(v) ***Invalidity.*** Any court of competent jurisdiction or other governmental entity with jurisdiction to rule on the validity of this Agreement, the Bonds (including Purchased Bonds) or the Order shall find or rule that this Agreement, the Bonds (including Purchased Bonds), the Order or any material

provision contained in this Agreement, the Bonds (including Purchased Bonds) or the Order related to the payment of principal of or interest on the Bonds (including Purchased Bonds) is not valid or not binding on the Issuer or shall be declared null and void.

(vi) **Judgments.** The entry or filing of any final, non-appealable judgment, writ or warrant of attachment or of any similar process in an amount in excess of \$5,000,000 against the Issuer or against any of its Property and failure of the Issuer to vacate, bond, stay or otherwise pay or satisfy such judgment, writ, warrant of attachment or other process within 60 days or as otherwise required by such judgment, writ or warrant of attachment.

(vii) **Downgrade.** The underlying rating assigned to the Bonds or any Material Debt of the Issuer by Moody's or S&P or Fitch shall be suspended or withdrawn for credit related reasons or lowered below Investment Grade.

**Section 7.03. Remedies.** Upon the occurrence of an Event of Default hereunder, the Bank may take one or more of the following actions:

(a) In the case of any Event of Default specified in Section 7.02(a) (each, an "PSF Immediate Termination Event"), the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand, and the special mandatory redemption provision as authorized under Section 5.04 of the Order shall become effective with respect to the Purchased Bonds. Upon such PSF Immediate Termination Event, the Bank shall promptly give written notice of the same to the Tender Agent, the Issuer and the Remarketing Agent; provided, that the Bank shall incur no liability of any kind by reason of its failure to give such notice, and such failure shall in no way affect the termination of the Available Commitment and the Bank's rights under this Article VII or under the Order. The Tender Agent shall immediately notify all Bondholders of the termination of the Available Commitment and the obligation of the Bank to purchase the Eligible Bonds.

(b) In the case of any Event of Default specified in Section 7.02(b) (each, an "Issuer Immediate Termination Event"), the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate without notice or demand, and the special mandatory redemption provision as authorized under Section 5.04 of the Order shall become effective with respect to the Purchased Bonds. Upon such Issuer Immediate Termination Event, the Bank shall promptly give written notice of the same to the Tender Agent, the Issuer and the Remarketing Agent; provided, that the Bank shall incur no liability of any kind by reason of its failure to give such notice, and such failure shall in no way affect the termination of the Available Commitment and the termination of the obligation of the Bank to purchase Eligible Bonds pursuant to this Agreement. The Tender Agent shall immediately notify all Bondholders of the termination of the Available Commitment and the obligation of the Bank to purchase the Eligible Bonds.

(c) In the case of any Event of Default as specified in Section 7.01 (a “Notice Termination Event”), the Bank may give written notice (a “Termination Notice”) in the form of **Exhibit B** of such Event of Default to the Issuer, the Tender Agent and Remarketing Agent stating that this Agreement shall terminate 15 days after such notice is received by the Tender Agent. The obligation of the Bank to purchase Eligible Bonds shall terminate 15 days after such notice is received by the Tender Agent, and on such date the Available Commitment shall terminate and the Bank shall be under no obligation hereunder to purchase Eligible Bonds. The termination shall constitute a “Specified Event” and shall cause a mandatory tender under Section 4.06 of the Order. The special mandatory redemption provision as authorized under Section 5.04 of the Order shall become effective with respect to the Purchased Bonds.

(d) Upon the occurrence of any Event of Default as specified in any provision in this Article VII, (i) all amounts owed to the Bank hereunder and under the Fee Agreement other than with respect to any Purchased Bonds shall be immediately due and payable and shall bear interest at the Default Rate until paid, and (ii) the Bank shall have all other remedies provided at law or equity.

(e) Upon the occurrence and during the continuance of a Default described in Section 7.02(b)(i) (prior to the expiration of the 60 day period specified in clause (b) of the definition of Event of Insolvency) or Section 7.02(b)(iv) (following the entry of a judgment subject to further proceedings and prior to the entry of a final, non appealable judgment) (each, an “Immediate Suspension Event”), the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder shall be immediately and automatically suspended, without notice, and the Bank shall be under no further obligation to purchase Eligible Bonds hereunder unless the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder are reinstated as described in this Section 7.03(e).

(i) With respect to a Default described in Section 7.02(b)(i) (prior to the expiration of the 60 day period specified in clause (b) of the definition of Event of Insolvency), if at any time prior to the expiration of the 60 day period specified in clause (b) of the definition of Event of Insolvency (x) the case or proceeding which gave rise to such suspension is stayed or dismissed and (y) the Available Commitment and the obligation of the Bank to purchase Eligible Bonds under this Agreement have not otherwise terminated, then, upon written notice from the Tender Agent to the Bank to such effect, the Available Commitment and the obligation of the Bank to purchase Eligible Bonds under this Agreement shall be automatically reinstated. In the event that such Default described in Section 7.02(b)(i) is not cured within the 60 day period specified in clause (b) of the definition of Event of Insolvency, an Event of Default under Section 7.02(b)(i) shall occur (and thereby an Immediate Termination Event) and the Available Commitment and the obligation of the Bank to purchase Eligible Bonds shall immediately terminate as described in Section 7.03(b).

