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**PRELIMINARY OFFICIAL STATEMENT**  
**Dated October 11, 2024**

**Ratings: Moody's: "A2" (insured) and "\_\_\_\_" (underlying)**  
**S&P: "AA" (insured) and "\_\_\_\_" (underlying)**  
See "RATINGS" herein

**NEW ISSUES — BOOK-ENTRY ONLY**

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Special Tax Counsel, interest on the Series 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Tax Counsel observes that interest on the Series 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024 Bonds. See "TAX MATTERS" herein.*



\$ \_\_\_\_\_ \*  
**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY**

\$ \_\_\_\_\_  
**Senior Lien Revenue Refunding Bonds,  
Series 2024A**

\$ \_\_\_\_\_  
**Second Lien Revenue Refunding Bonds,  
Series 2024B**

**Interest Accrual Date:** Date of Delivery      **CUSIP No. Prefix:** 413890      **Due:** November 15, as shown on inside cover page

The captioned Senior Lien Revenue Refunding Bonds, Series 2024A (the "Series 2024A Bonds") and Second Lien Revenue Refunding Bonds, Series 2024B, (the "Series 2024B Bonds," and together with the Series 2024A Bonds, the "Series 2024 Bonds") will be issued as fully-registered obligations by the Harris County-Houston Sports Authority (the "Sports Authority"). The Series 2024 Bonds are being issued pursuant to an Indenture of Trust, as supplemented (as more particularly described herein, the "Indenture"), between the Sports Authority and UMB Bank, National Association, as trustee (the "Trustee"). Capitalized terms used on the cover page hereof and not otherwise defined shall have the meaning assigned thereto as described in "INTRODUCTION" herein.

The Sports Authority has released an "Invitation to Tender Bonds" dated October 11, 2024 (the "Invitation"), inviting owners of certain outstanding bonds of the Sports Authority described therein to tender such bonds for purchase and cancellation by the Sports Authority. Such purchase of validly tendered bonds will be funded by a portion of the proceeds of the Series 2024 Bonds and other lawfully available funds of the Sports Authority, if any. See PURPOSE AND PLAN OF FINANCE—Tender and Purpose - Tender Offer" herein.

A portion of the proceeds of the Series 2024A Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to pay the purchase price of certain outstanding bonds of the Sports Authority (as described in "SCHEDULE I – Purchased Bonds" hereto) that have been validly tendered and accepted for purchase by the Sports Authority pursuant to the Invitation, if any. The remainder of the proceeds of the Series 2024A Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to (i) refund certain outstanding bonds of the Sports Authority (the "Series 2024A Refunded Bonds"), as more particularly described in "SCHEDULE II —Refunded Obligations," (ii) purchase a bond insurance policy and a reserve fund surety policy for the Series 2024A Bonds, and (iii) pay costs of issuance relating to the Series 2024A Bonds, and to pay the costs of refunding the Series 2024A Refunded Bonds and the costs of the Tender Offer, all as more particularly described herein. A portion of the proceeds of the Series 2024B Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to pay the purchase price of certain outstanding bonds of the Sports Authority (as described in "SCHEDULE I – Purchased Bonds" hereto) that have been validly tendered and accepted for purchase by the Sports Authority pursuant to the Invitation, if any. The remainder of the proceeds of the Series 2024B Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to (i) refund certain outstanding bonds of the Sports Authority (the "Series 2024B Refunded Bonds" and together with the Series 2024A Refunded Bonds, the "Refunded Obligations") as more particularly described in "SCHEDULE II — Refunded Obligations," (ii) purchase a bond insurance policy and a reserve fund surety policy for the Series 2024B Bonds, and (iii) pay costs of issuance relating to the Series 2024B Bonds, pay the costs of refunding the Series 2024B Refunded Bonds and the costs of the Tender Offer, if any, all as more particularly described herein. See "PURPOSE AND PLAN OF FINANCE" and "SOURCES AND USES OF FUNDS."

The Series 2024 Bonds will accrue interest from the Date of Delivery, and interest will be payable on each May 15 and November 15, commencing May 15, 2025 and will be calculated on the basis of a 360-day year of twelve 30-day months. The Series 2024 Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the book-entry only system described herein. The Series 2024 Bonds will initially be available for purchasers only in book-entry form, and such purchasers will not receive certificates representing their beneficial ownership therein. Beneficial ownership may be acquired in principal denominations of \$5,000, or any integral multiple thereof. See "DESCRIPTION OF THE SERIES 2024 BONDS."

The Series 2024 Bonds, together with certain outstanding and any additional parity obligations, are secured by a lien on the Trust Estate created under the Indenture. The Trust Estate includes all of the Sports Authority's right, title and interest in and to the Revenues (as defined herein), the Astros Payments and certain other moneys and accounts, all as more fully described herein. The liens on the Revenues and the Astros Payments securing the Series 2024B Bonds are subordinate to the liens on the Revenues and the Astros Payments securing the Outstanding Senior Lien Bonds, the Series 2024A Bonds and any Additional Senior Lien Bonds, if and when issued. See "SECURITY FOR THE SERIES 2024 BONDS." The Series 2024 Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2024 BONDS — Redemption."

**THE SERIES 2024 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE SPORTS AUTHORITY AND ARE NOT OBLIGATIONS OF HARRIS COUNTY, TEXAS, THE CITY OF HOUSTON, TEXAS, THE STATE OF TEXAS OR ANY OTHER POLITICAL SUBDIVISION THEREOF. EXCEPT FOR THE LIMITED SPECIAL TAX REVENUES INCLUDED WITHIN THE REVENUES, THE OWNERS OF THE SERIES 2024 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT OF ANY BOND OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION. THE SPORTS AUTHORITY HAS NO AD VALOREM TAXING POWER.**

The scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under separate bond insurance policies to be issued concurrently with the delivery of the Series 2024 Bonds by ASSURED GUARANTY INC. (the "2024 Insurer or "AG"). See "BOND INSURANCE," herein. See also "INVESTMENT CONSIDERATIONS – Bond Insurance" herein.



This cover page is not a summary of the Series 2024 Bonds. Potential investors must read the entire Official Statement to obtain information essential to making an informed investment decision. Investment in the Series 2024 Bonds is subject to certain investment considerations. See "INVESTMENT CONSIDERATIONS" herein.

**See inside cover page for maturity schedules, interest rates, initial yields and CUSIP numbers**

The Series 2024 Bonds are offered by the Underwriters listed below when, as and if issued by the Sports Authority and accepted by the Underwriters, subject to the approval of the Attorney General of the State of Texas and the approval of certain legal matters by Hunton Andrews Kurth LLP, Houston, Texas, and West & Associates, L.L.P., Houston, Texas, Co-Bond Counsel and by Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel. Certain legal matters will be passed upon for the Sports Authority by its general counsel, Hunton Andrews Kurth LLP, Houston, Texas. Certain other legal matters will be passed upon for the Sports Authority by Greenberg Traurig LLP, Houston, Texas, and Cantu Harden & Montoya LLP, Houston, Texas, Co-Special Disclosure Counsel. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Bracewell LLP, Houston, Texas, and Bratton & Associates, PLLC, Houston, Texas. The Series 2024 Bonds are expected to be available for initial delivery to the Underwriters and credited through DTC on or about November 19, 2024 ("Date of Delivery").

**Wells Fargo Securities**  
**Cabrera Capital Markets LLC**  
**Ramirez & Co, Inc.**

**J.P. Morgan**  
**Raymond James**

**Morgan Stanley**  
**Loop Capital Markets**  
**Siebert Williams Shank & Co., LLC**

\* Preliminary, subject to change.

## MATURITY SCHEDULES

**CUSIP Prefix: 413890<sup>(1)</sup>**

### SERIES 2024A BONDS

Current Interest Serial Bonds

<u>Maturity</u> <u>(November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield <sup>(2)</sup></u>	<u>CUSIP Suffix</u>
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\$ \_\_\_\_\_ %

(Interest to accrue from Date of Delivery)

Current Interest Term Bonds

\$ \_\_\_\_\_ Current Interest Term Bonds due November 15, 20\_\_, Interest Rate \_\_%, Initial Yield \_\_%, CUSIP Suffix \_\_

### SERIES 2024B BONDS

Current Interest Serial Bonds

<u>Maturity</u> <u>(November 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield<sup>(2)</sup></u>	<u>CUSIP Suffix</u>
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\$ \_\_\_\_\_ %

(Interest to accrue from Date of Delivery)

Current Interest Term Bonds

\$ \_\_\_\_\_ Current Interest Term Bonds due November 15, 20\_\_, Interest Rate \_\_%, Initial Yield \_\_%, CUSIP Suffix \_\_

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\*Preliminary; subject to change.

<sup>(1)</sup> CUSIP numbers have been assigned to this issue by the CUSIP Global Services, operated on behalf of the American Bankers Association by FactSet Research Systems Inc., Copyright © 2024 CUSIP Global Services, and are included solely for the convenience of the purchasers of the Series 2024 Bonds. Neither the Sports Authority nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Series 2024 Bonds as a result of various subsequent actions, including but not limited to, a refunding in whole or in part of such maturity, or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the Series 2024 Bonds.

<sup>(2)</sup> The initial yield for such maturities of the Series 2024 Bonds is calculated to the first optional redemption date for the Series 2024 Bonds of November 15, 20\_\_.

## USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended from time to time (the “Rule”), this document constitutes an Official Statement of the Sports Authority with respect to the Series 2024 Bonds that has been deemed “final” by the Sports Authority as of its date except for the omission of no more than the information permitted by the Rule.

No dealer, broker, salesman, or other person has been authorized by the Sports Authority or the Underwriters of the Series 2024 Bonds to give any information or to make any representation other than those contained in this Official Statement, including the Schedules and Appendices hereto, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Sports Authority or the Underwriters of the Series 2024 Bonds. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2024 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. This Official Statement is submitted in connection with the sale of the Series 2024 Bonds and in no instance may this Official Statement be reproduced or used for any other purpose.

THIS OFFICIAL STATEMENT, INCLUDING THE SCHEDULES AND APPENDICES HERETO, IS INTENDED TO REFLECT FACTS AND CIRCUMSTANCES ON THE DATE OF THIS OFFICIAL STATEMENT OR ON SUCH OTHER DATE OR AT SUCH OTHER TIME AS IDENTIFIED HEREIN. NO ASSURANCE CAN BE GIVEN THAT SUCH INFORMATION WILL NOT BE MISLEADING AT A LATER DATE. CONSEQUENTLY, RELIANCE ON THIS OFFICIAL STATEMENT AT TIMES SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024 BONDS DESCRIBED HEREIN SHOULD NOT BE MADE ON THE ASSUMPTION THAT ANY SUCH FACTS OR CIRCUMSTANCES ARE UNCHANGED.

NONE OF THE SPORTS AUTHORITY, THE UNDERWRITERS OR THE FINANCIAL ADVISOR MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY (“DTC”) OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION WAS FURNISHED BY DTC. THE UNDERWRITERS OF THE SERIES 2024 BONDS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

No registration statement relating to the Series 2024 Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon an exemption provided thereunder. The Series 2024 Bonds have not been registered or qualified under the Securities Act of the State of Texas in reliance upon various exemptions contained therein, nor have the Series 2024 Bonds been registered or qualified under the securities laws of any other jurisdiction. The Sports Authority assumes no responsibility for the registration or qualification for sale or other disposition of the Series 2024 Bonds under the securities laws of any jurisdiction in which the Series 2024 Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Series 2024 Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

Assured Guaranty Inc. (“AG” or the “2024 Insurer”) makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE” and “APPENDIX F — Specimen of Bond Insurance Policies.”

The Sports Authority has appointed UMB Bank, National Association, as the Trustee, Bond Registrar and Paying Agent under the Indenture. The obligations and duties of the Trustee are as described in the Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the Series 2024 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the Series 2024 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax status of the interest on the Series 2024 Bonds. The

Trustee has not participated in the preparation of this Official Statement and has no responsibility or liability therefor. The Trustee has relied upon the opinions of Co-Bond Counsel for the validity and tax status of the interest on the Series 2024 Bonds as well as with respect to the other matters set out in those opinions. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application of the proceeds of the Series 2024 Bonds by the Sports Authority or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture.

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE SERIES 2024 BONDS AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES AUTHORITY OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Certain statements in this Official Statement, which may be identified by the use of such terms as “plan,” “project,” “expect,” “estimate,” “budget” or other similar words, constitute forward-looking statements. Such forward-looking statements refer to the achievement of certain results or other expectation or performance that involves known and unknown risks, uncertainties and other factors. These risks, uncertainties and other factors may cause actual results, performance or achievements to be materially different from any projected results, performance or achievements described or implied by such forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Sports Authority on the date hereof, and the Sports Authority assumes no obligation to update any such forward-looking statements. See “INVESTMENT CONSIDERATIONS — Forward-Looking Statements.”

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, the Rule.

**THE PRICE AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE SERIES 2024 BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE SERIES 2024 BONDS ARE RELEASED FOR SALE AND THE SERIES 2024 BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICE, INCLUDING SALES TO DEALERS WHO MAY SELL SUCH SERIES 2024 BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

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## OFFICIAL STATEMENT

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**HARRIS COUNTY–HOUSTON SPORTS AUTHORITY**

\$ \_\_\_\_\_  
**Senior Lien Revenue  
Refunding Bonds,  
Series 2024A**

\$ \_\_\_\_\_  
**Second Lien Revenue  
Refunding Bonds,  
Series 2024B**

### INTRODUCTION

This Official Statement, which includes the cover page hereof and the schedules and appendices attached hereto, is furnished in connection with the offering for sale by the Harris County-Houston Sports Authority (the “Sports Authority”), a political subdivision of the State of Texas (the “State”), of its Senior Lien Revenue Refunding Bonds, Series 2024A (the “Series 2024A Bonds”) and its Second Lien Revenue Refunding Bonds, Series 2024B (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Series 2024 Bonds”). See “PURPOSE AND PLAN OF FINANCE –Tender and Purpose – *Tender Offer*.”

The Series 2024 Bonds will be issued pursuant to Chapters 334 and 335, Texas Local Government Code, as amended (the “Enabling Act”), and Chapters 1207 and 1371, Texas Government Code, as amended, and an Indenture of Trust dated August 15, 1998, as amended and restated as of May 1, 2001, November 1, 2003, June 1, 2004 and December 1, 2014 (the “Master Indenture”), and as further amended and supplemented, particularly by the Thirty-Second Supplemental Indenture of Trust, dated as of November 1, 2024, and the Thirty-Third Supplemental Indenture of Trust, dated as of November 1, 2024 (as amended, the “Indenture”). Capitalized terms used but not defined herein shall have the meanings assigned to such terms in “APPENDIX A — Definitions,” “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture,” and “APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures,” as appropriate. Copies of the Indenture are available from the Sports Authority upon request and payment of reproduction costs.

The Sports Authority has previously issued, and there is currently outstanding, Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds, Third Lien Bonds and certain subordinate debt obligations to finance and refinance the venue projects described in “APPROVED VENUE PROJECTS.” See “PURPOSE AND PLAN OF FINANCE — Outstanding Bonds” and “— Subordinate Obligations of the Sports Authority.” Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding.

The Series 2024 Bonds are special limited obligations of the Sports Authority that, together with the outstanding Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds, and Third Lien Bonds, if any, and any Additional Bonds or additional Third Lien Bonds, if and when issued under the Indenture, are payable from and secured by a lien on the Trust Estate created under the Indenture. The Trust Estate includes all of the Sports Authority’s right, title and interest in and to the Revenues, the Astros Payments, the Pledged Accounts, and certain other moneys and accounts, as more fully described herein. See “SECURITY FOR THE SERIES 2024 BONDS.” The Revenues include all amounts received from time to time by the Sports Authority which are (i) receipts from a hotel occupancy tax (the “Hotel Occupancy Tax”) imposed on, and equal to 2% of the cost of, all hotel room rentals in the City of Houston (the “City”) and Harris County (the “County”); and (ii) receipts from a short-term motor vehicle rental tax (the “Vehicle Rental Tax”) imposed on, and equal to 5% of, the gross rental receipts from short-term motor vehicle rentals in the City and County. The Astros Payments include certain lease payments and royalty payments to be paid to the Sports Authority by the Houston Astros Major League Baseball team, as more fully described herein. See “DESCRIPTION OF PLEDGED REVENUES” and “INVESTMENT CONSIDERATIONS – Sufficiency of Revenues and Astros Payments.”

**Pursuant to the terms of the Indenture, the pledge of the Astros Payments (including the application thereof) with respect to Tax-Exempt Bonds is limited to the Allowed Special Revenue Amount. Accordingly, Astros Payments may be applied to the payment of debt service on the Series 2024 Bonds, and any other series of Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Tax-Exempt**

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\* Preliminary, subject to change.

**Bonds, only to the extent of the Allowed Special Revenue Amount from time to time applicable to such Bonds. Astros Payments may be applied without limitation to the payment of debt service on any Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Taxable Bonds. The liens of the Indenture on Revenues and Astros Payments securing all Outstanding Second Lien Bonds, the Series 2024B Bonds and any Additional Second Lien Bonds, if and when issued, is junior and subordinate in all respects to the liens on Revenues and Astros Payments securing all Outstanding Senior Lien Bonds, the Series 2024A Bonds and any Additional Senior Lien Bonds, if and when issued. See “SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Astros Payments,” and “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments — *Sufficiency of Astros Payments.*”**

## **APPROVED VENUE PROJECTS**

The Sports Authority was created by concurrent orders of the Commissioners Court of Harris County, Texas (the “County”) and the City Council of the City of Houston, Texas (the “City”), effective September 1, 1997. The Sports Authority is a political subdivision of the State of Texas, organized as a sports and community venue district under the Enabling Act. The Sports Authority was created for the public purpose of planning, acquiring, establishing, developing, constructing or renovating one or more venue projects.

Prior to the enactment of the Enabling Act by the Texas Legislature in 1997, a County-wide referendum was held on November 5, 1996, in which the voters approved a proposition authorizing the County to establish and operate new or renovated stadiums, arenas and other facilities for professional baseball and football teams, provided that no real or personal property taxes of the County are spent to acquire, construct or equip these facilities. The Enabling Act authorized the Sports Authority to undertake the construction and financing of improvements authorized by such referendum and to levy the Hotel Occupancy Tax and Vehicle Rental Tax in the County and the City.

The Sports Authority previously issued the Series 1998 Ballpark Bonds, the Series 2001 Stadium Bonds, the Series 2001 Arena Bonds and certain subordinate debt obligations to finance the following Approved Venue Projects, respectively:

1. a retractable-roof Major League Baseball stadium (now named, “Minute Maid Park”), which opened for use by the Houston Astros Major League Baseball Team in March 2000;
2. a retractable-roof football stadium (now named, “NRG Stadium” or the “Stadium”), which opened in August 2002 for use by Houston NFL Holdings, L.P. d/b/a the Houston Texans (the “NFL Club”) and the Houston Livestock Show and Rodeo, Inc. (the “Rodeo”), and many other organizations and events; and
3. a multi-purpose arena (“Toyota Center”) and an adjacent garage (the “Garage” and, together with the Toyota Center and all other related infrastructure, the “Arena Project”) for use by the Houston Rockets National Basketball Association Team (the “Rockets”). The Toyota Center and the Garage opened for use in October 2003.