(ii) With respect to a Default described in Section 7.02(b)(iv) (following the entry of a judgment subject to further proceedings and prior to the

entry of a final, non appealable judgment), in the event that a court with jurisdiction to rule on the validity of the provision(s) described in Section 7.02(b)(iv) shall thereafter enter a final, non appealable judgment that such provision(s) is (or are) not valid and binding on the Issuer, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder shall immediately and automatically terminate without notice or demand, and thereafter the Bank shall not be obligated to purchase Eligible Bonds hereunder. If a court with jurisdiction to rule on the validity of the provision(s) described in Section 7.02(b)(iv) shall thereafter enter a final, non-appealable judgment that such provision(s) is (or are) valid and binding on the Issuer, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder shall automatically be reinstated and the terms of this Agreement will continue in full force and effect (unless the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder shall otherwise have terminated as provided in this Section 7.03 or in Section 2.03). Notwithstanding the foregoing, if, upon the earlier of the (i) last date of the Purchase Period and (ii) the date that is two years following the effective date of suspension of the Available Commitment and the obligation of the Bank to purchase Eligible Bonds pursuant to this Section 7.03(e)(ii), litigation is still pending and a judgment regarding the validity of the provision(s) described in Section 7.02(b)(iv) as is the subject of such Default has not been obtained, then the Available Commitment and the obligation of the Bank to purchase Eligible Bonds hereunder shall at such time terminate without notice or demand, and thereafter the Bank shall not be obligated to purchase Eligible Bonds hereunder. Promptly upon the occurrence of such termination the Bank shall give written notice of the same to the Issuer, the Tender Agent and the Remarketing Agent, provided, however, that the Bank shall not incur any liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Available Commitment and of the obligation of the Bank to purchase Eligible Bonds under this Agreement.

(f) In the case of any Event of Default hereunder the Bank shall have the right, but not the obligation, to cure any such Event of Default (in which case the Issuer shall reimburse the Bank therefore pursuant to Section 2.09).

(g) Any failure of the Bank or Tender Agent or other party to give notice under this Section 7.03 shall not cause any liability to the Bank or in any way affect the termination or suspension of the Available Commitment as described in this Section 7.04.

**Section 7.04. No Waiver; Remedies.** No failure on the part of the Bank to exercise, and no delay in exercising, any right, power or privilege under this Agreement shall operate as a waiver of such right, power or privilege; nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other further exercise of such right, power or privilege or the exercise of any other right, power or privilege. The rights and remedies herein provided are cumulative and not exclusive of



any rights or remedies provided by law or which the Bank would otherwise have.

## ARTICLE VIII

### CONDITIONS PRECEDENT

**Section 8.01. Conditions Precedent to Effectiveness.** It shall be a condition precedent to the effectiveness of this Agreement that all corporate and other proceedings taken in connection with the transactions contemplated hereby and all documents incident thereto shall be in form and substance satisfactory to the Bank, that there shall have been, in the sole opinion of the Bank, no material adverse change in the condition (financial or otherwise) of the Issuer, or in the ratings, law, rules, guidelines or regulations applicable to the Issuer and the transactions contemplated hereby and by the Related Documents, and that the Bank shall have received, in form and substance satisfactory to the Bank and its counsel, on or prior to the Closing Date:

- (a) A true and complete original executed counterpart of this Agreement.
- (b) Copies of any Interest Rate Protection Agreements with respect to the Bonds, if any.
- (c) Resolutions or orders of the Issuer authorizing the execution and delivery of this Agreement, certified on the Closing Date by the Secretary of the Issuer.
- (d) Originals (or copies certified to be true on the Closing Date by an Authorized Issuer Representative) of all governmental and regulatory approvals, including approval of the transcript of proceedings relating to the execution and delivery of this Agreement by the Attorney General of the State of Texas, at the time necessary for the Issuer to execute and deliver and perform its obligations under this Agreement, the Related Documents and the transactions contemplated hereby and thereby, together with a list of any approvals still to be received, if any.
- (e) Signature and incumbency certificates, dated the Closing Date, of the signatories of the Issuer executing this Agreement and the other documents to be delivered by it hereunder.
- (f) Original opinion of McCall, Parkhurst & Horton, L.L.P., bond counsel, dated as of the Closing Date regarding the enforceability of this Agreement, in form and substance satisfactory to the Bank.
- (g) Original opinion of Andrews Kurth, bank counsel, dated as of the Closing Date, in form and substance satisfactory to the Bank.
- (h) a certificate of an appropriate officer (A) of the Tender Agent with respect to the power and authority of the Tender Agent to perform its responsibilities under the Tender Agent Agreement, which certificate will identify and certify the names and true

signatures of the officers thereof authorized to sign any documents to which the Tender Agent is a party in addition to the titles of the officers authorized to submit each Notice of Bank Purchase to the Bank under this Agreement, and (B) certifying such other matters as the Bank may reasonably request.

(i) Copy of the PSF guaranty.

(j) A certificate of the Issuer, dated the Closing Date, stating that: (i) the representations and warranties of the Issuer contained in Article IV hereof and in the Related Documents are correct on and as of the Closing Date as though made on and as of such date; (ii) no petition by or against the Issuer has at any time been filed under the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as amended, or under any similar law; (iii) no Default or Event of Default has occurred and is continuing, or would result from the execution and performance of this Agreement or the Related Documents; and (iv) all conditions precedent to the execution and delivery of this Agreement have been satisfied.

(k) Payment of the Bank's fees and expenses (including attorney's fees and expenses described in the Fee Letter payable on the Closing Date.

(l) Receipt of Purchased Bond CUSIP Number and Ratings on Purchased Bonds.

(m) Written confirmation that: (i) the Issuer's long-term credit rating is at least "AA" from S&P and "AA" from Fitch, (ii) the Bonds bearing the Investor CUSIP Number have received long-term and short-term credit ratings of from S&P of "AAA"/A-1" and "AAA/F1+" from Fitch and (iii) Bonds bearing the Purchased Bond CUSIP Number have been assigned long-term ratings of at least investment grade by at least one Rating Agency.

(n) Such other documents, instruments, approvals and, if requested by any Bank, certified duplicates of executed originals thereof, and opinions as such Bank may reasonably request.

The Banks execution and delivery of this Agreement shall evidence its agreement that the conditions in this Section 4.01 have been met to the satisfaction of the Bank and its counsel, or waived.

**Section 8.02. Conditions Precedent to Bank's Obligation to Purchase Eligible Bonds.** The obligation of the Bank to purchase Eligible Bonds hereunder on any date is subject to the satisfaction of the following conditions, unless waived in writing by the Bank:

(a) No Immediate Termination Event or Immediate Suspension Event shall have occurred and be continuing; and

(b) The Bank shall have received a Notice of Bank Purchase in the manner described in Section 2.02.

Each notification delivered pursuant to clause (b) of this Section 8.02 shall be deemed a representation and warranty by the Issuer on each Purchase Date that the conditions described in the clauses (a) and (b) of this Section 8.02 have been satisfied on such Purchase Date and (ii) that the representations and warranties made by the Issuer herein are true and correct in all material respects on and as of such Purchase Date, as if made on and as of such Purchase Date..

## ARTICLE IX

### NATURE OF OBLIGATIONS; INDEMNIFICATION; EXPENSES

**Section 9.01. Obligations Absolute.** The obligations of the Issuer under this Agreement shall be absolute, unconditional and irrevocable, and shall not be subject to any right of setoff or counterclaim against the Bank or any Participant and shall be paid and performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including, without limitation, the following circumstances:

- (a) any lack of validity or enforceability of this Agreement or any of the Related Documents or any other agreement or instrument delivered in connection herewith or therewith;
- (b) any amendment or waiver of any provision of all or any of the Related Documents;
- (c) the existence of any claim, setoff, defense or other rights which the Issuer may have at any time against the Tender Agent (or any persons or entities for whom the Tender Agent may be acting), the Bank (other than the defense of payment to the Bank in accordance with the terms of this Agreement), any Participant or any other Person, whether in connection with this Agreement, the Related Documents or any transaction contemplated hereby or thereby or any unrelated transaction;
- (d) any certificate or any other document presented hereunder or under any of the Related Documents proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;
- (e) payment by the Bank hereunder against presentation of a certificate which does not comply with the terms of this Agreement; and
- (f) any other circumstance or happening whatsoever similar to any of the foregoing.

**Section 9.02. Continuing Obligation.** This Agreement is a continuing obligation, shall survive the end of the Purchase Period and shall (a) be binding upon the Issuer, its successors and assigns, (b) be binding upon the Tender Agent, its successors and assigns, and (c) inure to the benefit of and be enforceable by the Bank and its successors, transferees and assigns; provided that the Issuer and the Tender Agent may not, except as otherwise expressly

provided herein, assign all or any part of this Agreement without the prior written consent of the Bank.