In addition to the Approved Venue Projects described above, the Sports Authority, in conjunction with other public entities, developed a multi-purpose stadium (“Shell Energy Stadium”) principally used by the Houston Dynamo Major League Soccer franchise for professional soccer. Shell Energy Stadium opened in May 2012. The Sports Authority did not incur any debt with respect to the Shell Energy Stadium.

In addition to overseeing the bond debt service for the Approved Venue Projects, the Sports Authority also assists with sports marketing relating to such projects, in order to attract national and international sporting events to the region.

See “AUDITED FINANCIAL STATEMENTS” and “MANAGEMENT AND ORGANIZATION OF SPORTS AUTHORITY.”

## **PURPOSE AND PLAN OF FINANCE**

### **Tender and Purpose**

***Tender Offer.*** On October 11, 2024, the Sports Authority released its “Invitation to Tender Bonds” (the “Invitation”) to the beneficial owners of certain maturities of the Sports Authority’s outstanding Senior Lien Revenue Refunding Bonds, Series 2001A (the “Series 2001A Bonds”), Senior Lien Revenue Bonds, Series 2001G (the “Series



2001G Bonds”) and Junior Lien Revenue Bonds, Series 2001H (the “Series 2001H Bonds”), all as identified in the Invitation (collectively, the “Target Bonds”), to tender their Target Bonds for purchase by the Sports Authority (the “Tender Offer”) on the terms and conditions set forth in the Invitation. Pursuant to the Invitation, the owners of the Target Bonds may tender their Target Bonds and, subject to the conditions set forth in the Invitation, on or about the Date of Delivery of the Series 2024 Bonds, the Sports Authority expects to purchase some or all of the validly tendered Target Bonds for cash at the purchase prices and on the other terms and conditions set forth in the Invitation, as supplemented or amended via pricing notice or otherwise. The validly tendered Target Bonds to be purchased by the Sports Authority (which constitute “Purchased Bonds” for purposes of this Official Statement, as more fully described in “SCHEDULE I – Purchased Bonds”) will be canceled on the Date of Delivery of the Series 2024 Bonds and will no longer be deemed Outstanding.

The Sports Authority expects to pay the purchase price of the Purchased Bonds on the Date of Delivery of the Series 2024 Bonds from a portion of the proceeds of the Series 2024 Bonds and certain other lawfully available funds of the Sports Authority, if any. Target Bonds not purchased pursuant to the Invitation will remain Outstanding or may be defeased with cash as described below in “—Cash Defeasance of Series 2001H Bonds.” On or before the Date of Delivery of the Series 2024 Bonds, the Verification Agent (as defined below) will verify, among other items described below, the sufficiency of cash deposited with the Paying Agent to pay the purchase price of the Purchased Bonds plus costs related thereto.

The Target Bonds will be tendered to the Sports Authority under the terms of the Invitation with the assistance of Wells Fargo Bank, National Association, acting in its capacity as dealer manager (the “Dealer Manager”). The Dealer Manager will, subject to certain conditions, receive a fee for its services and will be reimbursed for certain expenses it incurs as the Dealer Manager. Wells Fargo Bank, National Association, is also an Underwriter of the Series 2024 Bonds. See “UNDERWRITING.”

Owners of the Target Bonds must review the Invitation (including the appendices attached thereto) for further information. The foregoing description is not intended to summarize the terms of the Invitation, or to solicit offers to tender Target Bonds, and reference is made to the Invitation for a complete description of the terms of the Invitation and the conditions for settlement of the Target Bonds validly tendered and accepted for purchase. The Sports Authority has filed the Invitation with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) system.

**Purpose.** A portion of the proceeds of the Series 2024A Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to pay the purchase price of the Purchased Bonds that have been validly tendered and accepted for purchase by the Sports Authority pursuant to the Invitation, if any. The remainder of the proceeds of the Series 2024A Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to (i) refund certain outstanding bonds of the Sports Authority (the “Series 2024A Refunded Bonds,”) as more particularly described in “SCHEDULE II — Refunded Obligations;” (ii) purchase a bond insurance policy and a reserve fund surety policy for the Series 2024A Bonds; and (iii) pay costs of issuance relating to the Series 2024A Bonds, the costs of refunding the Series 2024A Refunded Bonds and the costs of the Tender Offer. A portion of the proceeds of the Series 2024B Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to pay the purchase price of the Purchased Bonds that have been validly tendered and accepted for purchase by the Sports Authority pursuant to the Invitation, if any. The remainder of the proceeds of the Series 2024B Bonds, together with other lawfully available funds of the Sports Authority, if any, will be used to (i) refund certain outstanding bonds of the Sports Authority (the “Series 2024B Refunded Bonds” and together with the Series 2024A Refunded Bonds, the “Refunded Obligations”), as more particularly described in “SCHEDULE II — Refunded Obligations;” (ii) purchase a bond insurance policy and a reserve fund surety policy for the Series 2024B Bonds, and (iii) pay costs of issuance relating to the Series 2024B Bonds, pay the costs of refunding the Series 2024B Refunded Bonds and the costs of the Tender Offer, if any. See “SOURCES AND USES OF FUNDS.”

### **Bond Insurance and Debt Service Reserve Account Credit Facilities**

After giving effect to the delivery of the Series 2024 Bonds and the application of the proceeds thereof on the Date of Delivery, the scheduled payment of principal of and interest on the following series of Outstanding Bonds of the Sports Authority will continue to be guaranteed under separate insurance policies previously issued by MBIA (now known as National): the Series 2001A Bonds, Series 2001G Bonds, and Series 2001H Bonds, which is preliminary and subject to change. See “SCHEDULE I – Purchased Bonds” and “SCHEDULE II — Refunded Obligations.” AG currently insures the Sports Authority’s Senior Lien Revenue Refunding Bonds, Series 2014A

(Current Interest Bonds (outstanding 2024 through 2027 maturities only) and Capital Appreciation Bonds) (the “Series 2014A Bonds”), Senior Lien Revenue Refunding Bonds, Series 2020A (the “Series 2020A Bonds”), Taxable Senior Lien Revenue Refunding Bonds, Series 2020B (the “Series 2020B Bonds”), Taxable Second Lien Revenue Refunding Bonds, Series 2020C (the “Series 2020C Bonds”) and also the Series 2001A Bonds. As described in “BOND INSURANCE,” the scheduled payment of principal of and interest on the Series 2024 Bonds when due will be guaranteed under separate bond insurance policies for each series to be issued concurrently with the delivery of such bonds by the 2024 Insurer and paid for from the proceeds of the respective series of Series 2024 Bonds. See “BOND INSURANCE” herein.

Upon the issuance of the Series 2024 Bonds, the Sports Authority will use proceeds of the Series 2024A Bonds and Series 2024B Bonds to purchase Debt Service Reserve Account Credit Facilities from the 2024 Insurer to satisfy the Debt Service Reserve Requirements for the Series 2024A Bonds and Series 2024B Bonds, respectively. See “SECURITY FOR THE SERIES 2024 BONDS — Debt Service Reserve Requirements” and “DEBT SERVICE RESERVE ACCOUNT CREDIT FACILITIES.”

National and AG have agreed to certain provisions contained in the Indenture relating to the exercise of their respective rights under the terms of the Indenture. See “SECURITY FOR THE SERIES 2024 BONDS —Default Provisions and Remedies – *Credit Providers’ Right to Direct Remedies.*”

### **Outstanding Bonds**

The schedule below reflects the Sports Authority’s Senior Lien, Second Lien, Junior Lien and Third Lien Bonds that are outstanding as of the dates indicated below. Such schedule excludes certain subordinate debt obligations that are secured by a lien on the Revenues, which lien is subordinate to the lien on the Revenues securing the bonds reflected in the schedule below. See “– Subordinate Obligations of the Sports Authority,” below. Additional information regarding the Sports Authority’s outstanding obligations may be obtained from the audited financial statements of the Sports Authority for the Fiscal Year ended December 31, 2023. See “APPENDIX B – Audited Financial Statements.” Following the issuance of the Series 2024B Bonds, it is expected that there will no longer be any Third Lien Bonds outstanding.

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## Schedule 1 — Outstanding Bonds

	<b>Obligations Currently Outstanding Prior to Issuance of the Series 2024 Bonds<sup>(1)</sup></b>	<b>Obligations Outstanding Post Issuance of the Series 2024 Bonds*</b>
<b><u>Senior Lien Bonds:</u></b>		
Series 2001A Bonds	\$ 181,075,650	\$
Series 2001G Bonds	9,146,069	
Series 2014A Bonds	361,920,638	
Series 2020A Bonds	52,035,000	
Series 2020B Bonds (TX)	34,265,000	
<b><u>Second Lien Bonds:</u></b>		
Series 2014C Bonds	47,245,000	
Series 2020C Bonds (TX)	25,865,000	
<b><u>Junior Lien Bonds:</u></b>		
Series 2001H Bonds	74,249,898	
<b><u>Third Lien Bonds:</u></b>		
Series 2004A-3 Bonds	88,584,476	
TOTAL	\$ 874,386,732	\$

Totals may not add due to rounding.

\*Preliminary; subject to change.

<sup>(1)</sup> Represents the outstanding principal amount of the Sports Authority’s Senior Lien, Second Lien, Junior Lien and Third Lien Bonds as of the Date of Delivery, prior to giving effect to the issuance of the Series 2024 Bonds and the purchase and cancellation of the Purchased Bonds and the refunding of the Refunded Obligations, and therefore includes the Purchased Bonds and the Refunded Obligations, and excludes the Series 2024 Bonds, outstanding Sports Authority bonds maturing November 15, 2024 and bonds that are defeased pursuant to the cash defeasance described below. This table also excludes the Series 2001C-2 Note of the Sports Authority described in “– Subordinate Obligations of the Sports Authority.” Amounts for Capital Appreciation Bonds are stated at Accreted Value as of the Date of Delivery.

### Subordinate Obligations of the Sports Authority

As of the date hereof, the Sports Authority currently has outstanding the Subordinate Lien Note, Series 2001C-2 (the “Series 2001C-2 Note”) which is secured by a lien on Hotel Occupancy Tax and Vehicle Rental Tax revenues that is subordinate to the lien thereon securing Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds. The Series 2001C-2 Note is a non-interest bearing note, in the aggregate principal amount of approximately \$5 million and was not issued pursuant to the Indenture or any other indenture, and is additionally secured by certain of the other lease payments and surcharge revenues attributable to the Approved Venue Projects. The Series 2001C-2 Note has a maturity date of March 1, 2032. For additional information regarding such obligation, see “APPENDIX B — Audited Financial Statements.” See also, “SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Revenues” and “Debt Repayment Account” for a description of certain provisions of the Indenture relating to the use of moneys for the repayment of the Series 2001C-2 Note.

### Refunded Obligations

*Series 2024A Refunded Bonds.* A portion of the proceeds of the Series 2024A Bonds, together with other available funds, if any, will be deposited with UMB Bank, National Association, as escrow agent (the “Escrow Agent”), pursuant to an escrow agreement (the “2024A Escrow Agreement”), to be entered into between the Sports Authority and the Escrow Agent, relating to the Series 2024A Refunded Bonds, in an amount sufficient to pay on their respective payment dates, redemption dates, or maturities, as applicable, the principal of and interest on the Series

2024A Refunded Bonds, as applicable in the amounts set forth in SCHEDULE II hereto. See “SCHEDULE II – Refunded Obligations.”

*Series 2024B Refunded Bonds.* A portion of the proceeds of the Series 2024B Bonds, together with other available funds, if any, will be deposited with the Escrow Agent, pursuant to an escrow agreement (the “2024B Escrow Agreement” and together with the Series 2024A Escrow Agreement, the “Escrow Agreements”), to be entered into between the Sports Authority and the Escrow Agent, relating to the Series 2024B Refunded Bonds, in an amount sufficient to pay on the respective payment dates, redemption dates, or maturities, the principal of and interest on the Series 2024B Refunded Bonds, as applicable in the amounts set forth in SCHEDULE II hereto. See “SCHEDULE II – REFUNDED OBLIGATIONS.” Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding.

The Series 2024A Refunded Bonds and the Series 2024B Refunded Bonds are collectively referred to herein as the “Refunded Obligations.”

The Supplemental Indentures described herein provide that a portion of the proceeds of the sale of each series of the Series 2024 Bonds, together with other funds described therein, if any, will be deposited with the Escrow Agent in the amount necessary to accomplish the discharge and final payment of the Refunded Obligations. Such funds will be held by the Escrow Agent in special escrow accounts (the “Escrow Funds”) for the respective Refunded Obligations, and used to cash fund the Escrow Fund for the Refunded Obligations or to purchase Governmental Obligations (as defined in APPENDIX A) (the “Escrow Securities”). Each Escrow Fund is pledged to its respective series of Refunded Obligations.

Samuel Klein and Company, independent certified public accountants, in conjunction with Public Finance Partners LLC, (together, the “Verification Agent”) will verify at the time of delivery of the Series 2024 Bonds that the cash will be sufficient to pay or, if applicable, that the Escrow Securities will mature and pay interest in such amounts and at such times which, together with any uninvested funds in the Escrow Funds will be sufficient to pay, when due, the principal of and interest on the respective Refunded Obligations. Such maturing principal of and interest on the Escrow Securities will not be available to pay the Series 2024 Bonds. The Verification Agent will also verify the yields and certain other computations relied on by Special Tax Counsel to support its opinion that interest on the Series 2024 Bonds will be excluded from gross income for federal income tax purposes. Such verifications will be based on information and assumptions supplied by the Sports Authority’s Financial Advisor, and such verifications, information, and assumptions will be relied upon by Special Tax Counsel in rendering its opinions relating to the Series 2024 Bonds described herein. To the extent applicable, the Verification Agent will also verify the mathematical accuracy of the purchase price of the Purchased Bonds. See “VERIFICATION OF MATHEMATICAL ACCURACY.”

In the opinion of Co-Bond Counsel, by making the deposit of the Escrow Securities and cash with the Escrow Agent pursuant to the respective Escrow Agreements, the Sports Authority will have made firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations pursuant to State law. Thereafter, the Refunded Obligations will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefor in the Escrow Agreements.

### **Cash Defeasance of Series 2001H Bonds**

In addition to the purchase and cancellation of the Purchased Bonds and the refunding of the Refunded Obligations described above, the Sports Authority plans to cash defease a portion of the outstanding Junior Lien Bonds, Series 2001H, with excess cash on deposit in the Debt Repayment Account in accordance with the requirements of the Indenture. See “SECURITY FOR THE SERIES 2024 BONDS – Debt Repayment Account.” The defeasance is expected to occur on or about the Date of Delivery. The amount of excess cash expected to be on deposit in the Debt Repayment Account and available for such defeasance is approximately \$19 million.

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\* Preliminary, subject to change.

## SOURCES AND USES OF FUNDS

The proceeds from the sale of the Series 2024 Bonds, together with certain other lawfully available funds of the Sports Authority, will be applied approximately as follows.

	Series 2024A Bonds	Series 2024B Bonds	Total
<u>Sources of Funds:</u>			
Principal Amount			
Plus/Minus: Original Issue Premium/Discount			
Sports Authority Contribution			
Debt Service Reserve Fund Contribution			
Total Sources of Funds			
<u>Uses of Funds:</u>			
Purchase Price of Purchased Bonds			
Deposit to Escrow Fund			
Issuance Costs <sup>(1)</sup>			
Total Uses of Funds			

(1) Includes, among other costs, underwriting discount, bond insurance and debt service reserve fund policy premiums, legal, financial advisors, verification agent, tender related costs, rating agency fees and printing expenses.

## DESCRIPTION OF THE SERIES 2024 BONDS

### General

Interest on the Series 2024 Bonds will accrue from the Date of Delivery, and will be payable on each May 15 and November 15, commencing May 15, 2025, until the earlier of maturity or prior redemption, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Series 2024 Bonds mature on the dates and in the principal amounts and will bear interest at the per annum rates shown on the inside cover page hereof.

The Series 2024 Bonds are initially issuable only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the book-entry only system described herein. The Series 2024 Bonds will initially be available for purchasers only in book-entry form, and such purchasers will not receive certificates representing their beneficial ownership therein. Beneficial ownership may be acquired in principal denominations of \$5,000, or any integral multiple thereof. Debt service payments on the Series 2024 Bonds will be payable by the Trustee to DTC, which will make distribution of the amounts so paid to the beneficial owners thereof. See “APPENDIX H — Book-Entry-Only System.”

### Payment, Transfers and Exchanges

For as long as the Series 2024 Bonds are in book-entry form, payment of the principal of, premium, if any, and interest on such Series 2024 Bonds shall be made and given in accordance with DTC’s operational arrangements. The principal or maturity amount of any Series 2024 Bond will be payable, on presentation and surrender of such Series 2024 Bond, in lawful money of the United States of America, without exchange or collection charges to the Registered Owner of such Series 2024 Bond, at the designated payment office of the Trustee for the Series 2024 Bonds. All interest accruing prior to maturity on any Series 2024 Bond shall be paid by check mailed to the Registered Owner of such Series 2024 Bond at its address as it appears on the registration books of the Trustee. If the Sports Authority shall be in default in payment of interest due on any interest payment date, a Special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Sports Authority; notice of such Special Record Date shall be mailed not less than 10 days preceding such Special Record Date, to the Owner at the close of business on the fifth Business Day preceding the date of mailing.

The Series 2024 Bonds shall be transferable only upon presentation and surrender thereof at the principal payment office of the Trustee, acting in its capacity as bond registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Trustee. Upon due presentation of any Series 2024 Bonds for transfer, the Trustee shall authenticate and deliver in exchange therefor, a new Series 2024 Bond or Series 2024 Bonds of the same series registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount, and bearing, accruing or accreting interest at the same rate as the Series 2024 Bond or the Series 2024 Bonds so presented and surrendered. The Trustee may require the Registered Owner of any Series 2024 Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Series 2024 Bond and any legal or unusual costs regarding transfers and exchanges of Bonds.

The Sports Authority, the Trustee, the 2024 Insurer and any other person may treat the person in whose name any Series 2024 Bond of any series is registered as the owner of such Series 2024 Bond for the purpose of making payment of the principal and premium, if any, on such Series 2024 Bond, and for the further purpose of receiving payment of principal of and premium, if any, and interest thereon, whether or not such Series 2024 Bond is overdue, for the purpose of giving notice to the holder of such Series 2024 Bond, and for all other purposes, and none of the Sports Authority, the 2024 Insurer or the Trustee shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the holder of any Series 2024 Bond in accordance with the Indenture shall be valid and effective and shall discharge the liability of the Sports Authority and the Trustee upon such Series 2024 Bond to the extent of the sums paid.

**Redemption**

***Series 2024A Bonds.***

*Optional Redemption.* The Series 2024A Bonds maturing on and after November 15, 20\_\_ may be redeemed at the option of the Sports Authority prior to their stated maturities in whole or in part on or after November 15, 20\_\_, at a redemption price equal to par plus accrued interest from the most recent interest payment date to the date of redemption.

*Mandatory Sinking Fund Redemption.* The Series 2024A Bonds maturing on November 15, 20\_\_ are issued as term bonds subject to mandatory redemption on November 15, in the years and in the amounts set forth below, at a price of 100% of the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date of redemption, to be selected by lot or other customary method designated by the Trustee, subject to reduction by the amount of any prior redemption or purchase and cancellation as designated by the Sports Authority.