### **Section 9.03. Liability of the Bank.**

(a) With respect to the Bank, the Issuer assumes any and all risks with respect to the acts or omissions of each of the Tender Agent and the Remarketing Agent in connection with its use of this Agreement or any amounts made available by the Bank hereunder. Neither the Bank nor any of the officers, directors, employees or agents thereof shall be liable or responsible for any of the following: (i) the use that may be made of this Agreement or any amounts made available by the Bank hereunder or for any acts or omissions of the Tender Agent, the Issuer or the Remarketing Agent in connection herewith; (ii) the validity, sufficiency or genuineness of documents, or of any endorsement(s) thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (iii) payment by the Bank against presentation of documents which do not comply with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement; or (iv) any other circumstances whatsoever in making or failing to make payment hereunder, except only that the Issuer shall have a claim against the Bank, and the Bank shall be liable to the Issuer, to the extent, but only to the extent, of any direct, as opposed to consequential, special, indirect or punitive damages (the right to receive consequential, special, indirect or punitive damages being hereby waived), suffered by the Issuer which are determined by a final and nonappealable judgment of a court of competent jurisdiction to be caused by (A) the Bank's willful misconduct or negligence in determining whether documents presented hereunder comply with the terms hereof or (B) the Bank's negligent or willful failure to pay hereunder after the presentation to it by the Tender Agent (or a successor Tender Agent under the Order in accordance with its terms) of documents strictly complying with the terms and conditions hereof; provided, however, that the maximum amount of damages recoverable by the Issuer as provided above is expressly limited to the Available Commitment. In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) Without limiting any other provision of this Agreement, the Bank:

(i) may rely upon any oral, telephonic, facsimile, electronic, written or other communication believed to have been authorized by the Issuer, whether or not given or signed by an authorized representative of the Issuer;

(ii) shall not be responsible for errors, omissions, interruptions or delays in transmission or delivery of any message, advice or document in connection with this Agreement, whether transmitted by courier, mail, any other telecommunication, or otherwise, or for errors in interpretation of technical terms or in translation;

(iii) shall not be responsible for the identity or authority of any signer or the form, accuracy, genuineness, falsification or legal effect of any Notice of Bank Purchase, certificate or other document presented hereunder;

(iv) may accept or pay as complying with the terms and conditions of this Agreement any Notice of Bank Purchase, certificate or other document appearing on its face (A) to comply with the terms and conditions of this Agreement, (B) to be signed or presented by or issued to any successor of the Tender Agent or any other Person in whose name this Agreement requires or authorizes that any Notice of Bank Purchase, certificate or other document be signed, presented or issued, including any administrator, executor, personal representative, Tender Agent in bankruptcy, debtor in possession, liquidator, receiver, or successor by merger or consolidation, or any other Person purporting to act as the representative of or in place of any of the foregoing, or (C) to have been signed, presented or issued after a change of name of the Tender Agent;

(v) may (but shall not be required) to disregard (A) any requirement stated in this Agreement that any Notice of Bank Purchase, certificate or other document be presented to it at a particular hour or place and (B) any discrepancies that do not reduce the value of the Tender Agent's performance to the Issuer in any transaction underlying this Agreement;

(vi) shall not be responsible for the effectiveness or suitability of this Agreement for the Issuer's or any other Person's purpose, or be regarded as the drafter of this Agreement regardless of any assistance that the Bank may, in its discretion, provide to the Issuer or any other Person in preparing the text of this Agreement or amendments hereto;

(vii) shall not be liable to any Person for any consequential, punitive or special damages, or for any damages resulting from any change in the value of any foreign currency, services or goods or other property covered by this Agreement; and

(viii) may honor a previously dishonored presentation under this Agreement, whether pursuant to court order, to settle or compromise any claim that it wrongfully dishonored, or otherwise, and shall be entitled to reimbursement to the same extent as if it had initially honored such presentation.

#### **Section 9.04. Expenses.**

(a) The Issuer agrees to pay, on the Closing Date, all costs and expenses of the Bank in connection with the execution and delivery of this Agreement, the Related Documents and any other documents delivered in connection with any of the foregoing including, but not limited to, the fees and expenses of counsel for the Bank as set forth in the Fee Letter. The Issuer hereby irrevocably authorizes and directs the Tender Agent to pay the amounts set forth in the Fee Letter to, or at the direction of, the Bank on the Closing Date.

(b) The Issuer also agrees to pay all of the Bank's out-of-pocket expenses (including, without limitation, fees and expenses of counsel to the Bank) arising in connection with the enforcement or administration of, or preservation of rights (including in any bankruptcy or insolvency proceeding or any workout) in connection with, this Agreement or the Related Documents, and the fees and expenses of counsel to the Bank in connection with such counsel advising the Bank as to its rights and responsibilities under this Agreement and the Related Documents.

(c) In addition, the Issuer agrees to pay promptly (A) all costs and expenses of the Bank (including counsel fees and expenses) in connection with the filing, recording, administration, transfer, amendment, maintenance, renewal or cancellation of this Agreement or any other document that the Bank or its counsel reasonably determines is required or advisable in connection with this Agreement, (B) the fees and expenses of any custodian or agent appointed by the Bank to hold any Purchased Bond and (C) any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing or recording of this Agreement, the Related Documents, and any other documents which may be delivered in connection with this Agreement. In addition, the Issuer agrees to pay promptly all costs and expenses of the Bank (W) for any and all amounts that the Bank has paid relative to the Bank's curing of any Default or Event of Default under this Agreement or any default under any of the Related Documents, (X) in connection with the enforcement of or any negotiations or workout relating to this Agreement or any of the Related Documents, (Y) in connection with any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under this Agreement in compliance with the terms hereof and (Z) in connection with the collection of any monies due under this Agreement or the Purchased Bonds or such other documents which may be delivered in connection herewith. The Issuer also agrees, to the extent permitted by law, to indemnify the Bank with respect to any and all liabilities with respect to or resulting from any delay in paying or omission to pay any taxes and fees to the extent the Issuer is obligated to pay the same under this Section 9.04(c). The Bank shall give written notice to the Issuer of any amounts as to which the Bank is entitled to reimbursement or indemnification under this Section 9.04(c) (which notice may include amounts that have either been paid by the Bank or have been billed to the Bank and are due and payable upon demand), and the Issuer shall pay to the Bank the amounts set forth in such notice, together with interest on such amounts for each day from such date of demand until payment in full.