Series 2024A Bonds Maturing	
<u>November 15, 20__</u>	
Redemption Date	<u>Principal Amount</u>
(November 15)	\$
(final maturity)	

If Series 2024A Bonds are redeemed at the direction of the Sports Authority as described above in preceding paragraphs, or are purchased by the Sports Authority and delivered to the Trustee for cancellation, the Series 2024A Bonds so optionally redeemed or purchased may, at the option of the Sports Authority, be applied as a credit against any Mandatory Sinking Fund Payment with respect to such Series 2024A Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Series 2024A Bonds redeemed, provided that the Sports Authority shall have delivered to the Trustee not less than 45 days prior to such redemption date written notice stating its election to apply such Series 2024A Bonds as such a credit. In such case, the Trustee shall reduce the amount of Series 2024A Bonds to be redeemed on the Mandatory Sinking Fund Payment Date specified in such Sports Authority notice by the principal amount of Series 2024A Bonds so redeemed. Any credit given to Mandatory Sinking Fund Payments shall not affect any other Mandatory Sinking Fund Payments, which shall remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions hereof.

**Series 2024B Bonds.**

*Optional Redemption.* The Series 2024B Bonds maturing on and after November 15, 20\_\_ may be redeemed at the option of the Sports Authority prior to their stated maturities in whole or in part on or after November 15, 20\_\_, at a redemption price equal to par plus accrued interest from the most recent interest payment date to the date of redemption.

*Mandatory Sinking Fund Redemption.* The Series 2024B Bonds maturing on November 15, 20\_\_ are issued as term bonds subject to mandatory redemption on November 15, in the years and in the amounts set forth below, at a price of 100% of the principal amount to be redeemed plus accrued interest from the most recent interest payment date to the date of redemption, to be selected by lot or other customary method designated by the Trustee, subject to reduction by the amount of any prior redemption or purchase and cancellation as designated by the Sports Authority.

Series 2024B Bonds Maturing <u>November 15, 20__</u>	
Redemption Date <u>(November 15)</u>	<u>Principal Amount</u>
(final maturity)	\$

If Series 2024B Bonds are redeemed at the direction of the Sports Authority as described above in preceding paragraphs, or are purchased by the Sports Authority and delivered to the Trustee for cancellation, the Series 2024B Bonds so optionally redeemed or purchased may, at the option of the Sports Authority, be applied as a credit against any Mandatory Sinking Fund Payment with respect to such Series 2024B Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Series 2024B Bonds redeemed, provided that the Sports Authority shall have delivered to the Trustee not less than 45 days prior to such redemption date written notice stating its election to apply such Series 2024B Bonds as such a credit. In such case, the Trustee shall reduce the amount of Series 2024B Bonds to be redeemed on the Mandatory Sinking Fund Payment Date specified in such Sports Authority notice by the principal amount of Series 2024B Bonds so redeemed. Any credit given to Mandatory Sinking Fund Payments shall not affect any other Mandatory Sinking Fund Payments, which shall remain payable as otherwise provided herein, unless and until another credit is given in accordance with the provisions hereof.

**Notice of Redemption**

In the case of Series 2024 Bonds called for redemption and payment prior to their stated maturities, notice shall be given in writing by the Trustee by first class mail, postage prepaid to Owners of such Bonds to be redeemed, mailed not less than 30 days prior to the redemption date. See “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture” and “APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures.”

**Trustee**

As described in “PURPOSE AND PLAN OF FINANCE — Tender and Purpose,” UMB Bank, National Association, N.A. currently serves as Trustee and as Bond Registrar and Paying Agent under the Indenture. In case the Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting under the Indenture, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Board of the Sports Authority or, if the Sports Authority fails to appoint a successor within 90 days of the occurrence of any of the foregoing events, by the Owners of a majority in aggregate principal amount of the then Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorney-in-fact, duly authorized. Nevertheless, in case of such vacancy the Sports Authority by resolution of its Board may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Sports Authority or the Owners in the name above provided; and any such temporary trustee so appointed by the Sports Authority shall immediately and without further act be superseded by the Trustee so appointed by such Owners. Every such Trustee appointed pursuant to the provisions of the Indenture shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. Every such Trustee appointed pursuant to the provisions of the Indenture shall be approved in

writing by each Designated Credit Provider. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made within 60 days following such resignation, the retiring Trustee, at the expense of the Sports Authority, may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee. The foregoing provisions of the Indenture apply equally to the Paying Agent.

Notwithstanding the foregoing or any other provision of the Indenture, at the written direction of the Owners of a majority in aggregate principal amount of the outstanding Junior Lien Bonds, or of the Credit Provider acting therefor in accordance with the terms of the Indenture described in “SECURITY FOR THE SERIES 2024 BONDS — Default Provisions and Remedies — *Credit Providers’ Right to Direct Remedies*” (the “Directing Party”), the Sports Authority and the Trustee are required under the Indenture to appoint, subject to the terms of the Indenture, as a separate replacement Trustee with respect to the Accounts and Subaccounts of the Indenture described in the paragraphs C through M of “SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Revenues” (the “Relevant Funds and Accounts”) an institution meeting the requirements for a successor Trustee specified in the Indenture and described in the immediately preceding paragraph (the “Separate Trustee”), which Separate Trustee (i) shall have the rights, powers, trusts, duties and obligations by the Indenture conferred upon the Trustee with respect to the custody, control and management of the Relevant Funds and Accounts; (ii) shall have the authority to pursue on behalf of the Owners of the Junior Lien Bonds, subject to the terms of the Indenture described in paragraph (d) under “SECURITY FOR THE SERIES 2024 BONDS — Default Provisions and Remedies — *Credit Providers’ Right to Direct Remedies*,” such remedies as are specified in Article Ten of the Master Indenture (as described in “SECURITY FOR THE SERIES 2024 BONDS — Default Provisions and Remedies — *Remedies*”), including, without limitation, a mandamus action to cause the Sports Authority to impose, collect and transfer the pledged revenues; (iii) may be removed, with or without cause, at the direction of the Directing Party and be replaced, subject to the terms of the Indenture, with an institution meeting the requirements for a successor Trustee specified in the Indenture, and (iv) shall have such other powers and duties, if any, as may be specified in a Supplemental Indenture adopted at the time of such appointment. In the event the Sports Authority or the Trustee shall not have joined in the appointment of a Separate Trustee within 90 days after receipt by it of the direction of the Directing Party in accordance with the terms of the Indenture as described in this paragraph, the Directing Party will have the right to effect such appointment. The Trustee shall cooperate in promptly effectuating the foregoing, including the transfer of the Relevant Funds and Accounts to the Separate Trustee.

## DESCRIPTION OF PLEDGED REVENUES

The Series 2024 Bonds are special limited obligations of the Sports Authority that, together with the outstanding Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds, if any, and any Additional Bonds or additional Third Lien Bonds, if and when issued under the Indenture, are payable from and secured by a lien on the Trust Estate created under the Indenture. The Trust Estate includes all of the Sports Authority’s right, title and interest in and to the Revenues, the Astros Payments, the Pledged Accounts, and certain other moneys and accounts, as more fully described herein. The Revenues include all amounts received from time to time by the Sports Authority or the Trustee from the Hotel Occupancy Tax and the Vehicle Rental Tax (see the definition of “Revenues” in “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture”). **The liens of the Indenture on Revenues and Astros Payments securing all Outstanding Second Lien Bonds, the Series 2024B Bonds and any Additional Second Lien Bonds, if and when issued, are junior and subordinate in all respects to the liens on Revenues and Astros Payments securing all Outstanding Senior Lien Bonds, the Series 2024A Bonds and any Additional Senior Lien Bonds, if and when issued.** The Astros Payments include all amounts received from time to time by the Sports Authority or the Trustee from certain lease payments and royalty payments to be paid to the Sports Authority by the Astros pursuant to the Ballpark Lease and the Ballpark License Agreement, respectively, only through Fiscal Year 2029 (see the definition of “Astros Payments” in “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.” See also “SECURITY FOR THE SERIES 2024 BONDS” below.

### Hotel Occupancy Tax

Pursuant to the provisions of the Enabling Act, the Sports Authority is authorized to impose the Hotel Occupancy Tax on persons who under a lease, concession, permit, right of access, license, contract or agreement, pay for the use or possession of a hotel room within the combined boundaries of the City and the County that costs \$2.00 or more each day and is ordinarily used for sleeping. The Hotel Occupancy Tax equals 2% of the consideration paid to the hotel for the right to use or possess the room. Other provisions of the Texas Tax Code authorize the State, cities and counties meeting certain specified qualifications to impose similar hotel occupancy taxes for other purposes, and



such taxes are not pledged to the payment of the Series 2024 Bonds. Under the Enabling Act, “hotel” means any building or buildings in which the public may, for consideration, obtain sleeping accommodations. The term includes hotels, motels, tourist homes, tourist houses, tourist courts, bed and breakfasts, lodging houses, inns, rooming houses, or other buildings where rooms are furnished for a consideration, but does not include hospitals, sanitariums, certain housing facilities owned or leased and operated by an institution of higher education or nursing homes. “Hotel” also includes a short-term rental, which is the rental of all or a part of a residential property to a person who is not a permanent resident. The consideration paid for the room, for purposes of the Enabling Act, includes the cost of the room only if the room is one ordinarily used for sleeping, and does not include the cost of any food served or personal services rendered to the occupant of such room not related to the cleaning and readying of such room for occupancy. To be subject to the Hotel Occupancy Tax, the occupant’s use, possession or right to the use or possession of the sleeping room must be for a period of less than 30 consecutive days.

In addition to the Sports Authority’s 2% Hotel Occupancy Tax, the Houston market hotels are subject to a 15% occupancy tax on all short-term (30 days or less) room rentals costing \$2.00 or more per day. The combined 17% occupancy tax is composed of the following: (1) a 6% State sales tax, (2) a 2% County occupancy tax, (3) a 7% City occupancy tax, and (4) the 2% Hotel Occupancy Tax.

On January 28, 2020, Harris County and the Sports Authority executed an agreement with AirBnB, Inc. to facilitate the reporting, collection and remittance of applicable hotel taxes on behalf of certain hosts for booking transactions completed by such hosts and guests on the AirBnB platform. The agreement with AirBnB became effective March 1, 2020. Harris County and the Sports Authority are currently in discussions with HomeAway.com Inc. regarding terms for a similar agreement that would provide for voluntary reporting, collection and remittance of applicable hotel taxes for bookings through HomeAway and its subsidiaries, including on the VRBO platform, but to date the HomeAway agreement has not been finalized.

The Sports Authority’s receipts derived from the levy of the Hotel Occupancy Tax constitute a portion of the Trust Estate and are pledged to the payment of the Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds, so long as any such Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds or Third Lien Bonds remain outstanding. See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments.”

### **Hotel Occupancy Tax Collection Contract**

The Sports Authority has contracted with the County to obtain the services of the Tax Assessor-Collector of Harris County, Texas as assessor and collector of the Hotel Occupancy Tax for the Sports Authority. Such contract automatically renews on an annual basis, commencing on January 1 and ending on December 31 of each year, unless either party provides notice of its intent to terminate such contract by October 1 of any year. The Sports Authority has agreed to compensate the County for the collection of the Hotel Occupancy Tax in an amount equal to one-half of 1% of all Hotel Occupancy Taxes collected on behalf of the Sports Authority, not to exceed \$50,000 in any calendar year (the “County’s Collection Fee”). Hotels and other eligible vendors of sleeping accommodations are required to collect the Hotel Occupancy Tax at the time room charges are received from patrons and remit such taxes to the Tax Assessor-Collector of the County. The total Hotel Occupancy Tax collections, less the County’s Collection Fee, are required to be paid over to the Sports Authority as soon as practicable after receipt. The Tax Assessor-Collector of the County has agreed to prepare quarterly reports of collection activity for the Sports Authority. See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments.”

### **Contract for Collection of Delinquent Hotel Occupancy Taxes**

The Sports Authority has contracted with the County, on behalf of the Office of Harris County Attorney (the “County Attorney”), for the County Attorney to institute collection efforts, including bringing suits on behalf of the Sports Authority, against persons who are delinquent in the payment of Hotel Occupancy Taxes owed to the Sports Authority. Such contract automatically renews on an annual basis, commencing on January 1 and ending on December 31 of each year, unless either party provides notice of its intent to terminate such contract by December 1 of any year. The County Attorney also performs collection services for hotel occupancy taxes and other amounts owed to the County. In consideration for the services performed by the County Attorney, the Sports Authority has agreed to pay the County a contingent fee equal to 20% of the amount collected by the County Attorney, plus fifty percent of the expenses incurred by the County Attorney.

## Vehicle Rental Tax

Pursuant to the Enabling Act, the Sports Authority is authorized to impose the Vehicle Rental Tax on the rental in the City or County of a motor vehicle designed principally to transport persons or property on a public roadway where such rental is not longer than 30 days. The Vehicle Rental Tax is equal to 5% of the gross rental receipts from the rental of a motor vehicle in the City or County. Under the Enabling Act, “motor vehicle” means a self-propelled vehicle designed principally to transport persons or property on a public roadway and includes a passenger car, van, station wagon, sports utility vehicle and truck. The term “motor vehicle” does not include a trailer, semi-trailer, house trailer, truck having a manufacturer’s rating of more than one-half ton or road building machine; a device moved only by human power; a device used exclusively on stationery rails; farm machinery; or a mobile office. For the purposes of the Enabling Act, “rental” means an agreement by the owner of a motor vehicle to authorize for not longer than 30 days the exclusive use of that vehicle to another for consideration. Auto rental establishments are required to collect the Vehicle Rental Tax at the time the owner of the motor vehicle receives a rental payment.

The State of Texas presently imposes a statewide 10% Vehicle Rental Tax on all short-term motor vehicle rentals (30 days or less) and a 6.25% Vehicle Rental Tax on long-term rentals (above 30 days but below 180 days).

The Sports Authority’s receipts derived from the levy of the Vehicle Rental Tax constitute a portion of the Trust Estate and are pledged to the payment of the Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds, so long as any such Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds or Third Lien Bonds remain outstanding. See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments — *Sufficiency of Revenues.*”

## Vehicle Rental Tax Collection Contract

The Sports Authority has contracted with the Office of Texas Comptroller of Public Accounts (the “Comptroller”) to provide services to the Sports Authority as the collector of the Vehicle Rental Tax. Such contract automatically renews on an annual basis, commencing on January 1 and ending on December 31 of each year, unless either party provides notice of its intent to terminate such contract by October 1 of any year. In the contract with the Comptroller, the Sports Authority has agreed to reimburse the Comptroller in an amount not to exceed \$50,000 annually (the “Comptroller Collection Charges”) for actual costs associated with such collection services in accordance with instructions received from the Comptroller, and the Comptroller is authorized to withhold any such amounts from the amount of Vehicle Rental Tax proceeds collected by the Comptroller. To date, the Comptroller has not required the payment of the Comptroller Collection Charges.

The Comptroller collects the statewide Vehicle Rental Tax on behalf of the State of Texas. Prior to October 1, 1997, collection of Vehicle Rental Taxes by the Comptroller had not been segregated by counties or cities. As a result, the Comptroller has developed information systems to collect the Vehicle Rental Tax on behalf of the Sports Authority and certain other counties and cities.

On or before the last day of each month, the owners of vehicles which are subject to the Vehicle Rental Tax are required to report and send to the Comptroller the taxes collected on behalf of the Sports Authority for the preceding month. Pursuant to the agreement between the Sports Authority and the Comptroller, the Comptroller is required to send tax returns to taxpayers no later than the tenth day of the month in which the Vehicle Rental Tax is due. Taxes collected by the Comptroller are to be remitted to the Sports Authority by the tenth day of each month following the month in which the taxes are actually collected by the Comptroller.

## Astros Payments

The Astros Payments include certain lease payments (the “Base Rent”) and royalty payments (the “Royalty Payments”) received by the Sports Authority from the Astros pursuant to the Ballpark Lease and the Ballpark License Agreement, respectively. See “Agreements Relating to Minute Maid Park” and the definition of “Astros Payments” in APPENDIX C hereto. Pursuant to the Ballpark Lease and the Ballpark License Agreement, as more fully described below, the Astros currently are required to pay to the Sports Authority \$4,400,000 per year as Base Rent and \$1,200,000 per year of Royalty Payments, payable in equal installments each April 1 and October 1 through October 1, 2029. The Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029 in the maximum amount of \$4,600,000 per year (which consists of the \$1,200,000 Royalty Payment and \$3,400,000 of the Base Rent payment). Beginning April 1, 2030 through the current term of the Ballpark Lease of March 31, 2050, the Astros have agreed to pay Base Rent in the amount of \$5,400,000 per year and \$1,200,000 as Royalty Payments. **Such payments beginning April 1, 2030 are not pledged to the Trust Estate.** (See below “— Agreements Relating to Minute Maid Park —

*Ballpark Lease*” for a description of the amount of the rent that must be deposited in the Asset Renewal and Replacement Fund.) In certain circumstances, such agreements with the Astros may be terminated by the Astros, and the Astros’ payment obligations may be reduced in the event and to the extent the Sports Authority imposes certain future taxes related to Minute Maid Park. As described in “— Agreements Relating to Minute Maid Park — *Ballpark Lease*” and “— *Ballpark License Agreement*,” below, the Astros may request a credit against Base Rent and Royalty Payments pursuant to the Ballpark Lease and the Ballpark License Agreement due to certain circumstances where baseball games are prohibited from being played at Minute Maid Park. **For a description of certain limitations with respect to the pledge and application of Astros Payments in respect of Tax-Exempt Bonds (which includes the Series 2024 Bonds), see “SECURITY FOR THE SERIES 2024 BONDS — Trust Estate.”** See also, “Agreements Relating to Minute Maid Park,” “SECURITY FOR THE SERIES 2024 BONDS,” “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments — *Sufficiency of Astros Payments*.”

### **Agreements Relating to Minute Maid Park**

Effective June 17, 1998, the Sports Authority entered into various agreements with the Astros which embody the obligation of the Astros to lease Minute Maid Park for a term of 30 years, commencing in March 2000 (the “Original Astros Agreement”). Effective April 1, 2018, the Sports Authority entered into the First Omnibus Amendment of the Minute Maid Park Principal Project Documents (the “Omnibus Amendment”) extending the term of the Baseball Lease, Baseball License Agreement and Ballpark Non-Relocation Agreement to March 31, 2050, subject to early termination by the Astros effective March 31, 2035, in certain instances described in “— *Ballpark Lease*,” below. The following is a summary of the major points of certain of the Ballpark Lease, the Ballpark License Agreement and the Ballpark Non-Relocation Agreement, each as amended. The original counterparty under each of the Ballpark Lease, the Ballpark License Agreement and the Ballpark Non-Relocation Agreement entered into by the Sports Authority was Houston McLane Company, Inc. (d/b/a Houston Astros Baseball Club), which was subsequently converted into a Texas limited liability company and renamed Houston McLane Company, LLC. In November 2011, HBP Team Holdings, LLC, an entity controlled by James R. Crane, purchased all membership interests in Houston McLane Company, LLC and changed its name to Houston Astros, LLC. Accordingly, the current counterparty under each of the Ballpark Lease, the Ballpark License Agreement and the Ballpark Non-Relocation Agreement is Houston Astros, LLC (the “Astros”). None of the Ballpark Lease, the Ballpark License Agreement or the Ballpark Non-Relocation Agreement were amended in connection with such transaction, and the Sports Authority acknowledged that such transaction was a permitted transfer under the terms of the Ballpark Lease. Copies of the principal documents entered into in connection with the financing, development, use and occupancy of Minute Maid Park, including the documents described below, are available from the Sports Authority upon request and payment of reproduction costs.