**Section 9.05. Indemnification.** In addition to any and all rights of reimbursement, indemnification, subrogation or any other rights pursuant hereto or under law or equity, the Issuer hereby agrees to indemnify and hold harmless, to the extent permitted by law, each of the Bank, each Participant and their respective officers, directors, employees, affiliates and agents (each an "Indemnified Party") from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever (including reasonable attorneys' fees) that an Indemnified Party may incur (or which may be claimed against an Indemnified Party by any Person whatsoever) that arises out of the transactions contemplated by this Agreement or the Related Documents,

including, without limitation, (i) any untrue statement or alleged untrue statement of any material fact contained or incorporated by reference in the Official Statement, or the omission or alleged omission to state therein a material fact necessary to make such statements, in the light of the circumstances under which they are or were made, not misleading or the failure to deliver the Official Statement to any offeree or purchaser of Bonds (but excluding any information included in the Official Statement or such other offering circular relating to the Bank and provided in writing by the Bank or its counsel for inclusion therein); (ii) the execution and delivery or transfer of, or payment or failure to pay under this Agreement; (iii) the issuing, offering, sale, remarketing or resale of the Bonds; and (iv) the proposed use of the proceeds of the Bonds or any amounts drawn under this Agreement; provided that the Issuer shall not be required to indemnify the Bank for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or negligence of the Bank. Nothing under this Section 9.05 is intended to limit the Issuer's payment obligations hereunder.

Notwithstanding the foregoing, the Bank shall not, in any way, be liable for any failure by the Bank to advance funds under this Agreement as a result of any act of a governmental authority or any other cause beyond the control of the Bank or for any failure by the Tender Agent to apply amounts drawn pursuant to this Agreement to pay the Purchase Price of any Bonds.

The provisions of this Section 9.05 shall survive the termination of this Agreement and the payment in full of the Bonds and the obligations of the Issuer thereunder and hereunder.

**Section 9.06. Facsimile Documents.** This Agreement provides that the Notice of Bank Purchase may be presented to the Bank by, among other methods, facsimile. The Issuer acknowledges and assumes all risks relating to the use of such facsimile demands for payment and agrees that its obligations under this Agreement and the Related Documents shall remain absolute, unconditional and irrevocable as provided in Section 9.01 above if the Bank honors such facsimile demands for payment.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01. Right of Setoff.** Upon the occurrence of an Event of Default, the Bank and its affiliates may, at any time and from time to time, without notice to the Issuer, the Tender Agent or any other person (any such notice being expressly waived), set off and appropriate and apply, against and on account of, any obligations and liabilities of the Issuer to the Bank or its affiliates arising under or connected with this Agreement and the Related Documents, without regard to whether or not the Bank shall have made any demand therefore, and although such obligations and liabilities may be contingent or unmatured, any and all deposits (general or special, including but

not limited to indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other indebtedness or other payment obligation at any time held or owing by the Bank or its affiliates to or for the credit or the account of the Issuer.

**Section 10.02. Amendments and Waivers.** No amendment or waiver of any provision of this Agreement nor consent to any departure by the Issuer or the Tender Agent from any such provision shall in any event be effective unless the same shall be in writing and signed by the Bank. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In the event any agreement contained in this Agreement should be breached by the Issuer or the Tender Agent and thereafter waived by the Bank, such waiver shall be limited to the particular breach so waived for the specific period set out in such waiver and such waiver shall not constitute a waiver of such breach for any other period and shall not waive any other or similar breach hereunder.

**Section 10.03. Counterparts.** This Agreement may be signed in any number of counterpart copies (and by different parties on different counterparts), each of which shall constitute an original but all such copies shall constitute one and the same instrument.

**Section 10.04. Notices.** Unless specifically indicated otherwise herein, all notices and other communications provided for hereunder shall be in writing and

if to the Issuer, addressed to it at:

Denton Independent School District  
\_\_\_\_\_

or if to the Bank, addressed to it at:

For Administrative Matters:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
\_\_\_\_\_

For delivery of a Notice of Bank Purchase:

The Bank of Tokyo-Mitsubishi, UFJ, Ltd.  
\_\_\_\_\_



For Credit Matters:

The Bank of Tokyo-Mitsubishi UFJ, Ltd.  
\_\_\_\_\_

or if to the Tender Agent, addressed to it at:

The Bank of New York Mellon Trust Company, N.A.  
\_\_\_\_\_

or if to the Remarketing Agent, addressed to it at:

J.P. Morgan Securities LLC  
\_\_\_\_\_

or as to each party at such other address as shall be designated by such party in a written notice to the other parties.