***Ballpark Lease.*** The stadium lease for Minute Maid Park (the “Ballpark Lease”) originally had a primary term of 30 years that commenced on March 30, 2000 following the date of partial substantial completion of Minute Maid Park. The Omnibus Amendment provides for a 20 year extension of the lease term to March 31, 2050, subject to early termination by the Astros effective March 31, 2035, in certain instances described in this section below. The Astros also have the option (provided no uncured default exists) to extend the term of the Ballpark Lease for up to two consecutive periods of five years each. Rental payments during each renewal period will be negotiated between the parties at the time the Astros exercise each renewal option.

The Base Rent currently to be paid by the Astros under the Ballpark Lease is \$4,400,000 per year. (See “Ballpark License Agreement” below regarding the Astros obligation to pay an additional \$1,200,000 per year to the Sports Authority as Royalty Payments.) In addition, the Astros are obligated through October 1, 2029 to deposit annually the sum of \$3,250,000 (\$750,000 shall come directly from the \$4,400,000 Base Rent described above) into an Asset Renewal and Replacement Fund (the “ARR Fund”) to ensure that sufficient dollars are available for the Astros to perform all capital repairs at Minute Maid Park. In addition on April 1, 2030 until the expiration of the Ballpark Lease, the Base Rent will increase to \$5,400,000, provided, \$5,300,000 of Base Rent along with an additional \$2,500,000 and also the \$1,200,000 Royalty Payment is to be deposited to the ARR Fund to satisfy the full ARR requirement of \$9,000,000. **As described above in “—Astros Payments,” the Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029 in the maximum amount of \$4,600,000 per year. The ARR Fund is pledged to the Sports Authority to secure any amounts due as a result a default by the Astros under the Ballpark Lease or any of the other development documents, but the ARR Fund is not pledged to, or otherwise available to pay debt service on, any Senior Lien, Second Lien, Junior Lien or Third Lien Bonds, including the Series 2024 Bonds.** The Astros’ obligation to perform capital repairs is not limited to the amounts on deposit in the ARR Fund.

The Astros are obligated to pay all expenses in connection with the maintenance, use, repair and occupancy of Minute Maid Park necessary to keep and maintain Minute Maid Park in a first-class condition, reasonably consistent with other comparable facilities, subject to certain limited exclusions that are described below.

The Sports Authority is responsible for 50% of any capital repair expenses in excess of \$25,000,000 (adjusted for changes in the consumer price index) incurred as a result of a catastrophic failure of any part of the foundation or structure of Minute Maid Park that is not covered by insurance.

The Astros may temporarily cease paying Base Rent and Royalty Payments during the lease term of the Ballpark Lease if, as a result of a condemnation action, (i) Minute Maid Park is not in compliance with Major League Baseball rules and regulations, (ii) the use of Minute Maid Park is not permitted by applicable laws or (iii) 35 percent or more of the manifested seating area (the official count of spectator seats) is restricted or unusable. In addition, the Astros may temporarily cease paying rent during the term of the Ballpark Lease in the event the use or the occupancy of Minute Maid Park for baseball games is prohibited by a governmental rule enacted by the Sports Authority, the City or the County. In all the above instances, the abatement of Base Rent is equal to \$42,000 for each baseball home game not played at Minute Maid Park and the abatement of the Royalty Payment is equal to \$14,800 for each baseball game not played at Minute Maid Park (collectively, a "Rent and Royalty Credit"). See "INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments — *Sufficiency of Astros Payments.*"

Provided the Astros are not in default under the Ballpark Lease, the Ballpark License Agreement or the Ballpark Non-Relocation Agreement, the Astros are entitled to a credit against rent (including any deposits to the ARR Fund) in the event and to the extent the Sports Authority institutes for Minute Maid Park an admissions tax, a parking tax, a facility use tax or any other tax that is not of general applicability in the jurisdiction of the Sports Authority. To date, the Sports Authority has not imposed any such taxes. A sales tax imposed by the Sports Authority throughout its jurisdiction would not entitle the Astros to an abatement of rent. In the event this right of offset is not sufficient to fully credit the Astros for the amount of any such taxes paid by the Astros, the Astros may submit an invoice to the Sports Authority for payment of an amount equal to the excess.

The Astros are permitted to assign their rights under the Ballpark Lease only in connection with a transfer of the Astros baseball franchise and an assumption by the transferee of responsibility for the performance of all obligations of the Astros under the Ballpark Lease, the Ballpark License Agreement, and the Ballpark Non-Relocation Agreement. No transfer of the Ballpark Lease will release the Astros from liability under the Ballpark Lease or any other agreement unless the transferee (or, in certain instances, any controlling person of the transferee) (i) has not been subject to bankruptcy proceedings or criminal proceedings during the previous seven years, (ii) has a debt to equity ratio of not greater than 3.25 to 2.0 after giving effect to the transfer, (iii) has a financial net worth after giving effect to the transfer of not less than \$50,000,000 (as adjusted by the consumer price index) and (iv) is approved by Major League Baseball. In addition, the Sports Authority has the right to approve any transfer of a controlling equity interest in the Astros if the controlling person of the proposed transferee has been subject to bankruptcy proceedings or felony criminal proceedings during the previous seven years.

The Astros have the right to terminate the Ballpark Lease in the event (i) substantially all of the improvements are damaged or destroyed by casualty during the final three (3) years of the term or (ii) any portion of Minute Maid Park shall be damaged or destroyed by casualty which creates an untenable condition and the then applicable governmental rules prohibit the resolution of Minute Maid Park under any circumstances so as to eliminate such untenable condition. Additionally, the Ballpark Lease and all other project documents automatically terminate if title to all or substantially all of the improvements are taken in any condemnation action other than for a temporary use or occupancy that is for one (1) year or less in the aggregate. Disputes between the parties under the Ballpark Lease will be resolved pursuant to alternative dispute resolution procedures such as mediation and arbitration.

Under the Omnibus Amendment, the Sports Authority is obligated to use commercially reasonable efforts to increase the vehicle rental tax and hotel occupancy tax, to issue debt secured by such increases and to provide one-third (1/3) of the net proceeds from such debt to the Astros to be used for capital repairs and improvements at Minute Maid Park. Additionally, the Sports Authority must use commercially reasonable efforts to issue debt secured by existing vehicle rental tax and hotel occupancy tax and to provide one-third (1/3) of the net proceeds from such debt to the Astros to be used for capital repairs and improvements to Minute Maid Park. The Astros have the option to terminate the Ballpark Lease, the Ballpark License Agreement and the Ballpark Non-Relocation Agreement effective March 31, 2035, if additional funding is not secured by either of the avenues described above by December 31, 2030.

**Ballpark License Agreement.** The license agreement between the Astros and the Sports Authority (the “Ballpark License Agreement”) has the same term and option for renewal as the Ballpark Lease. Pursuant to the Ballpark License Agreement, the Astros are granted the exclusive right to any naming rights, advertising rights, broadcast rights and telecommunications rights pertaining to Minute Maid Park. The annual royalty (“Royalty Payments”) to be paid by the Astros under the Ballpark License Agreement is \$1,200,000. Beginning April 1, 2030, the Royalty Payment is to be deposited into the AAR Fund. The Astros’ offset rights with regard to rentals under the Ballpark Lease concerning certain condemnation and governmental rules also apply to the Royalty Payments due under the Ballpark License Agreement. Such credits against Royalty Payments equal to \$14,800 for each baseball game not played at Minute Maid Park under certain circumstances described in the Ballpark License Agreement. See “— *Ballpark Lease*,” above.

Additionally, the Royalty Payments may be reduced in the event the Sports Authority imposes future taxes which permit a credit against the rentals payable under the Ballpark Lease. The rights and obligations of the Astros under the Ballpark License Agreement may be transferred only in accordance with the terms and provisions set forth in the Ballpark Lease. Disputes between the parties under the Ballpark License Agreement will be resolved pursuant to alternative dispute resolution procedures such as mediation and arbitration. See “—Ballpark Lease.”

**Ballpark Non-Relocation Agreement.** Pursuant to a non-relocation agreement (the “Ballpark Non-Relocation Agreement”) entered into between the Sports Authority and the Astros, during the term of the Ballpark Lease, the Astros must play all of their baseball home games in Minute Maid Park, subject to certain limited exceptions. In the event Minute Maid Park becomes unsuitable for the playing of baseball games (as a result of a condition permitting the Astros to abate rent under the Ballpark Lease or as a result of casualty, condemnation or force majeure), the Astros are permitted to play their baseball home games at alternative locations so long as the Astros use commercially reasonable and diligent efforts to cure the condition causing Minute Maid Park to be unsuitable for baseball games. Additionally, the Astros are prohibited from relocating outside the boundaries of the City and the County. The Astros may sell the Astros baseball franchise in accordance with the applicable rules and regulations of Major League Baseball and the terms of the Ballpark Lease.

In the event the Astros default under their obligations under the Ballpark Non-Relocation Agreement, the Sports Authority may enforce the terms of the Ballpark Non-Relocation Agreement through declaratory or injunctive relief, including a suit for specific performance. In addition, in the event the Astros violate the covenant not to relocate, the Sports Authority is entitled to recover liquidated damages from the Astros in an amount currently equal to \$150,000,000. Disputes between the parties under the Ballpark Non-Relocation Agreement will be resolved pursuant to alternative dispute resolution procedures such as mediation and arbitration.

**Major League Baseball Letter.** In a letter to the Sports Authority dated June 15, 1998 (the “Previous MLB Letter”), Major League Baseball and The National League of Professional Baseball Clubs (the “National League Entity”) acknowledge the existence and terms of the Ballpark Non-Relocation Agreement obligation of the Astros to remain in Houston for at least 30 years. Subsequent to the delivery of such letter, the National League Entity and The American League of Professional Baseball Clubs (the “American League Entity”) were dissolved and their functions were assumed by the Office of the Commissioner of Baseball (d/b/a Major League Baseball). In connection with the change in ownership of the Astros (see “DESCRIPTION OF PLEDGED REVENUES — Agreements Relating to Minute Maid Park”), the Sports Authority obtained a letter dated November 22, 2011, in which Major League Baseball confirmed that the Previous MLB Letter remains in effect with respect to Major League Baseball itself and as successor to the National League Entity and the American League Entity, as if the American League Entity had signed the Previous MLB Letter.

**Agreement with TxDOT.** On May 6, 2024, the Sports Authority conveyed title to approximately 6.543 acres of land at Minute Maid Park being used primarily as Parking Lots A and B to the Texas Department of Transportation (“TxDOT”) in lieu of condemnation. On that same day, TxDOT leased that land back to the Sports Authority and the Astros for a term expiring on the earlier to occur of May 5, 2031 or the date that is 24 months after either TxDOT or the Astros give written notice to the other of their desire to cancel the lease. The \$121,463,624 in purchase price proceeds received by the Sports Authority from TxDOT (the “TxDOT Proceeds”) are being held by the Sports Authority in a segregated account to be used by the Astros to design and construct replacement parking at Minute Maid Park and thereafter to be deposited in the ARR Fund established under the Ballpark Lease. A portion of the TxDOT Proceeds may be used from time to time by the Astros, prior to the construction by the Astros of replacement parking, for capital repairs to Minute Maid Park with the prior approval of the Sports Authority. **The TxDOT Proceeds are not available to pay debt service on any Senior Lien, Second Lien, Junior Lien or Third Lien Bonds, including the Series 2024 Bonds.**

## **Convention Industry and Hosting of Major Sporting Events**

Houston is the largest city in Texas and the fourth largest in the nation. Houston added nearly 140,000 residents in 2023, second among U.S. metros in population growth. As of 2024, the Houston metro area has a population of approximately 6,802,000. This includes Houston, Pasadena, and The Woodlands. Harris County is the third largest county in the United States, and is home to the Port of Houston which currently ranks first in foreign tonnage and second in total tonnage among all national ports. Houston has the country's fourth largest airport system serving over 180 cities worldwide. George Bush/Houston Intercontinental Airport ranks third in the United States among airports with scheduled non-stop domestic and international service. Houston has two major convention centers with over 1 million square feet of space in each and hosts major conventions annually. Recently the 2028 Republican National Convention was awarded to Houston. Leading industries include energy, engineering, construction, real estate, aerospace, medicine and health care, transportation, and technology/biotechnology. In addition to these industries, the region is home to numerous cultural, performing, and visual arts facilities, including the theater district located in downtown Houston. Beyond these many theater venues, there are a number of other facilities, pavilions, arenas, and stadiums (including the Approved Venue Projects) that host a multitude of cultural and other special events.

The Sports Authority actively promotes the use of its Approved Venue Projects for various regional, national and international sporting events. The development and multi-use management of the Approved Venue Projects, along with other local sports venues (i.e. Shell Energy Stadium (Major League Soccer), SabreCats Stadium (Major League Rugby), bike park, aquatic center, etc.) have assisted in making the Houston region a destination for all types of sporting events. Among these venues, there is an average of over 1,500 events per year averaging over 12 million attendees annually. Over the past ten years, numerous major sporting events have been hosted in Houston, including: NCAA Men's Final Four, College Football Playoffs, Super Bowl, U.S. Women's (Golf) Open, and AAU Jr. Olympics (which has been held in Houston several times since 2012), together with various other tournaments and events. There are also numerous sporting and entertainment events that take place on an annual basis, including: Houston Marathon, U.S. Men's (Tennis) Clay Court Championships, PGA Tour, National HBCU Battle of the Bands, Houston Livestock Show & Rodeo, Chevron LPGA Championship, and others. In 2026, Houston will host several large sporting events, including: NCAA Men's Basketball Regionals at Toyota Center, MLB World Baseball Classic at Minute Maid Park, and the FIFA World Cup, with seven matches at NRG Stadium. To support these events, the Houston market totals 849 hotels with about 106,000 rooms. Houston has added just over 2,700 hotel rooms across 22 different properties since the beginning of 2021, with more lodging projects currently in the planning stages. See "INVESTMENT CONSIDERATIONS – Sufficiency of Revenues and Astros Payments."

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**Schedule 2 — Historical Revenues**

The following schedule reflects the historical receipts by the Sports Authority of the Hotel Occupancy Tax and the Vehicle Rental Tax for fiscal years 1998 through 2023. Such table was prepared using the cash basis of accounting, and, therefore, such schedule reflects the amounts that were received by the Sports Authority for the periods shown. The information contained in the schedule below was obtained from the financial records of the Sports Authority.

	Hotel Occupancy Tax Receipts	Annual Increase (Decrease)	Vehicle Rental Tax Receipts	Annual Increase (Decrease)	Total Revenues	Annual Increase (Decrease)
1998	\$12,301,859	-	\$15,835,350	-	\$28,137,209	-
1999	12,918,660	5.01%	15,775,458	(0.38)%	28,694,118	1.98%
2000	13,787,433	6.72%	17,128,676	8.58%	30,916,109	7.74%
2001	14,384,583	4.33%	18,163,444	6.04%	32,548,027	5.28%
2002	13,998,929	(2.68)%	16,523,488	(9.03)%	30,522,417	(6.22)%
2003	13,298,502	(5.00)%	15,627,173	(5.42)%	28,925,675	(5.23)%
2004	14,566,636	9.54%	16,149,831	3.34%	30,716,466	6.19%
2005	15,482,474	6.29%	17,536,627	8.59%	33,019,102	7.50%
2006	18,794,023	21.39%	19,513,016	11.27%	38,307,038	16.01%
2007	20,466,630	8.90%	21,501,970	10.19%	41,968,601	9.56%
2008	22,360,519	9.25%	22,015,379	2.39%	44,375,898	5.74%
2009	18,835,763	(15.76)%	20,356,747	(7.53)%	39,192,510	(11.68)%
2010	19,049,707	1.14%	19,711,862	(3.17)%	38,761,569	(1.10)%
2011	21,366,171	12.16%	20,831,559	5.68%	42,197,730	8.86%
2012	24,319,959	13.82%	22,668,361	8.82%	46,988,320	11.35%
2013	28,052,566	15.35%	24,656,156	8.77%	52,708,722	12.17%
2014	31,246,373	11.39%	26,584,694	7.82%	57,831,067	9.72%
2015	30,588,046	(2.11)%	26,457,483	(0.48)%	57,045,529	(1.36)%
2016	28,449,564	(6.99)%	25,442,425	(3.84)%	53,891,989	(5.53)%
2017	30,247,661	6.32%	25,080,015	(1.42)%	55,327,676	2.66%
2018	33,988,706	12.37%	25,903,579	3.28%	59,892,285	8.25%
2019	32,412,164	(4.64)%	26,681,675	3.00%	59,093,839	(1.33)%
2020	20,933,447	(35.41)%	16,768,957	(37.15)%	37,702,404	(36.20)%
2021	23,228,069	10.96%	24,057,145	43.46%	47,285,214	25.42%
2022	32,059,151	38.02%	28,240,109	17.39%	60,299,260	27.52%
2023	38,627,176	20.49%	31,786,296	12.56%	70,413,472	16.77%

Receipts of the Hotel Occupancy Tax and the Vehicle Rental Tax for the period of January 1, 2024 through September 30, 2024 on a cash basis were \$31,369,209 and \$24,410,410, respectively, for total Revenues of \$55,779,619, as adjusted, for such period. See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments.”

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### Schedule 3 — Top Ten HOT Taxpayers for Fiscal Year 2023

<u>Name<sup>(1)</sup></u>	<u>Total Collections</u>
Houston Marriott Marquis	\$1,279,593
Hilton Americas Houston	1,192,366
The Post Oak Hotel	765,546
Hyatt Regency Houston	583,322
Four Seasons Hotel	567,773
Houston Airport Marriott	479,259
JW Marriott Houston Downtown	474,231
Marriott Galleria	463,700
Westin Galleria Houston	450,649
Hotel ZaZa Houston	<u>367,567</u>
	\$6,624,006

(1) Although not included in the Top Ten individual taxpayers, the total collected from AirBNB, a platform for individual hosts and guests, was \$2,913,698 in Fiscal Year 2023, according to the Office of the Harris County Tax Assessor Collector.

For Fiscal Year 2023, the top ten taxpayers represent approximately 17% of Hotel Occupancy Tax receipts of the Sports Authority. See “Schedule 2 — Historical Revenues,” above.

Source: Office of the Harris County Tax Assessor Collector

### SECURITY FOR THE SERIES 2024 BONDS

#### Limited Obligations

The Series 2024 Bonds are special limited obligations of the Sports Authority that, together with the outstanding Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds, if any, and any Additional Senior Lien Bonds, Additional Second Lien Bonds, Additional Junior Lien Bonds and Additional Third Lien Bonds, if and when issued under the Indenture, are payable from and secured by a lien on the Trust Estate created under the Indenture, as described below. The Series 2024A are being issued as Senior Lien Bonds pursuant to the Indenture. The Series 2024B Bonds are being issued as Second Lien Bonds pursuant to the Indenture. The liens of the Indenture on Revenues and Astros Payments securing all Outstanding Second Lien Bonds, the Series 2024B Bonds and any Additional Second Lien Bonds, if and when issued, is junior and subordinate in all respects to the liens on Revenues and Astros Payments securing all Outstanding Senior Lien Bonds, the Series 2024A Bonds and any Additional Senior Lien Bonds, if and when issued. The liens of the Indenture on Revenues and Astros Payments securing the Outstanding Junior Lien Bonds and any Additional Junior Lien Bonds, if and when issued, are junior and subordinate in all respects to the liens on Revenues and Astros Payments securing all Senior Lien Bonds (including the Series 2024A Bonds) and Second Lien Bonds (including the Series 2024B Bonds). The liens of the Indenture on Revenues securing the outstanding Third Lien Bonds, if any, or additional Third Lien Bonds, if and when issued, are junior and subordinate in all respects to the liens on Revenues securing all Senior Lien Bonds (including the Series 2024A Bonds), Second Lien Bonds (including the Series 2024B Bonds) and Junior Lien Bonds. See “Additional Senior, Second, Junior and Third Lien Bonds,” below. See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments.”

#### Trust Estate

The Trust Estate includes all of the Sports Authority’s right, title and interest, now owned or hereafter acquired, in and to the Revenues, the Astros Payments, the moneys deposited or required to be deposited in, and investments held in, the Pledged Accounts, certain other accounts and subaccounts and certain third party credit agreements. The Revenues include all amounts received from time to time by the Sports Authority or the Trustee from the Sports Authority’s Hotel Occupancy Tax and Vehicle Rental Tax, as more fully described herein. The Astros Payments include certain lease payments and royalty payments to be paid to the Sports Authority by the Astros, as more fully described herein. See “DESCRIPTION OF PLEDGED REVENUES.” The Astros Payments (subject to the limitations described below) will be pledged to secure the payment of the Series 2024 Bonds and all Outstanding Bonds, which does not include Third Lien Bonds (with the Astros Payments being subject to the priority for the application thereof for Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds, as set forth in the Indenture).



**The Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029 in the maximum amount of \$4,600,000 per year.** See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments,” and “INVESTMENT CONSIDERATIONS – Limited Obligations.”

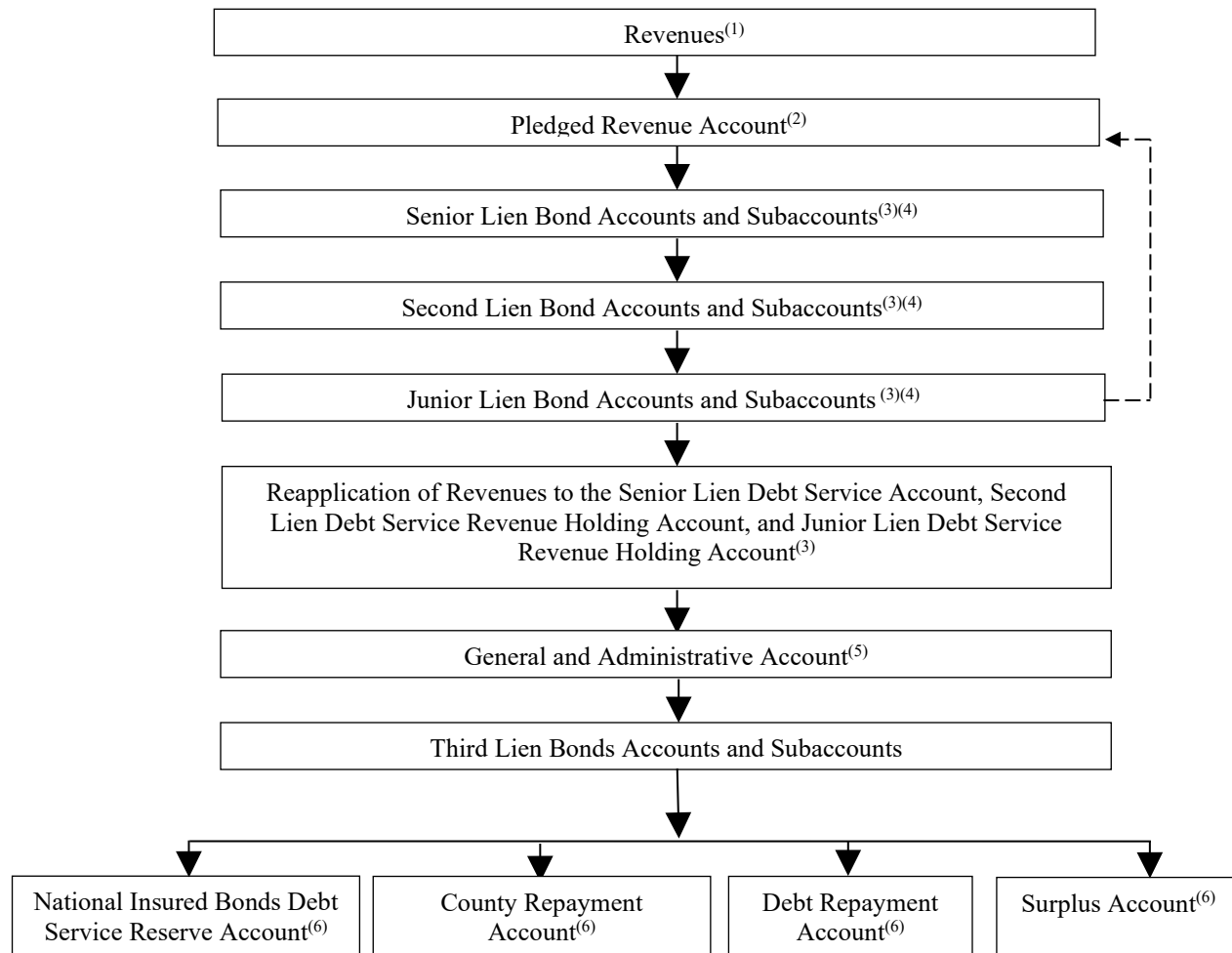
**Pursuant to the terms of the Indenture, the pledge of the Astros Payments (including the application thereof) with respect to Tax-Exempt Bonds is limited to the Allowed Special Revenue Amount. Accordingly, Astros Payments may be applied to the payment of debt service on the Series 2024 Bonds and any other series of Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Tax-Exempt Bonds, only to the extent of the Allowed Special Revenue Amount from time to time applicable to such Bonds. Astros Payments may be applied without limitation to the payment of debt service on any Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Taxable Bonds.** See “– Flow of Funds for Astros Payments” and “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments — *Sufficiency of Astros Payments.*” Pursuant to the terms of the Master Indenture, the Astros Payments may be pledged to secure the payment of any Additional Bonds, if such pledge is provided therefor in the Supplemental Indenture authorizing the issuance of such Additional Bonds, and Astros Payments are included in Pro Forma Available Revenues for the purposes of issuing certain Additional Bonds. See “– Additional Senior, Second and Junior Lien Bonds.”

The Pledged Accounts include the Senior Lien Debt Service Account and the Senior Lien Debt Service Reserve Account (both with respect to Senior Lien Bonds), the Second Lien Debt Service Account and the Second Lien Debt Service Reserve Account (both with respect to Second Lien Bonds), the Junior Lien Debt Service Account and the Junior Lien Debt Service Reserve Account (both with respect to Junior Lien Bonds), the Pledged Revenue Account, the Second Lien Debt Service Revenue Holding Account (with respect to Second Lien Bonds), the Junior Lien Debt Service Holding Account (with respect to the Junior Lien Bonds), the Costs of Issuance Account, the Construction Account (to the extent not required for Costs of an Authorized Venue Project), and any other Account hereafter so designated. The Trust Estate also includes certain other accounts, as set out in APPENDICES C and D. The accounts and funds established in the Trust Estate and pledged to the Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds are not pledged to the Third Lien Bonds. The Sports Authority’s obligation to make transfers of the Revenues and Astros Payments to the credit of the various Pledged Accounts is summarized below under “– Flow of Funds for Revenues” and “– Flow of Funds for Astros Payments,” respectively. See also, “APPENDIX C — Excerpts of Certain Provisions of The Master Indenture” and “APPENDIX D — Excerpts of Certain Provisions of The Supplemental Indentures.”

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## Flow of Funds for Revenues

**Diagram.** Set forth below is a diagram summarizing the application of Revenues, and the priority therefor, under the terms of the Indenture. Such diagram does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Indenture. See “– Flow of Funds for Revenues — *Flow of Funds*,” “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.” For a diagram summarizing the application of Astros Payments under the terms of the Indenture, see “– Flow of Funds for Astros Payments — *Diagram*.”



(1) Revenues include the receipts from the Hotel Occupancy Tax and the Vehicle Rental Tax.

(2) Revenues are applied on a monthly basis from the Pledged Revenue Account after the application of any Astros Payments from the Astros Payment Subaccount. See “Flow of Funds for Astros Payments.” Subject to the terms of the Indenture, upon the deposit of Astros Payments to certain Accounts, Revenues will be immediately released from certain Accounts and deposited into the Pledged Revenue Account. See “— Flow of Funds for Astros Payments.”

(3) Revenues in respect of debt service due on Senior Lien Bonds are deposited into each Senior Lien Interest Subaccount and Senior Lien Principal Subaccount. Revenues in respect of debt service due on Second Lien Bonds and Junior Lien Bonds are deposited into the Second Lien Debt Service Revenue Holding Account and the Junior Lien Debt Service Revenue Holding Account, respectively.

(4) Revenues to be deposited in respect of debt service due on Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds are in an amount equal to one-twelfth of all debt service due in any Bond Year, plus any Cumulative Payment Deficit. Includes any amounts required to be deposited into the Debt Service Reserve Accounts.

(5) See “– Flow of Funds for Revenues – *Flow of Funds*” clause G.

(6) See “– Flow of Funds For Revenues — *Flow of Funds*” for a description of the amount of Revenues to be deposited into each of the National Insured Bonds Debt Service Reserve Account, County Repayment Account, Debt Repayment Account and Surplus Account.

**Flow of Funds.** The Revenues will be deposited by the Trustee promptly as received into the Pledged Revenue Account and will be transferred once per month (on or before the tenth day thereof) to the other Accounts and Subaccounts in the amounts and in the order of priority as set forth below.

A. To the Accounts and Subaccounts for the benefit of the Senior Lien Bonds, as follows:

1. To each Senior Lien Interest Subaccount, an amount equal to 1/12th of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) with respect to the applicable Senior Lien Bonds, plus, for any month, the Cumulative Payment Deficit, until the full amount of such interest has been accumulated for the current Bond Year, subject to credits for capitalized interest and certain other deposits.
2. To each Senior Lien Principal Subaccount, an amount equal to 1/12th of the principal due on the next succeeding November 15 on the applicable Senior Lien Bonds, whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements, plus, for any month, the Cumulative Payment Deficit, until the full amount of such principal has been accumulated for the current Bond Year, subject to credits for certain other deposits.
3. To each other Subaccount within the Senior Lien Debt Service Account, the Rebate Account for Senior Lien Bonds, and the Senior Lien Debt Service Reserve Account (and each Subaccount therein, if any), in the amounts and in the priority as set forth in the Indenture. For a detailed description of such transfers, see “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.”

B. To the Accounts and Subaccounts for the benefit of the Second Lien Bonds, as follows:

1. To the Second Lien Debt Service Revenue Holding Account, an amount equal to 1/12th of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) with respect to all Second Lien Bonds, plus, for any month, the Cumulative Payment Deficit, until the full amount of such interest has been accumulated in the Second Lien Interest Subaccounts for the current Bond Year, subject to credits for capitalized interest and certain other deposits.
2. To the Second Lien Debt Service Revenue Holding Account, an amount equal to 1/12th of the principal due on the next succeeding November 15 on all Second Lien Bonds, whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements, plus, for any month, the Cumulative Payment Deficit, until the full amount of such principal has been accumulated in the Second Lien Principal Subaccounts for the current Bond Year, subject to credits for certain other deposits.

Amounts in the Second Lien Debt Service Revenue Holding Account will be applied (i) first, on the date of monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to each Senior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Senior Lien Debt Service Subaccount for the payments of principal of and interest on the related Senior Lien Bonds due on the next May 15 or November 15, (ii) second, on the date of monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to each Second Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Second Lien Debt Service Subaccount for the payments of principal of and interest on the related Second Lien Bonds due on the next May 15 or November 15, and (iii) as further provided in the Indenture. For a detailed description of such transfers, see “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.”

3. To each other Subaccount within the Second Lien Debt Service Account, the Rebate Account for Second Lien Bonds, and the Second Lien Debt Service Reserve Account (and each Subaccount therein, if any), in the amounts and in the priority as set forth in the Indenture. For a detailed description of such transfers, see “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.”

C. To the Accounts and Subaccounts for the benefit of the Junior Lien Bonds, as follows:

1. To the Junior Lien Debt Service Revenue Holding Account, an amount equal to 1/12th of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year) with respect to all Junior Lien Bonds, plus, for any month, the Cumulative Payment Deficit, until the full amount of such interest has been accumulated in the Junior Lien Interest Subaccounts for the current Bond Year, subject to credits for capitalized interest and certain other deposits.
2. To the Junior Lien Debt Service Revenue Holding Account, an amount equal to 1/12th of the principal due on the next succeeding November 15 on all Junior Lien Bonds, whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements, plus, for any month, the Cumulative Payment Deficit, until the full amount of such principal has been accumulated in the Junior Lien Principal Subaccounts for the current Bond Year, subject to credits for certain other deposits.

Amounts in the Junior Lien Debt Service Revenue Holding Account will be applied (i) first, on the date of monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to each Senior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Senior Lien Debt Service Subaccount for the payments of principal of and interest on the related Senior Lien Bonds due on the next May 15 or November 15, (ii) second, on the date of monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to each Second Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Second Lien Debt Service Subaccount for the payments of principal of and interest on the related Second Lien Bonds due on the next May 15 or November 15, (iii) third, on the date of monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to each Junior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Junior Lien Debt Service Subaccount for the payments of principal of and interest on the related Junior Lien Bonds due on the next May 15 or November 15, and (iv) as further provided, and in the priority set forth, in the Indenture. For a detailed description of such transfers, see “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.”

3. To each other Subaccount within the Junior Lien Debt Service Account, the Rebate Account for Junior Lien Bonds, and the Junior Lien Debt Service Reserve Account (and each Subaccount therein, if any), in the amounts and in the priority as set forth in the Indenture. For a detailed description of such transfers, see “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture.”
- D. To the Rebate Account, at the written direction of the Sports Authority, to the extent of any deficiency.
- E. After satisfying each of the preceding requirements, all remaining Revenues shall be reapplied (i) first, to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Senior Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year, (ii) second, to the Second Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Second Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year, and (iii) third, to the Junior Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Junior Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year.
- F. After satisfying each of the preceding requirements, all remaining Revenues shall be reapplied (i) first, to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Senior Lien Bonds the Adjusted Debt Service Requirement through the next succeeding November 15 for the current Bond Year, (ii) second, to the Second Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Second Lien Bonds the Adjusted Debt Service Requirement through the next succeeding November 15 for the current Bond Year, and (iii) third, to the Junior Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Junior Lien Bonds the Adjusted Debt Service Requirement through the next succeeding November 15 for the current Bond Year.

- G. Quarterly in advance commencing on December 1 of each year, to the General and Administrative Account in an amount equal to one-quarter of the Annual Budgeted General and Administrative Amount in each Bond Year until equal to the Annual Budgeted General and Administrative Amount, or monthly to the extent of any shortfall in such payments; provided that if the Series 2004 Bonds maturing in the year 2032 are then Outstanding Bonds, for the Bond Year ending in 2032, Revenues must be deposited to any Third Lien Bonds Subaccount or other debt service account established with respect to any Third Lien Bond as provided in clause H below to pay principal, interest, and other amounts to be due on such Series 2004 Bonds maturing in 2032, and that only after Revenues are deposited to such Third Lien Bond accounts are Revenues available for deposit to the General and Administrative Account, so that for such Bond Year ending in 2032, this clause G will for all purposes precede clause H below. Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding. See “PURPOSE AND PLAN OF FINANCE – Refunded Obligations.”
- H. To any Third Lien Bonds Subaccount or other debt service account established with respect to any Third Lien Bonds, but only in amounts and at the times required to pay principal, interest and other amounts thereon as and when due, all as more further provided in any instrument authorizing the series of Third Lien Bonds as permitted.
- I. Of the remaining Revenues after the above deposits (the “Excess Revenues”), 75% to the National Insured Bonds Debt Service Reserve Account until the balance of such Account is equal to \$10,000,000 and thereafter to make up any deficiency in such Account if the balance falls below \$10,000,000 while the balance of such Account is less than \$10,000,000. See “National Insured Bonds Debt Service Reserve Account.” This Account is currently fully funded with a balance, including investment earnings, of \$10,934,916 as of September 30, 2024.
- J. Unless (a) the Series 2001H Bonds and the Series 2004A Bonds have been repaid at maturity, or, at the election of the Sports Authority, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) all Credit Provider Reimbursements with respect thereto have been paid, and (c) the 2001C-2 Note has been paid or provided for, to the Debt Repayment Account, at any time when the balance of the National Insured Bonds Debt Service Reserve Account is \$10,000,000 or more, 50% of Excess Revenues. See “– Debt Repayment Account.” Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding. See “PURPOSE AND PLAN OF FINANCE – Refunded Obligations.”
- K. While the Series 2001C-1 Note remains Outstanding (note: the Series 2001C-1 Note has been paid in full and is no longer outstanding), to the County Repayment Account 100% of Excess Revenues not deposited to the National Insured Bonds Debt Service Reserve Account or the Debt Repayment Account as provided above. Amounts in the County Repayment Account will be applied to either repay at maturity, or, at the election of the Sports Authority, redeem, purchase and retire, economically defease, or defease the Series 2001C-1 Note, at the direction and discretion of the Sports Authority while the Series 2001C-1 Note remains Outstanding. When the Series 2001C-1 Note is paid or provided for, amounts in the County Repayment Account will, at the written direction of the Sports Authority, be transferred to the Debt Repayment Account unless (a) the Series 2001H Bonds and the Series 2004A Bonds are paid at maturity, or, at the election of the Sports Authority, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) there are no Credit Provider Reimbursements with respect thereto remaining unpaid and (c) the Series 2001C-2 Note is paid or provided for, in which case to the Surplus Account. See “PURPOSE AND PLAN OF FINANCE — Subordinate Obligations of the Sports Authority.”
- L. Unless (a) the Series 2001H Bonds and the Series 2004A Bonds have been repaid at maturity, or, at the election of the Sports Authority, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) all Credit Provider Reimbursements with respect thereto have been paid, and (c) the 2001C-2 Note has been repaid, to the Debt Repayment Account, 100% of any remaining Excess Revenues. See “– Debt Repayment Account.”
- M. To the Surplus Account (to be held by the Trustee, but not as part of the Trust Estate), all remaining Revenues. Money held in the Surplus Account may be used at the written direction of the Sports Authority: (1) for transfers to the Debt Service Accounts and Debt Service Reserve Accounts to maintain the required balances therein if no other funds are available for such purposes, (2) for the payment or redemption of Bonds, Third

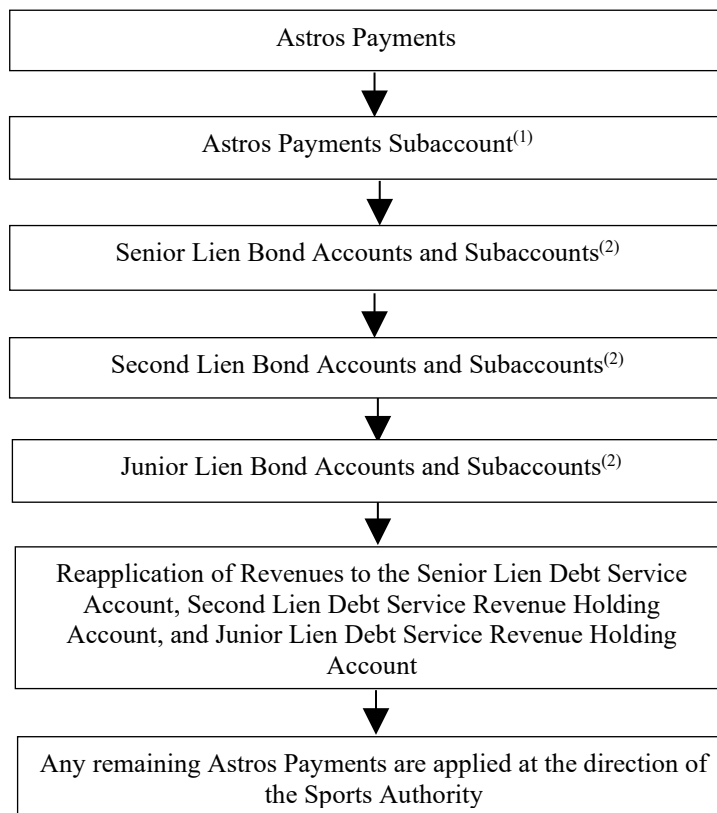
Lien Bonds or other obligations of the Sports Authority, (3) for transfers to the Construction Account or Subaccount thereof to pay Costs of an Approved Venue Project, and (4) for any other purpose relating to any other powers or functions of the Sports Authority now or hereafter authorized by law.