Any notice or other communication shall be sufficiently given and shall be deemed given when delivered to the addressee in writing or when given by telephone immediately confirmed in writing by tested telecopier or other telecommunication device. Notwithstanding the foregoing, any Notice of Bank Purchase given hereunder shall be effective only when given in the manner provided in Section 2.02.

**Section 10.05. Severability.** Any provision of this Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

**Section 10.06. Governing Law.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS; *PROVIDED*, THAT THE OBLIGATIONS OF THE BANK SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. TO THE EXTENT THAT THE BANK HAS GREATER RIGHTS OR REMEDIES UNDER FEDERAL LAW, THIS SECTION WILL NOT BE DEEMED TO DEPRIVE THE BANK OF SUCH RIGHTS AND REMEDIES AS MAY BE AVAILABLE UNDER FEDERAL LAW.

**Section 10.07. Chapter 346 of the Texas Finance Code.** Pursuant to

the provisions of Section 346.004 of the Texas Finance Code, as amended, it is agreed that the provisions of Chapter 346 of the Texas Finance Code, as amended (which regulates certain revolving credit loans and revolving tri-party accounts), shall not govern or in any manner apply to this Agreement or any of the Related Documents or any of the obligations and transactions contemplated herein or therein, other than such Section 346.004.

**Section 10.08. Reserved.**

**Section 10.09. Headings.** Section headings in this Agreement are included herein for convenience of reference only and shall not have any effect for purposes of interpretation or construction of the terms of this Agreement.

**Section 10.10. Participations.** The Issuer acknowledges and agrees that the Bank may participate portions of its obligations hereunder and the obligations of the Issuer under the Purchased Bonds, this Agreement and any other Related Documents (collectively, the “Participated Obligations”) to affiliates, other financial institutions or third persons and waives any notice of such participations. The Issuer further acknowledges and agrees that upon any such participation the Participants will become owners of a pro rata portion of the Participated Obligations and the Issuer waives any right of setoff it may at any time have against the Bank or any Participant with regard to the Participated Obligations. The grant of any participation interest in the Participated Obligations shall in no way act to limit the Bank’s obligation to purchase Eligible Bonds as herein provided.

No Participant shall be entitled to receive payment hereunder of any amount greater than the amount that would have been payable had the Bank not granted a participation to such Participant. When requested by the Issuer, the Bank will furnish the Issuer with a list of all Participants, if any. Notwithstanding anything to the contrary herein, the Issuer shall be required to deal only with the Bank with respect to any matters under this Agreement, and no Participant shall be entitled to enforce directly against the Issuer any provision hereunder.

**Section 10.11. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Issuer, the Tender Agent, the Bank and their respective successors, endorsees and assigns (but no other person shall have any benefit, right or interest under or because of this Agreement), except that the Issuer may not assign or transfer its rights or obligations hereunder (other than by merger or consolidation) without the prior written

consent of the Bank. This Agreement is a continuing obligation and shall survive the end of the Purchase Period. The Bank may grant interests in its rights hereunder as provided in Section 10.10; provided, however, that no such grant shall affect the obligation of the Bank to purchase Eligible Bonds as herein provided.

Notwithstanding any other provision of this Agreement or the Related Documents, the Bank may at any time pledge or grant a security interest in all or any portion of its rights hereunder (including, without limitation, rights to payment under this Agreement) and under any Purchased Bond to secure obligations of the Bank to a Federal Reserve Bank, without notice to or consent of the Issuer or the Tender Agent; provided that no such pledge or grant of a security interest shall release the Bank from any of its obligations hereunder, as the case may be, or substitute any such pledge or grantee for the Bank as a party hereto, as the case may be.

**Section 10.12. Complete and Controlling Agreement.** This Agreement and the other Related Documents completely set forth the agreements between the Bank and the Issuer and fully supersede all prior agreements, both written and oral, between the Bank, the Tender Agent and the Issuer relating to all matters set forth herein and in the Related Documents.

**Section 10.13. WAIVER OF JURY TRIAL.** TO THE FULLEST EXTENT PERMITTED UNDER APPLICABLE LAW, THE ISSUER, THE TENDER AGENT AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION (WHETHER AS A CLAIM, COUNTER-CLAIM, AFFIRMATIVE DEFENSE OR OTHERWISE) BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE RELATED DOCUMENTS, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTIONS OF THE ISSUER, THE TENDER AGENT OR THE BANK. EACH OF THE ISSUER AND THE TENDER AGENT ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND RECOGNIZES AND AGREES THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK ENTERING INTO THIS AGREEMENT. EACH OF THE ISSUER AND THE TENDER AGENT REPRESENTS AND ACKNOWLEDGES THAT IT HAS REVIEWED THIS PROVISION WITH ITS LEGAL COUNSEL AND THAT IT HAS KNOWINGLY AND VOLUNTARILY WAIVED ANY JURY TRIAL RIGHTS IT MAY HAVE FOLLOWING CONSULTATION WITH SUCH LEGAL COUNSEL.