Pursuant to the terms of the Indenture, any interest which is payable on Capital Appreciation Bonds shall be deemed to be due in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts shall be deemed to be “principal” under paragraphs A.2., B.2. and C.2. above, rather than “interest” under paragraphs A.1., B.1. and C.1. above.

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## Flow of Funds for Astros Payments

**Diagram.** Set forth below is a diagram which summarizes the application of Astros Payments, and the priority therefor, under the terms of the Indenture. Such diagram does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Indenture. **As described above in “DESCRIPTION OF PLEDGED REVENUES — Astros Payments,” the Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029 in the maximum amount of \$4,600,000 per year.** See “INVESTMENT CONSIDERATIONS — Sufficiency of Revenues and Astros Payments,” “– Flow of Funds for Astros Payments — Flow of Funds,” “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture” and APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures.” For a diagram summarizing the application of Revenues under the terms of the Indenture, see “– Flow of Funds for Revenues — *Diagram.*”



<sup>(1)</sup> The Astros Payment Subaccount is applied prior to the application of the Pledged Revenue Account.

<sup>(2)</sup> Astros Payments in respect of debt service due on Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds are deposited in the applicable Interest Subaccounts and Principal Subaccounts of the Senior Lien Debt Service Account, Second Lien Debt Service Account and Junior Lien Debt Service Account, respectively. Astros Payments may be applied to the payment of debt service on the Series 2024 Bonds and any other series of Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Tax-Exempt Bonds, only to the extent of the Allowed Special Revenue Amount from time to time applicable to such Bonds. Astros Payments may be applied without limitation to the payment of debt service on any Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Taxable Bonds. Astros Payments to be deposited in respect of debt service due on Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds will be in the amounts described in “Flow of Funds” below.

**Flow of Funds.** The Indenture establishes a Special Revenue Account and an Astros Payments Subaccount therein. The Astros Payments will be deposited by the Trustee promptly as received into the Astros Payments Subaccount.

- A. If there are amounts in the Astros Payments Subaccount, the Trustee shall transfer such amounts monthly on the same date and immediately before application of the Pledged Revenue Account (as described above in “Flow of Funds for Revenues”), to the other Accounts and Subaccounts in the amounts and in the order of priority as set forth below.
1. First, (i) to the Senior Lien Interest Subaccounts for the Taxable Senior Lien Bonds an amount equal to the total amount of the Senior Monthly Interest Payments (Fixed), or Senior Monthly Interest Payments (non-Fixed), required for such Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Senior Lien Interest Subaccounts for such Bonds, and (ii) to the Senior Lien Interest Subaccounts for the Tax-Exempt Senior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Senior Monthly Interest Payment (Fixed), or Senior Monthly Interest Payment (non-Fixed), required for any such Bonds for the month of the deposit, giving full credit for any Revenues previously deposited for such Bonds.
  2. Second, (i) to the Senior Lien Principal Subaccounts for the Taxable Senior Lien Bonds an amount equal to the total amount of the Senior Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Senior Lien Principal Subaccounts for such Bonds, and (ii) to the Senior Lien Principal Subaccounts for the Tax-Exempt Senior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Senior Monthly Principal Payment required to be deposited for any such Bonds for the month of the deposit, giving full credit for any Revenues previously deposited for such Bonds.
  3. Third, in the order and to the extent required for Revenues for the month of deposit as described in paragraph A.3. above under “Flow of Funds for Revenues — Flow of Funds,” to the other Subaccounts for Senior Lien Bonds and each Senior Lien Debt Service Reserve Account in accordance with the terms of the Indenture, but only to the extent of the Allowed Special Revenue Amount with respect to Tax-Exempt Bonds.
  4. Fourth, (i) to the Second Lien Interest Subaccounts for the Taxable Second Lien Bonds an amount equal to the total amount of the Second Lien Monthly Interest Payments (Fixed), or Second Lien Monthly Interest Payments (non-Fixed), required for any such Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Second Lien Debt Service Revenue Holding Account for such Bonds, and (ii) to the Second Lien Interest Subaccounts for the Tax-Exempt Second Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Second Lien Monthly Interest Payment (Fixed), or Second Lien Monthly Interest Payment (non-Fixed), required for any such Bonds for the month of the deposit, giving full credit for any Revenues previously deposited to the Second Lien Debt Service Revenue Holding Account for such Bonds.
  5. Fifth, (i) to the Second Lien Principal Subaccounts for the Taxable Second Lien Bonds an amount equal to the total amount of the Second Lien Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Second Lien Debt Service Revenue Holding Account for such Bonds, and (ii) to the Second Lien Principal Subaccounts for the Tax-Exempt Second Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Second Lien Monthly Principal Payment required to be deposited for any such Bonds for the month of such deposit, giving full credit for any Revenues previously deposited to the Second Lien Debt Service Revenue Holding Account for such Bonds.



6. Sixth, in the order and to the extent required for Revenues for the month of deposit as described in paragraph B.3. above under “Flow of Funds for Revenues — Flow of Funds,” to the other Subaccounts for Second Lien Bonds and to each Second Lien Debt Service Reserve Account in accordance with the terms of the Indenture, but only to the extent of the Allowed Special Revenue Amount with respect to Tax-Exempt Bonds.
7. Seventh, (i) to the Junior Lien Interest Subaccounts for the Taxable Junior Lien Bonds an amount equal to the total amount of the Junior Monthly Interest Payments (Fixed), or Junior Monthly Interest Payments (non-Fixed), required for any such Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Junior Lien Debt Service Revenue Holding Account for such Bonds, and (ii) to the Junior Lien Interest Subaccounts for the Tax-Exempt Junior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Junior Monthly Interest Payment (Fixed), or Junior Monthly Interest Payment (non-Fixed), required for such Bonds for the month of the deposit, giving full credit for any Revenues previously deposited to the Junior Lien Debt Service Revenue Holding Account for such Bonds.
8. Eighth, (i) to the Junior Lien Principal Subaccounts for the Taxable Junior Lien Bonds an amount equal to the total amount of the Junior Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Junior Lien Debt Service Revenue Holding Account for such Bonds, and (ii) to the Junior Lien Principal Subaccounts for the Tax-Exempt Junior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount) an amount equal to the amount of the Junior Monthly Principal Payment required to be deposited for any such Bonds for the month of the deposit, giving full credit for any Revenues previously deposited to the Junior Lien Debt Service Revenue Holding Account for such Bonds.
9. Ninth, in the order to the extent required for Revenues for the month of the deposit as described in paragraph C.3. above under “Flow of Funds for Revenues — Flow of Funds,” to the other Subaccounts for Junior Lien Bonds and to each Junior Lien Debt Service Reserve Account in accordance with the terms of the Indenture, but only to the extent of the Allowed Special Revenue Amount with respect to such Tax-Exempt Bonds.
10. Tenth, all additional Astros Payments shall be reapplied only for Tax-Exempt Bonds (but only in the amount of the Allowed Special Revenue Amount), (i) *first* to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Tax-Exempt Senior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited before the earlier of the next May 15 or November 15 (including all the principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15); *second* to each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Tax-Exempt Second Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited through the earlier of the next May 15 or November 15 (including all principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15); and *third* to each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Tax-Exempt Junior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited through the earlier of the next May 15 or November 15 (including all principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15).
11. Eleventh, all additional Astros Payments shall be reapplied for both Taxable Bonds and Tax-Exempt Bonds (but only to the extent of the Allowed Special Revenue Amount for Tax-Exempt Bonds), (i) *first* to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Senior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the

next succeeding November 15); *second* to each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Second Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); and *third* to each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Junior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15).

12. Twelfth, at the written direction of the Sports Authority.

Pursuant to the terms of the Indenture, any interest which is payable from Astros Payments on Capital Appreciation Bonds shall be deemed to be due in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts shall be deemed to be “principal” under the applicable paragraphs above, rather than “interest.”

- B. If Astros Payments are deposited to the credit of any of the Senior Lien Principal Subaccounts, Senior Lien Interest Subaccounts, Second Lien Principal Subaccounts, Second Lien Interest Subaccounts, Junior Lien Interest Subaccounts, or Junior Lien Principal Subaccounts for a corresponding Series of the Taxable Senior Lien Bonds, Taxable Second Lien Bonds, or Taxable Junior Lien Bonds, and corresponding amounts of Revenues have previously been deposited to the Senior Lien Principal Subaccounts, Senior Lien Interest Subaccounts, Second Lien Debt Service Revenue Holding Account, or Junior Lien Debt Service Revenue Holding Account for such Series of Bonds, and if such Accounts or Subaccounts are otherwise fully funded as of the date of the deposit of Astros Payments under clause A above, then the Trustee shall release such previously deposited amounts from such Accounts or Subaccounts for deposit to the Pledged Revenue Account immediately upon deposit of the Astros Payments.

#### **National Insured Bonds Debt Service Reserve Account**

The National Insured Bonds Debt Service Reserve Account is an Account established pursuant to the terms of the Master Indenture. See “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture” and “APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures.” Such Account will be funded over time from Revenues in accordance with the terms of the Master Indenture. See “– Flow of Funds for Revenues.” Pursuant to the terms of the Indenture, moneys in the National Insured Bonds Debt Service Reserve Account shall be applied as follows:

1. First, if on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Senior Lien Interest Subaccount or Senior Lien Principal Subaccount*”), including any required draws on Credit Facilities, the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account or the Debt Service Reserve Account Credit Facility, as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Senior Lien Interest Subaccount or Senior Lien Principal Subaccount*”), to the Senior Lien Interest Subaccount or Senior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.

2. Second, if on any Interest Payment Date there are not sufficient amounts on deposit in the Second Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Second Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Second Lien Interest Subaccount or Second Lien Principal Subaccount*”), including any required draws on Credit Facilities, the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Second Lien Interest Subaccount or Second Lien Principal Subaccount*”), to the Second Lien Interest Subaccount or Second Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.
3. Third, if on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of a Subaccount of the Junior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of a Subaccount of the Junior Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Junior Lien Interest Subaccount or Junior Lien Principal Subaccount*”), including any required draws on Credit Facilities, the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, as provided in the Indenture (and described in “Deficiencies in Interest and Principal Subaccounts — *Deficiencies in Junior Lien Interest Subaccount or Junior Lien Principal Subaccount*”), to the Junior Lien Interest Subaccount or Junior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.
4. Fourth, if on any Interest Payment Date there are not sufficient amounts on deposit in the Third Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of a Subaccount of the Third Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Third Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of a Subaccount of the Third Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in the Twentieth Supplemental Indenture, including any required draws on Credit Facilities, the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, to the Third Lien Interest Subaccount or Third Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account. Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding. See “PURPOSE AND PLAN OF FINANCE – Refunded Obligations.”

If at any time the balance of the National Insured Bonds Debt Service Reserve Account is greater than \$10,000,000, then the Sports Authority may direct that the amount greater than \$10,000,000 be transferred to the Pledged Revenue Account. Whenever there are no National Insured Bonds or Series 2001A Bonds Outstanding and

no Credit Provider Reimbursements with respect thereto remain unpaid, then the Trustee at the written direction of the Sports Authority shall transfer any amount remaining in the National Insured Bonds Debt Service Reserve Account to the Surplus Account. As of September 30, 2024, the balance in the National Insured Bonds Debt Service Reserve Account, including investment earnings, is \$10,934,916. See APPENDIX C for additional provisions regarding the National Insured Bonds Debt Service Reserve Account.

### **Debt Repayment Account**

The Debt Repayment Account is an Account established pursuant to the terms of the Indenture. See “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture” and “APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures.” Such Account will be funded over time from Revenues in accordance with the terms of the Indenture. See “– Flow of Funds for Revenues.”

On June 15, 2024 and thereafter, within twelve months after the balance in the Debt Repayment Account reaches \$5,000,000, amounts in the Debt Repayment Account must be applied at the written direction (and election) of the Sports Authority to either repay, redeem, purchase and retire, economically defease with the approval of National, or defease the following bonds (in minimum increments from time to time of \$500,000 and until the Debt Repayment Account balance is reduced to \$2,500,000 or a lower level to be mutually acceptable to the Sports Authority and National, notice of which shall be given to the Trustee): the Series 2001H Bonds, Series 2004A Bonds, or the Series 2001C-2 Note. Payments on the Series 2001C-2 Note may be made as they become due without National approval, but payments can only be made prior to their due date with National approval. No money may be applied from the Debt Repayment Account until it reaches a balance from time to time of \$5,000,000 without the approval of National, except that if less than \$5,000,000 of the obligations that may be repaid from the Debt Repayment Account are outstanding, then the Sports Authority may direct (at its election) that the amount required to repay, redeem, purchase and retire, economically defease with the approval of National, or defease such outstanding obligations will be so applied.

At National’s written direction, amounts in the Debt Repayment Account may be allocated to refill the National Insured Bonds Debt Service Reserve Account, if the National Insured Bonds Debt Service Reserve Account balance is less than \$10,000,000. Whenever (a) the Series 2001H Bonds and the Series 2004A Bonds are paid, or, at the election of the Sports Authority, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) there are no Credit Provider Reimbursements with respect thereto remaining unpaid and (c) the Series 2001C-2 Note is paid or provided for, then the Trustee at the written direction of the Sports Authority shall transfer any amount remaining in the Debt Repayment Account to the County Repayment Account unless the Series C-1 Note is then paid or provided for, in which case to the Surplus Account.

### **Debt Service Reserve Requirements**

**Senior Lien Bonds.** The Thirty-Second Supplemental Indenture establishes a Debt Service Reserve Requirement for the Series 2024A Bonds equal to \$ \_\_\_\_\_. The Debt Service Reserve Requirement for the Series 2024A Bonds will be satisfied by the purchase of a Debt Service Reserve Account Credit Facility from the 2024 Insurer, which will be deposited to the credit of the applicable Subaccount of Senior Lien Debt Service Reserve Account. See “DEBT SERVICE RESERVE ACCOUNT CREDIT FACILITIES — Senior Lien Debt Service Reserve Account Credit Facilities.” Any proceeds received from such Debt Service Reserve Account Credit Facility shall be deposited in the applicable Subaccount of Senior Lien Debt Service Reserve Account and applied as provided in the Indenture to pay only principal of and interest on the Series 2024A Bonds, as applicable, based on the Debt Service Requirements then due with respect to such Bonds.

The Series 2001A Bonds have a Debt Service Reserve Requirement equal to \$19,031,829.55, the Series 2014A Bonds have a Debt Service Reserve Requirement equal to \$32,261,221.43, the Series 2020A Bonds have a Debt Service Reserve Requirement equal to \$3,779,230.33 and the Series 2020B Bonds have a Debt Service Reserve Requirement equal to \$2,732,549.13, each of which is satisfied by separate Debt Service Reserve Account Credit Facilities from AG. For additional information, see “DEBT SERVICE RESERVE ACCOUNT CREDIT FACILITIES.” The Series 2001G Bonds have a Debt Service Reserve Fund Requirement of \$2,197,247.47, which was originally funded with a cash deposit.

The available amount of the Debt Service Reserve Account Credit Facilities is the initial face amount of each such Debt Service Reserve Account Credit Facility, less the amount of any previous deposits by AG with the Trustee

which have not been reimbursed by the Sports Authority. Pursuant to the respective Supplemental Indentures, the Sports Authority is required to reimburse AG, within one year of any deposit, the amount of such deposit made by AG with the Trustee under any Debt Service Reserve Account Credit Facility. Such reimbursement shall be made from the Trust Estate subject to the priority of payment provisions with respect thereto set forth under the Indenture. The Trustee is required to reimburse AG, with interest, out of funds available under the Indenture, until the face amount of a Debt Service Reserve Account Credit Facility is reinstated. The Debt Service Reserve Account Credit Facilities are held by the Trustee in the Senior Lien Debt Service Reserve Account and are provided as an alternative to the Sports Authority depositing funds equal to the Reserve Requirement for Senior Lien Bonds.

**Second Lien Bonds.** The Thirty-Third Supplemental Indenture establishes a Debt Service Reserve Requirement for the Series 2024B Bonds equal to \$\_\_\_\_\_. The Debt Service Reserve Requirement for the Series 2024B Bonds will be satisfied by the purchase of a Debt Service Reserve Account Credit Facility from the 2024 Insurer, which will be deposited to the credit of the applicable Subaccount of Second Lien Debt Service Reserve Account. See “DEBT SERVICE RESERVE ACCOUNT CREDIT FACILITIES — Second Lien Debt Service Reserve Account Credit Facilities.” Any proceeds received from such Debt Service Reserve Account Credit Facility shall be deposited in the applicable Subaccount of Second Lien Debt Service Reserve Account and applied as provided in the Indenture to pay only principal of and interest on the Series 2024B Bonds, as applicable, based on the Debt Service Requirements then due with respect to such Bonds.

The Debt Service Reserve Requirement for the Series 2014C Bonds is equal to \$6,122,250.00 which was funded by a portion of the proceeds of the Series 2014C Bonds and deposited into the Second Lien Debt Service Reserve Account to fully fund the Debt Service Reserve Requirement for the Series 2014C Bonds. Moneys on deposit in the Second Lien Debt Service Reserve Account will be applied as provided in the Indenture to pay only principal of and interest on the Series 2014C Bonds, pro rata based on the Debt Service Requirements then due with respect to such Bonds. With the consent of AG, all or a portion of money on deposit in the Second Lien Debt Service Reserve Account may also be applied to the acquisition of a Debt Service Reserve Account Credit Facility in all or a portion of the amount of the Debt Service Reserve Requirement for the Series 2014C Bonds. The amounts on deposit in the Second Lien Debt Service Reserve Account for the Series 2014C Bonds will be released in connection with the issuance of the Series 2024B Bonds and the refunding of the Series 2014C Bonds and will be reflected as a contribution in the sources and uses of funds at closing. See “PURPOSE AND PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.”

The Debt Service Reserve Requirement for the Series 2020C Bonds is equal to \$2,533,554.35 which was funded by a portion of the proceeds of the Series 2020C Bonds and deposited into the Second Lien Debt Service Reserve Account to fully fund the Debt Service Reserve Requirement for the Series 2020C Bonds. Moneys on deposit in the Second Lien Debt Service Reserve Account will be applied as provided in the Indenture to pay only principal of and interest on the Series 2020C Bonds, pro rata based on the Debt Service Requirements then due with respect to such Bonds. With the consent of AG, all of a portion of money on deposit in the Second Lien Debt Service Reserve Account may also be applied to the acquisition of a Debt Service Reserve Account Credit Facility in all or a portion of the amount of the Debt Service Reserve Requirement for the Series 2020C Bonds.

**Junior Lien Bonds.** The Debt Service Reserve Requirement for the Series 2001H Bonds was satisfied by the deposit of cash, in the amount of \$13,000,000, to the respective Junior Lien Debt Service Reserve Subaccount for the Series 2001H Bonds at the time of delivery thereof. Amounts in such Junior Lien Debt Service Reserve Subaccount will be applied to pay only principal of and interest on the Series 2001H Bonds pursuant to the Indenture. With the consent of National, all or a portion of money on deposit in such Junior Lien Debt Service Reserve Subaccount may also be applied to the acquisition of a Debt Service Reserve Account Credit Facility in all or a portion of the amount of the Debt Service Reserve Requirement for the Series 2001H Bonds. The balance in the Junior Lien Debt Service Reserve Subaccount for the Series 2001H Bonds was \$13,660,962, including investment earnings, as of September 30, 2024.

**Third Lien Bonds.** The Debt Service Reserve Requirement for the Series 2004A-3 Bonds was satisfied by the deposit of cash in the amount of \$3 million at the time of delivery thereof into the Series 2004A Debt Service Reserve Subaccount. Amounts in the Series 2004A Debt Service Reserve Subaccount will be applied to pay only principal of and interest on the Series 2004A-3 Bonds pursuant to the Indenture. Following the issuance of the Series 2024B Bonds, there will no longer be any Third Lien Bonds outstanding, and the amounts on deposit in the Series 2004A Debt Service Reserve Subaccount for the Third Lien Bonds will be released and will be reflected as a contribution in the sources and uses of funds at closing. The balance in the Series 2004A Debt Service Reserve

Subaccount, including investment earnings, was \$3,123,714 as of September 30, 2024. See “PURPOSE AND PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.”

### **Deficiencies in Interest and Principal Subaccounts**

***Deficiencies in Senior Lien Interest Subaccount or Senior Lien Principal Subaccount.*** Pursuant to the terms of the Indenture, in the event, on the Business Day prior to a Payment Date, the amount then on deposit in the Senior Lien Interest Subaccount or the Senior Lien Principal Subaccount is not sufficient to pay to the Owners of the Senior Lien Bonds the full amount of interest on and principal of all Outstanding Senior Lien Bonds due on the Payment Date, the Trustee shall promptly notify the Sports Authority of such fact and thereafter, to the extent that the Sports Authority fails to immediately cure such insufficiency, the Trustee shall withdraw from the Accounts and Subaccounts listed below, prior to curing any deficiencies pursuant to the provisions of the Master Indenture described in “Deficiencies in Second Lien Interest Subaccount or Second Lien Principal Subaccount” and “Deficiencies in Junior Lien Interest Subaccount or Junior Lien Principal Subaccount” set forth below, in the following order, and transfer to the Senior Lien Interest Subaccount or Senior Lien Principal Subaccount, as appropriate, an amount equal to the deficiency:

1. The Special Revenue Account (including the Astros Payments Subaccount), but only if the deficiency relates to Taxable Bonds or, if the deficiency relates to Tax-Exempt Bonds, only in an amount not exceeding the Allowed Special Revenue Amount; and provided further that no Special Revenues which are not pledged to pay a Series of Senior Lien Bonds shall be transferred to cure any such insufficiency for that Series of Senior Lien Bonds;
2. the Pledged Revenue Account;
3. the Senior Lien Redemption Subaccount (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds pursuant to the terms of the Indenture);
4. the Construction Account;
5. the Senior Lien Principal Subaccount (for deficiencies in the Senior Lien Interest Subaccount);
6. to the extent of any amount therein not required for payment of interest on such Interest Payment Date, the Senior Lien Interest Subaccount (for deficiencies in the Senior Lien Principal Subaccount);
7. the applicable Series Subaccount of the Senior Lien Debt Service Reserve Account if the payment is for principal of or interest on the related Series of Senior Lien Bonds;
8. if the deficiency is for National Insured Bonds, then from the National Insured Bonds Debt Service Reserve Account to be applied only to make up any deficiency for National Insured Bonds; and then
9. to the extent authorized in the Supplemental Indenture establishing any additional Account or Subaccount to be held by the Trustee, from such additional Account or Subaccount.

To the extent cured from Revenues generally pledged to all Senior Lien Bonds, or among Series of Senior Lien Bonds to which Special Revenues are pledged, deficiencies in the Senior Lien Interest Subaccount shall be fully cured prior to curing any deficiency in the Senior Lien Principal Subaccount. Notwithstanding anything in the Master Indenture, no Special Revenues, including Astros Payments, shall be withdrawn from any account to cure any deficiency in any Senior Lien Principal Subaccount or Senior Lien Interest Subaccount except to the extent that such Special Revenues are pledged under a Supplemental Indenture to pay the Series of Senior Lien Bonds to which the deficiency relates. To the extent that Special Revenues are available to cure any deficiency with respect to a Series of Senior Lien Bonds, such Special Revenues shall be applied pro rata to cure the deficiency with respect to each Series of Senior Lien Bonds to which such Special Revenues are pledged.

***Deficiencies in Second Lien Interest Subaccount or Second Lien Principal Subaccount.*** Pursuant to the terms of the Indenture, in the event, on the Business Day prior to a Payment Date, the amount then on deposit in the Second Lien Interest Subaccount or the Second Lien Principal Subaccount is not sufficient to pay to the Owners of the Second Lien Bonds the full amount of interest on and principal of all Outstanding Second Lien Bonds due on the Payment Date, the Trustee shall promptly notify the Sports Authority of such fact and thereafter, to the extent that the Sports Authority fails to immediately cure such insufficiency, the Trustee shall withdraw from the Accounts and

Subaccounts listed below, prior to curing deficiencies pursuant to the provisions of the Master Indenture described in “Deficiencies in Junior Lien Interest Subaccount or Junior Lien Principal Subaccount” and subsequent to curing deficiencies, if any, pursuant to the provisions of the Master Indenture described in “Deficiencies in Senior Lien Interest Subaccount or Senior Lien Principal Subaccount,” in the following order, and transfer to the Second Lien Interest Subaccount or Second Lien Principal Subaccount, as appropriate, an amount equal to the deficiency:

1. The Special Revenue Account (including the Astros Payments Subaccount), but only if the deficiency relates to Taxable Bonds or, if the deficiency relates to Tax-Exempt Bonds, only in an amount not exceeding the Allowed Special Revenue Amount; and provided further that no Special Revenues which are not pledged to pay a Series of Second Lien Bonds shall be transferred to cure any such insufficiency for that Series of Second Lien Bonds;
2. the Pledged Revenue Account;
3. the Second Lien Redemption Subaccount (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds pursuant to the terms of the Indenture);
4. the Construction Account;
5. the Second Lien Principal Subaccount (for deficiencies in the Second Lien Interest Subaccount);
6. to the extent of any amount therein not required for payment of interest on such Interest Payment Date, the Second Lien Interest Subaccount (for deficiencies in the Second Lien Principal Subaccount);
7. the applicable Series Subaccount of the Second Lien Debt Service Reserve Account if the payment is for principal of or interest on the related Series of Second Lien Bonds;
8. the Senior Lien Principal Subaccount;
9. the Senior Lien Interest Subaccount;
10. if the deficiency is for National Insured Bonds, then from the National Insured Bonds Debt Service Reserve Account to be applied only to make up any deficiency for National Insured Bonds; and then
11. to the extent authorized in the Supplemental Indenture establishing any additional Account or Subaccount to be held by the Trustee, from such additional Account or Subaccount.

To the extent cured from Revenues generally pledged to all Second Lien Bonds, or among Series of Second Lien Bonds to which Special Revenues are pledged, deficiencies in the Second Lien Interest Subaccount shall be fully cured prior to curing any deficiency in the Second Lien Principal Subaccount. Notwithstanding anything in the Master Indenture, no Special Revenues, including Astros Payments, shall be withdrawn from any account to cure any deficiency in any Second Lien Principal Subaccount or Second Lien Interest Subaccount except to the extent that such Special Revenues are pledged under a Supplemental Indenture to pay the Series of Second Lien Bonds to which the deficiency relates. To the extent that Special Revenues are available to cure any deficiency with respect to a Series of Second Lien Bonds, such Special Revenues shall be applied pro rata to cure the deficiency with respect to each Series of Second Lien Bonds to which such Special Revenues are pledged.

***Deficiencies in Junior Lien Interest Subaccount or Junior Lien Principal Subaccount.*** Pursuant to the terms of the Indenture, in the event, on the Business Day prior to a Payment Date, the amount then on deposit in the Junior Lien Interest Subaccount or the Junior Lien Principal Subaccount is not sufficient to pay to the Owners of the Junior Lien Bonds the full amount of interest on and principal of all Outstanding Junior Lien Bonds due on the Payment Date, the Trustee shall promptly notify the Sports Authority of such fact and thereafter, to the extent that the Sports Authority fails to immediately cure such insufficiency, the Trustee shall withdraw from the Accounts and Subaccounts listed below, subsequent to curing deficiencies, if any, pursuant to the provisions of the Master Indenture described in “Deficiencies in Senior Lien Interest Subaccount or Senior Lien Principal Subaccount” and “Deficiencies in Second Lien Interest Subaccount or Second Lien Principal Subaccount” set forth below, in the following order, and transfer to the Junior Lien Interest Subaccount or Junior Lien Principal Subaccount, as appropriate, an amount equal to the deficiency:

1. the Special Revenue Account (including the Astros Payments Subaccount), but only if the deficiency relates to Taxable Bonds or, if the deficiency relates to Tax-Exempt Bonds, only in an amount not exceeding the Allowed Special Revenue Amount; and provided further that no Special Revenues which are not pledged to pay a Series of Junior Lien Bonds shall be transferred to cure any such insufficiency for that Series of Junior Lien Bonds;
2. the Junior Lien Debt Service Revenue Holding Account;
3. the Pledged Revenue Account;
4. any Junior Lien Redemption Subaccount (other than amounts held therein to pay and redeem Bonds for which notice of redemption has theretofore been given, and amounts held therein to defease Outstanding Bonds pursuant to the terms of the Indenture);
5. the Construction Account;
6. the Junior Lien Principal Subaccount (for deficiencies in the Junior Lien Interest Subaccount);
7. to the extent of any amount therein not required for payment of interest on such Interest Payment Date, the Junior Lien Interest Subaccount (for deficiencies in the Junior Lien Principal Subaccount);
8. The Second Lien Principal Subaccount;
9. The Second Lien Interest Subaccount;
10. The Senior Lien Principal Subaccount;
11. The Senior Lien Interest Subaccount;
12. the applicable Series Subaccount of the Junior Lien Debt Service Reserve Account if the payment is for principal of or interest on the related Series of Junior Lien Bonds;
13. if the deficiency is for National Insured Bonds, then from the National Insured Bonds Debt Service Reserve Account to be applied only to make up any deficiency for National Insured Bonds; and then
14. to the extent authorized in the Supplemental Indenture establishing any additional Account or Subaccount to be held by the Trustee, from such additional Account or Subaccount.

To the extent cured from Revenues generally pledged to all Junior Lien Bonds, or among Series of Bonds to which Special Revenues are pledged, deficiencies in the Junior Lien Interest Subaccount shall be fully cured prior to curing any deficiency in the Junior Lien Principal Subaccount. Notwithstanding anything in the Master Indenture, no Special Revenues, including Astros Payments, shall be withdrawn from any account to cure any deficiency in any Junior Lien Principal Subaccount or Junior Lien Interest Subaccount except to the extent that such Special Revenues are pledged under a Supplemental Indenture to pay the Series of Junior Lien Bonds to which the deficiency relates. To the extent that Special Revenues are available to cure any deficiency with respect to a Series of Junior Lien Bonds, such Special Revenues shall be applied pro rata to cure the deficiency with respect to each Series of Junior Lien Bonds to which such Special Revenues are pledged.

#### **Additional Senior, Second and Junior Lien Bonds**

The Sports Authority has reserved the right to issue Additional Senior Lien Bonds, Additional Second Lien Bonds and Additional Junior Lien Bonds, which pursuant to the Indenture are required to mature on November 15, upon satisfaction of certain requirements of the Indenture, including the following:

1. A certificate from the Chair of the Sports Authority that no Event of Default under the Indenture has occurred and shall continue to exist immediately following the date of issuance of the Additional Bonds to be issued.
2. Bond Counsel's opinion to the effect that such Additional Bonds are valid, binding obligations of the Sports Authority and entitled to the benefits of the Indenture and that the requirements for the issuance of such Additional Bonds under the Master Indenture have been satisfied, subject to bankruptcy, insolvency, moratorium, reorganization and other laws affecting creditors' rights generally or matters relating to equitable principles.



3. Consent of each Designated Credit Provider if the Additional Bonds are Variable Rate Bonds or Adjustable Rate Bonds, and, subject to the terms of the Indenture, if the Additional Bonds increase the Adjusted Debt Service Requirements for any Bond Year that certain Bonds are scheduled to be Outstanding, then the consent of each Designated Credit Provider.
4. A certificate of an independent certified public accounting firm to the effect that after giving effect to the issuance of the proposed series of Additional Bonds:
  - (A) For Additional Senior Lien Bonds, (i) Pro Forma Available Revenues (as described below) for each subsequent Bond Year shall equal or exceed 120% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds and Second Lien Bonds that will be outstanding after the issuance of such Additional Senior Lien Bonds, and (ii) the Pro Forma Additional Bonds Revenues (as described below) for each subsequent Bond Year shall equal or exceed 135% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds that will be outstanding after the issuance of such Additional Senior Lien Bonds.
  - (B) For Additional Second Lien Bonds, (i) Pro Forma Available Revenues (as described below) for each subsequent Bond Year shall equal or exceed 120% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds and Second Lien Bonds that will be outstanding after the issuance of such Additional Second Lien Bonds, and (ii) the Pro Forma Additional Bonds Revenues (as described below) for each subsequent Bond Year shall equal or exceed 115% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds and Second Lien Bonds that will be outstanding after the issuance of such Additional Second Lien Bonds.
  - (C) For Additional Junior Lien Bonds, Pro Forma Available Revenues (as described below) for each subsequent Bond Year shall equal or exceed 115% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds that will be outstanding after the issuance of such Additional Junior Lien Bonds.

For purposes of subparagraphs (A), (B) and (C) above and paragraph 5 below, the term “Pro Forma Available Revenues” shall mean the sum of (i) the receipts from the Hotel Occupancy Tax and Vehicle Rental Tax (“Increasing Revenues”) for twelve consecutive out of the most recent fifteen months prior to the sale of the Additional Bonds, which Increasing Revenues shall be increased on a pro forma basis in each subsequent Bond Year by 1% per annum for purposes of issuing Additional Senior Lien Bonds and Additional Second Lien Bonds and 3% per annum for purposes of issuing Additional Junior Lien Bonds plus (ii) the receipts from the Astros Payments (see “DESCRIPTION OF PLEDGED REVENUES — Astros Payments”) for twelve consecutive out of the most recent fifteen months prior to the sale of the Additional Bonds, without any increase for subsequent Bond Years, plus (iii) receipts from additional amounts, if any, pledged to the Trust Estate (which additional amounts are approved in writing by the Designated Credit Providers for inclusion as Available Revenues) for twelve consecutive out of the most recent fifteen months prior to the sale of the Additional Bonds, without any increase for subsequent Bond Years. For purposes of subparagraphs (A) and (B) above, the term “Pro Forma Additional Bonds Revenues” shall mean the “Additional Bonds Revenues” (as defined in the Indenture) for twelve consecutive calendar months out of the most recent 15 months prior to the sale of the Additional Bonds, without any increase for subsequent Bond Years. The term “Additional Bonds Revenues” is defined in the Indenture as meaning (i) all receipts by the Trustee from the Hotel Occupancy Tax and Vehicle Rental Tax, and (ii) other amounts, funds, accounts, revenues, receivables, or other security irrevocably pledged or assigned as part of the Trust Estate for a Series of Bonds pursuant to a Supplemental Indenture; provided, however, such other items listed in clause (ii) shall constitute Additional Bonds Revenues only if consented to by each Designated Credit Provider.

5. Additional Junior Lien Bonds may be issued for completion purposes with the approval of each Designated Credit Provider then providing a Credit Facility for Junior Lien Bonds or Third Lien Bonds if, in lieu of requirements in paragraph 4 above, there is delivered (i) a certificate of the

architect or engineer for an Approved Venue Project stating that the amounts in the Construction Account are insufficient for completion of the Approved Venue Project and stating the amount necessary for such completion, (ii) a certificate of the financial advisor of the Sports Authority stating that the proposed Additional Junior Lien Bonds are in the amount necessary to fund the Construction Account in the amount certified by the architect or engineer for the completion of the Approved Venue Project, and (iii) a certificate of an independent certified public accounting firm stating that the Pro Forma Available Revenues for each subsequent Bond Year shall equal or exceed 105% of the Adjusted Debt Service Requirement for each such Bond Year for all Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds that will be outstanding after the issuance of such Additional Junior Lien Bonds; provided, that Special Revenues which are not pledged to the payment of a particular series of Junior Lien Bonds shall not be included in measuring whether Pro Forma Available Revenues equal or exceed 105% of the Adjusted Debt Service Requirement for that series of Junior Lien Bonds.

6. Additional Bonds may be issued to refund Senior Lien Bonds, Second Lien Bonds or Junior Lien Bonds without meeting the foregoing coverage tests in paragraph 4 above provided that (i) the Adjusted Debt Service Requirements for each Bond Year that the Additional Bonds will be outstanding does not exceed that of the refunded bonds, as verified by a certificate of an Independent Accountant, (ii) Junior Lien Bonds are not refunded with Senior Lien Bonds or Second Lien Bonds, and (iii) Second Lien Bonds are not refunded with Senior Lien Bonds.
7. The conversion of Senior Lien Bonds, Second Lien Bonds or Junior Lien Bonds which are Variable Rate Bonds or Adjustable Rate Bonds to Fixed Interest Rate Bonds shall not be treated as the issuance of Additional Senior Lien Bonds, Additional Second Lien Bonds or Additional Junior Lien Bonds subject to the respective requirements set forth above unless the interest rate to be borne by such Senior Lien Bonds, Second Lien Bonds or Junior Lien Bonds from and after the date of conversion will exceed the Certified Rate taken into account for purposes of computing Adjusted Debt Service Requirements in connection with the issuance of the Variable Rate Bonds or Adjustable Rate Bonds to be converted.
8. Additional Bonds may be issued if and to the extent necessary to refund maturing Bonds in case moneys in the applicable Debt Service Account are or will be insufficient to pay the same at maturity, which refunding Additional Bonds may be on a parity with the Bonds with respect to which such insufficiency exists, provided that, with respect to maturing Bonds for which National or AG is a Credit Provider, no such Additional Bonds may be issued without the consent of the applicable Designated Credit Provider.