**Section 10.14. Patriot Act.** The Bank hereby notifies the Issuer that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Issuer, which information includes the name and address of the Issuer and other information that will allow the Bank to identify the Issuer in accordance with the Patriot Act. The Issuer

hereby agrees that it shall promptly provide such information upon request by the Bank.

**Section 10.15. Independence.** The Issuer acknowledges that the rights and obligations of the Bank under this Agreement are independent of the existence, performance or nonperformance of any contract or arrangement underlying this Agreement, including contracts or arrangements between the Bank and the Issuer and between the Issuer and the Tender Agent. The Bank shall have no duty to notify the Issuer of its receipt of a Notice of Bank Purchase, certificate or other document presented hereunder or of its decision to honor a Notice of Bank Purchase. The Bank may, without incurring any liability to the Issuer or impairing its rights under this Agreement, honor the Notice of Bank Purchase despite notice from the Issuer of, and without any duty to inquire into, any defense to payment or any adverse claims or other rights against the Tender Agent or any other Person. The Bank shall have no duty to request or require the presentation of any document, including any default certificate, not required to be presented under the terms and conditions of this Agreement. The Bank shall have no duty to seek any waiver of discrepancies from the Issuer, nor any duty to grant any waiver of discrepancies which the Issuer approves or requests.

**Section 10.16. Electronic Signatures.** The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts”, if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “*electronic signature*” means a manually-signed original signature that is then transmitted by electronic means; “*transmitted by electronic means*” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “*electronically signed document*” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

**Section 10.17. Extension.** The Issuer may request that the Bank extend the Expiration Date by submitting a written request in the form of **Exhibit C** to the Bank at least 180 days prior to the Expiration Date. By making any such request, the Issuer shall be deemed to represent and warrant

that (a) no Default has occurred and is continuing, (b) no Material Litigation is pending, (c) no Material Adverse Change has occurred and (d) all representations and warranties of the Issuer made in this Agreement are true and correct and are deemed to be made as of the date of such request except, in each case, to the extent that such representations and warranties specifically refer to an earlier date, in which case as of such earlier date. Within 60 days of receipt of a request for extension, the Bank shall, at its sole option, either provide written notice in the form of **Exhibit D** to the Issuer and the Tender Agent that the Expiration Date will be extended to the new expiration date set forth in such notice, or notify the Issuer and the Tender Agent that the Expiration Date will not be so extended; provided, that if the Bank fails to so notify the Issuer and the Tender Agent it shall be deemed to have rejected such extension. If the Expiration Date is extended as provided herein, the Issuer shall, except as otherwise agreed to in writing by the Bank, be deemed to have made the representations and warranties contained herein on and as of the date on which the Expiration Date is so extended except, in each case, to the extent that such representations and warranties specifically refer to an earlier date, in which case as of such earlier date.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

DENTON INDEPENDENT SCHOOL

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[Signatures continued on following page]

[Executions to Standby Bond Purchase Agreement continued]

The Bank of Tokyo Mitsubishi UFJ, Ltd.

[Signature page to Denton ISD Standby]

[End of signatures]

THE BANK OF NEW YORK MELLON

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**EXHIBIT A**

**NOTICE OF BANK PURCHASE**

The undersigned, a duly authorized officer of The Bank of New York Mellon Trust Company, National Association (the "Tender Agent"), hereby certifies to The Bank of Tokyo Mitsubishi UFJ, Ltd., acting through its New York Branch (the "Bank"), in accordance with the Standby Bond Purchase Agreement, dated as of \_\_\_\_\_, 2014 (the "Agreement") by and among the Denton Independent School District (the "Issuer"), the Bank and the Tender Agent relating to the Issuer's \$30,000,000 Denton Independent School District Unlimited Tax School Building Bonds, Series 2006- B currently outstanding in the aggregate principal amount of \$ \_\_\_\_\_, (all capitalized terms herein having the meanings ascribed thereto in the Agreement), that:

- (a) Eligible Bonds have been tendered or deemed tendered for purchase pursuant to Section \_\_\_\_\_ of the Order.
- (b) To the Tender Agent's actual knowledge, no Immediate Termination Event or Immediate Suspension Event has occurred and is continuing.
- (c) Insufficient moneys are available for such purchase pursuant to Section \_\_\_\_\_ of the Order.

The Tender Agent hereby requests the payment of Purchase Price in the amount of \$ \_\_\_\_\_.

The portion of the Purchase Price requested hereby relating to the principal of the Eligible Bonds for which there is not sufficient moneys referred to above is \$ \_\_\_\_\_, which amount does not exceed the Available Principal Commitment and the portion of the Purchase Price requested hereby relating to accrued interest on the Eligible Bonds for which there is not sufficient moneys referred to above is \$ \_\_\_\_\_, which amount does not exceed the Available Interest Commitment.

Upon completion of purchase, the Tender Agent will register such Eligible Bonds, or if an Eligible Bond to be purchased pursuant to Section \_\_\_\_\_ of the Order has not been delivered, a new Eligible Bond issued in replacement of the undelivered Eligible Bond, in the name of the Bank, or, if directed in writing by the Bank, its nominee or designee on the Register, and will promptly deliver such Eligible Bonds to the Bank, or as the Bank may otherwise direct in writing, and prior to such delivery will hold such Eligible Bonds in trust for the benefit of the Bank, provided if the Bonds are in book entry form, the Tender Agent shall hold Purchased Bonds in its participant account for the benefit of the Bank, as described in the Custody Agreement and Section 2.02 of the Agreement.

The funds requested hereunder shall be transferred to the Tender Agent as follows:

**[PLEASE PROVIDE]**

The Purchase Date is \_\_\_\_\_.

IN WITNESS WHEREOF, the Tender Agent has executed and delivered this Notice of Bank Purchase as of the    day of \_\_\_\_\_, \_\_\_\_.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, NATIONAL  
ASSOCIATION

as Tender Agent

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT B**

**FORM OF TERMINATION NOTICE**

\_\_\_\_\_, 20\_\_

The Bank of New York Trust Company, National Association  
as Tender Agent

Attention: Corporate Trust Department

**DENTON INDEPENDENT SCHOOL DISTRICT  
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2006-B**

Ladies and Gentlemen:

The undersigned, duly authorized officers of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (the "Bank"), pursuant to Section 7.03(c) of the Standby Bond Purchase Agreement dated as of August 24, 2012 (the "Agreement") between Denton Independent School District and the Bank, hereby notifies you that an Event of Default (as defined in the Agreement) pursuant to Section 7.01 of the Agreement has occurred and that as a result thereof the Agreement shall terminate on the date that is 15 days after your receipt of this notice.

Sincerely,

BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By \_\_\_\_\_

Authorized Signatory

By \_\_\_\_\_

Authorized Signatory

cc: \_\_\_\_\_

Denton Independent School District

**EXHIBIT C**

**FORM OF REQUEST FOR EXTENSION**

**REQUEST FOR EXTENSION**

The Bank of Tokyo Mitsubishi UFJ, Ltd.  
\_\_\_\_\_

Ladies and Gentlemen:

Reference is hereby made to that certain Standby Bond Purchase Agreement, dated as of \_\_\_\_\_, 2014 (the "Agreement"), among Denton Independent School District, the Bank of Tokyo-Mitsubishi UFJ, Ltd. And The Bank of New York Mellon Trust Company, N.A. All capitalized terms contained herein which are not specifically defined shall be deemed to have the definition set forth in the Agreement. The Issuer hereby requests, pursuant to Section 10.17 of the Agreement, that the Expiration Date for the Agreement be extended by [IDENTIFY APPROPRIATE PERIOD]. Pursuant to Section 10.17 of the Agreement, we have enclosed along with this request the following information:

- (a) The outstanding principal amount of the Bonds;
- (b) The nature of any and all Defaults and Events of Default; and
- (c) Any other pertinent information previously requested by the Bank.

The Bank is requested to notify the Issuer of its decision with respect to this request for extension within 60 days of the date of receipt hereof.

Very truly yours,

DENTON INDEPENDENT SCHOOL  
DISTRICT

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**EXHIBIT D**

**NOTICE OF EXTENSION**

\_\_\_\_\_, 20\_\_

The Bank of New York Mellon Trust Company, N.A.

Attention: Corporate Trust Department

Denton Independent School District

**DENTON INDEPENDENT SCHOOL DISTRICT  
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2006-B**

Ladies and Gentlemen:

The undersigned, duly authorized officers of The Bank of Tokyo Mitsubishi UFJ, Ltd. (the “Bank”) hereby advise you, with reference to the above-referenced bonds (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Amended and Restated Standby Bond Purchase Agreement dated \_\_\_\_\_, 2014, between Denton Independent School District (the “Issuer”) and the Bank (the “Agreement”)), that [Complete as Appropriate]:

(a) At the request and for the account of the Issuer, we hereby extend the date referenced in the definition of “Expiration Date” in the Agreement (as such date may have been extended previously from time to time) to\_\_\_\_\_.

(b) Except as specifically provided in paragraph (1) above, all of the terms and conditions of the Agreement remain unchanged and in full force and effect.

(c) This Notice of Extension is an integral part of the Agreement.

[The Expiration Date will not be extended at this time.]

IN WITNESS WHEREOF, the undersigned, on behalf of the Bank, has executed and delivered this Notice of Extension as of the \_\_\_ day of \_\_\_\_\_.

BANK OF TOKYO-MITSUBISHI UFJ, LTD.

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_