### **Additional Third Lien Bonds**

In the Indenture, the Sports Authority has reserved the right to issue Additional Third Lien Bonds subject to the following conditions:

1. With the consent of National (while any National Insured Bonds that are Junior Lien Bonds or Third Lien Bonds are Outstanding), and thereafter with the consent of AG, the Sports Authority may issue, and pay principal, interest and other amounts due with respect to Third Lien Bonds payable in whole or in part out of Revenues, any Special Revenues pledged to the payment of Third Lien Bonds, and other amounts which constitute the Trust Estate under the Indenture only as provided in the Indenture.

2. Third Lien Bonds may have such terms and be of such priorities as the Sports Authority establishes, except that Third Lien Bonds may be payable from and secured by a lien, claim and charge which is junior and subordinate to the lien, claim and charge on the Revenues, any Special Revenues pledged to the Third Lien Bonds, and the remainder of the Trust Estate securing any Outstanding Senior Lien Bonds, Outstanding Second Lien Bonds or Outstanding Junior Lien Bonds (i) shall not be subject to acceleration of maturity except pursuant to a mandatory sinking fund and (ii) shall not contain provisions which permit the declaration of an Event of Default under the Indenture upon any failure to pay principal of or interest on Third Lien Bonds as and when due, except in each case as payable solely from amounts pledged to such Third Lien Bonds or which are not pledged to payment of the Senior Lien Bonds, Second Lien Bonds or Junior Lien Bonds as part of the Trust Estate.

3. No Revenues, Special Revenues, or the remainder of the Trust Estate shall be used to pay any Third Lien Bonds except as such amounts are deposited to a Third Lien Bonds Account. Any instrument authorizing any Series of Third Lien Bonds shall provide that no Revenues shall be transferred or otherwise remitted from the Revenue Account to a Third Lien Bonds Account for the payment of any amount of principal, interest or other amounts thereon if, as of the date such transfer or remittance is to be made, there are insufficient Revenues or Special Revenues to make the deposits required by the Indenture as of such date.

### **Default Provisions and Remedies**

**Events of Default.** Each of the following events constitutes an “Event of Default” under the Indenture (whatever the reason for such an Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) if default shall be made in the due and punctual payment of any interest on any Outstanding Bond secured by the Indenture; or

(b) if default shall be made in the due and punctual payment of the principal of or any redemption premium on any Outstanding Bond secured by the Indenture, whether at the stated maturity thereof or at the date fixed for redemption thereof; or

(c) if default shall be made in the due and punctual payment of any other moneys required to be paid to the Trustee or a Credit Provider under the provisions of the Master Indenture or any Supplemental Indenture, Credit Agreement or Related Document, and such default shall have continued for a period of 30 days after written notice thereof, specifying such default, shall have been given by the Trustee to the Sports Authority, by the Credit Provider to the Sports Authority and the Trustee in the case of a default with respect to a Credit Agreement or a Related Document, or to the Sports Authority and the Trustee by the Owners of not less than a majority in aggregate principal amount of the then Outstanding Bonds; or

(d) if default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the Sports Authority contained in the Master Indenture, any Supplemental Indenture, the Bonds, Credit Agreement or Related Document, and such default shall have continued for a period of 30 days after written notice thereof given in the manner provided in clause (c) above, provided, however, that if the default stated in such notice cannot be corrected within such 30 day period, but can be corrected with due diligence, it shall not constitute an Event of Default if corrective action is instituted by the Sports Authority within such 30 day period and diligently pursued until such default or breach is corrected.

Notwithstanding the foregoing, any default under clause (a) or (b) above that is in respect of Bonds other than Senior Lien Bonds will not constitute an Event of Default with respect to the Senior Lien Bonds. In addition, any default under clause (c) or (d) above that does not relate to Senior Lien Bonds, or to any Credit Agreement or Related Documents entered into with respect to Senior Lien Bonds, will not constitute an Event of Default with respect to the Senior Lien Bonds. In addition, notwithstanding the foregoing, any default under clause (a) or (b) above that is in respect of Bonds other than Senior Lien Bonds or Second Lien Bonds will not constitute an Event of Default with respect to the Second Lien Bonds. In addition, any default under clause (c) or (d) above that does not relate to Senior Lien Bonds or Second Lien Bonds, or to any Credit Agreement or Related Document entered into with respect to Senior Lien Bonds or Second Lien Bonds, or to any Credit Agreement or Related Document entered into with respect to Second Lien Bonds, will not constitute an Event of Default with respect to the Second Lien Bonds.

**Remedies.** Upon the occurrence of an Event of Default, the Trustee may by mandamus or other suit, action, or proceeding proceed to pursue any available remedy at law or in equity to enforce all rights of the Bondowners and covenants of the Sports Authority, including without limitation the right to the payment of the principal or premium. If any, and interest on the then Outstanding Bonds out of any Available Revenues or any remainder of the Trust Estate. If an Event of Default has occurred and is continuing, and if requested to so by the Owners of a majority in aggregate principal amount of the Bonds Outstanding with respect to which an Event of Default has occurred and is continuing, and without limiting the foregoing, the Trustee shall, subject to the provisions of the Indenture described in “Direction of Proceedings by Bondowners” below, proceed to protect and enforce its rights and the rights of Bondowners under the Indenture by such mandamus, suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement

contained in the Indenture or in aid of execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee (being advised by said Independent Counsel selected by the Trustee) shall deem most expedient in the interests of the Bondowners; provided, however, that the Trustee shall have the right to decline to comply with any request of Bondowners under the provisions of the Indenture described in “Direction of Proceedings by Bondowners” below if the Bondowners shall not have offered indemnification acceptable to the Trustee pursuant to the terms of the Indenture or otherwise or if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondowners not parties to such request and provided, further, that notwithstanding any other provision of the Indenture and under no circumstances (including in an Event of Default, upon an act of bankruptcy, upon a determination of insolvency, in connection with a receivership proceeding or otherwise) shall the Trustee, any Bondowner or any other person (i) have the right or power to accelerate the maturity of any Bonds or (ii) take any action or direct the Trustee to take any action contrary to the provisions of the Indenture described in paragraph (d) under “Credit Providers’ Right to Direct Remedies.”

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondowners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (i) given to the Trustee or to the Owners under the Indenture or (ii) now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by one or more Owners, shall extend to or shall affect any subsequent Event of Default or impair any rights or remedies consequent thereon.

All rights of action under the Indenture or under any of the Outstanding Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Outstanding Bonds, or the production thereof, in the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the Owners of such Outstanding Bonds, subject to the provisions of the Indenture.

***Direction of Proceedings By Bondowners.*** The Owners of a majority in aggregate principal amount of the then Outstanding Bonds with respect to which an Event of Default has occurred and is continuing shall have the right, at any time after providing indemnification pursuant to the terms of the Indenture if requested by the Trustee, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture and the Related Documents or for the appointment of a receiver or any other proceedings under the Indenture; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

***Credit Providers’ Right to Direct Remedies.*** (a) With respect to Bonds insured by National and AG (see “PURPOSE AND PLAN OF FINANCE — Bond Insurance and Debt Service Reserve Account Credit Facilities”), each respective Supplemental Indenture provides that, subject to the conditions described therein and in the Master Indenture, any or all actions, consents, waivers or rights pertaining to defaults and remedies and the duties and obligations of the Trustee that may be exercised by the Owner of any such bond shall be exercised by National or AG, as applicable, as though National or AG, as applicable, were such Owner, provided that National or AG, as applicable, is not in default on its payment obligations under any Credit Facility, except as National or AG, as applicable, is otherwise subrogated to the rights of one or more Owners of Bonds as a result of prior payments under a Credit Facility.

In furtherance thereof and as a term of the Indenture and each Bond, the Trustee and each Bondowner appoint National and AG, as applicable, as their agent and attorney-in-fact and agree that National or AG, as applicable, may at any time during the continuation of any proceeding by or against the Sports Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondowner delegate and assign to National or AG, as applicable, to the fullest extent

permitted by law, the rights of the Trustee and each Bondowner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under a Supplemental Indenture or the Indenture would adversely affect the security for the Bonds or the rights of the Bondowners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Credit Facility relating to such Bonds.

(b) Pursuant to the terms of the Master Indenture, provided that if AG is not otherwise in default on its payment obligations under any Credit Facility, AG, after providing indemnification pursuant to the terms of the Indenture if requested by the Trustee, by an instrument or instruments in writing executed and delivered to the Trustee, may direct, and the Trustee shall not seek to enforce without such direction, any or all remedies which may be exercised by the Trustee under the Indenture with respect to any Bonds for which AG has provided the Credit Facility, and any directions which may be given by the Bondowners of such Bonds under Article Ten of the Master Indenture may be exercised by AG as though AG were the Owner.

(c) Pursuant to the terms of the Master Indenture, provided that if National is not otherwise in default on its payment obligations under any Credit Facility, National, after providing indemnification pursuant to the terms of the Indenture if requested by the Trustee, by an instrument or instruments in writing executed and delivered to the Trustee, may direct, and the Trustee shall not seek to enforce without such direction, any or all remedies which may be exercised by the Trustee hereunder with respect to any Bonds for which National has provided the Credit Facility, and any directions which may be given by the Bondowners of such Bonds under this Article may be exercised by National as though National were the Owner.

(d) Notwithstanding the foregoing provisions of the Master Indenture described in paragraphs (a), (b) and (c) above and in “Directions of Proceedings by Bondowners”, if an Event of Default occurs and is continuing with respect to both Senior Lien Bonds or Second Lien Bonds, on the one hand, and Junior Lien Bonds or Third Lien Bonds, on the other hand, then, except for an action in order to prevent funds in the Trust Estate from being distributed to the Sports Authority, the Owners of Junior Lien Bonds or Third Lien Bonds, as applicable, will refrain from directing the Trustee in the exercise of remedies, and the Trustee will refrain from exercising remedies directed by such Owners, unless (1) within 45 days of receipt of notice of such Event of Default, the Owners of Senior Lien Bonds or Second Lien Bonds have not directed the Trustee to exercise remedies with respect to such Event of Default; or (2) the remedies so directed by such Owners within such 45 days did not include an action in mandamus to cause the Sports Authority to impose, collect, or transfer Revenues to provide for payment of the applicable Junior Lien Bonds or the Third Lien Bonds, in which case the applicable Owners of such Junior Lien Bonds or Third Lien Bonds may direct the Trustee to commence such an action; provided, that (A) notwithstanding the foregoing or any other provision of the Master Indenture or under any Supplemental Indenture, no Owner is entitled to seek or direct the Trustee to seek, nor may the Trustee seek or be required to seek, any remedy authorized under the Master Indenture which may prevent, hinder, or delay the funding of any First and Second Lien Accounts or the use of the funds in any First and Second Lien Accounts for the purposes intended under the Indenture, except as expressly provided in the following sentence, and (B) to the extent the Trustee is receiving conflicting instructions from the Owners of Junior Lien Bonds or Third Lien Bonds, on the one hand, and the Owners of the Senior Lien Bonds or Second Lien Bonds, on the other hand, with respect to any of the First and Second Lien Accounts, then the instructions of the Owners of the Senior Lien Bonds or Second Lien Bonds shall control.

The rights, remedies and obligations of the Bondowners under the provisions of the Master Indenture described in this paragraph (d) shall apply to the applicable Credit Providers of such Bondowners, and shall be subject to the rights of Credit Providers to direct remedies under the Master Indenture or any Supplemental Indenture. Without limitation to the foregoing, any direction with respect to remedies given by the Credit Provider of Junior Lien Bonds or Third Lien Bonds, acting as though it were the Owner of such Bonds as contemplated by the provisions of the Master Indenture described in paragraph (a) above, shall comply in all respects with the provisions of the Master Indenture described in this paragraph (d).

Nothing in the provisions of the Master Indenture described in this “Credit Providers’ Right to Direct Remedies” subheading shall prevent any Credit Provider of any Junior Lien Bonds or Third Lien Bonds from seeking an accounting or challenging the accounting of the funding of, or use of funds in, the First and Second Lien Accounts through an arbitration proceeding as provided in the Master Indenture or prevent such Credit Provider or the Trustee

from complying with any findings, award or order of the arbitrator; provided that during the pendency of such proceeding each Credit Provider and the Trustee shall remain subject to clause (A) of the proviso in the first paragraph of this paragraph (d).

(e) None of the provisions of the Master Indenture described in this “Credit Providers’ Right to Direct Remedies” subheading precludes any Bondowner from enforcing, or impairs the right of any Bondowner to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Bond of such Bondowner at or after its date of maturity, if and to the extent that such payment is required to be made to such Bondowner by the Trustee from available funds in accordance with the terms of the Master Indenture.

***Waiver of Stay or Extension Laws.*** Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Sports Authority nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of the Indenture, but the Sports Authority, for itself and all who may claim through or under it, waives to the extent that it lawfully may do so the benefit of all such laws and all right of appraisalment and redemption to which it may be entitled under the laws of the State of Texas.

***Priority of Payment and Application of Moneys.*** All Senior Lien Bonds issued under and secured by the Indenture shall be equally and ratably secured by and payable from the Senior Lien Debt Service Account without priority of one Senior Lien Bond over any other, except as otherwise expressly provided (i) in the Master Indenture with respect to Senior Lien Bonds of a specific Series (or specific Senior Lien Bonds within a Series) secured by a Credit Facility or (ii) in a Supplemental Indenture or (iii) with respect to moneys or assets whether or not held in the Senior Lien Debt Service Account pledged to secure one or more Series of Senior Lien Bonds (or specific Senior Lien Bonds within a Series) and not other Bonds. All Second Lien Bonds issued under and secured by the Indenture shall be equally and ratably secured by and payable from the Second Lien Debt Service Account without priority of one Second Lien Bond over any other, except as otherwise expressly provided (i) in the Master Indenture with respect to Second Lien Bonds of a specific Series (or specific Second Lien Bonds within a Series) secured by a Credit Facility or (ii) in a Supplemental Indenture or (iii) with respect to moneys or assets whether or not held in the Second Lien Debt Service Account pledged to secure one or more Series of Second Lien Bonds (or specific Second Lien Bonds within a Series) and not other Bonds. All Junior Lien Bonds issued under and secured by the Indenture shall be equally and ratably secured by and payable from the Junior Lien Debt Service Account without priority of one Junior Lien Bond over any other, except as otherwise expressly provided (i) in the Master Indenture with respect to Junior Lien Bonds of a specific Series (or specific Junior Lien Bonds within a Series) secured by a Credit Facility or (ii) in a Supplemental Indenture or (iii) with respect to moneys or assets whether or not held in the Junior Lien Debt Service Account pledged to secure one or more Series of Junior Lien Bonds (or specific Junior Lien Bonds within a Series) and not other Bonds. Upon the occurrence of an Event of Default, all moneys collected pursuant to action taken pursuant to the Trustees’ or Bondowners’ remedies hereunder, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of all fees (including default administration fees), expenses (including but not limited to, counsel’s fees), liabilities and advances incurred or made by the Trustee, Paying Agent, Registrar, and other fiduciary capacities in which the Trustee may serve under the Indenture and after any other prior application of such moneys has been made as is required by law shall be deposited in such Accounts or Subaccounts as required by Article Five of the Master Indenture, and shall be applied in the manner provided by Article Five of the Master Indenture.

***Remedies Vested in Trustee.*** All rights of action (including the right to file proof of claims in any insolvency proceeding) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery or judgment shall be for the equal benefit of the Owners of the Outstanding Bonds to the extent and in the manner provided in the Indenture. The Sports Authority and the Trustee have agreed under the Indenture, without in any way limiting the effect and scope thereof, that the pledge and assignment under the Indenture to the Trustee of all rights included with the Trust Estate shall constitute an agency appointment coupled with an interest on the part of the Trustee which, for all purposes of the Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Sports Authority or its default under the Indenture or on the Bonds.

***Rights and Remedies of Owners.*** No Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Master Indenture, a Supplemental Indenture, a Credit Facility,

Credit Agreement or any Related Documents or for the execution of any trust of the Indenture or any remedy under the Indenture or thereunder or for the appointment of a receiver, unless: (i) a default thereunder shall have become an Event of Default and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to which an Event of Default has occurred and is continuing shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in its own name; (ii) such Owners shall have offered to indemnify the Trustee as provided in the Indenture; and (iii) the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time the remedies granted under the Indenture, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Master Indenture, a Supplemental Indenture, a Credit Facility, Credit Agreement or a Related Document, or for the appointment of a receiver or for any other remedy under the Indenture; it being understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture, by its, his, her or their action or to enforce any right thereunder except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture, and for the equal benefit of the Owners of all Bonds then Outstanding; provided, however, that nothing in the Indenture shall be construed to preclude any Bondowner from enforcing, or impair the right of any Bondowner to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Bond of such Bondowner at or after its date of maturity, if and to the extent that such payment is required to be made to such Bondowner by the Trustee from available funds in accordance with the terms of the Indenture.

***Termination of Proceedings.*** In case the Trustee shall have proceeded to enforce any right under the Master Indenture, a Supplemental Indenture, any Credit Facility, Credit Agreement or Related Document by the appointment of a receiver, by entry and possession or otherwise shall have been determined adversely to the Trustee, then and in every case the Sports Authority and the Trustee shall be restored to their former positions and rights under the Indenture with respect to the property conveyed in the Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

***Waiver of an Event of Default.*** The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and shall do so upon written request of the Owners of (i) a majority in aggregate principal amount of all the Bonds then Outstanding with respect to which default in the payment of principal, premium, and interest, or any of them, exists, or (ii) a majority in aggregate principal amount of all the Bonds then Outstanding with respect to which an Event of Default has occurred and is continuing in the case of any other Event or Default; provided, however, that there shall not be waived (A) any Event of Default in the payment of the principal of or premium on any Outstanding Bonds on the redemption date or at the date of maturity specified therein or (B) any Event of Default in the payment when due of the interest on any such Bonds, unless prior to such waiver all arrearages of payments of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all arrearages of payments of principal and premium, if any, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all arrearages of payments of principal and premium, if any, with interest (to the extent permitted by law) at the rate borne by the Bonds with respect to which such Event of Default shall have occurred, and all expenses of the Trustee, Bond Registrar, Paying Agents and other fiduciary capacities of the Trustee in connection with such Event of Default, shall have been paid or provided for. No such waiver or rescission shall extend to any subsequent or other Events of Default, or impair any rights consequent thereon.

***Trustee as Agent of Sports Authority.*** Anything in the Indenture to the contrary notwithstanding, no default as described in paragraph (c) or (d) of “Events of Default” above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee to the Sports Authority, and the Sports Authority shall have had the time permitted as prescribed in such paragraph after receipt of such notice to correct said default or cause said default to be corrected and the Sports Authority shall not have corrected said default or caused said default to be corrected within said time; provided, however, if said default occurs under paragraph (d) of “Events of Default” above, it shall not constitute an Event of Default if corrective action is instituted by the Sports Authority within said time and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice is given to the Sports Authority under the provisions of the Indenture as described in this “Trustee as Agent of Sports Authority” caption, the Sports Authority names and appoints the Trustee as its attorney-in-fact and agent with full authority to perform any covenant or

obligation of the Sports Authority alleged in said notice to constitute a default, in the name and stead of the Sports Authority with full power to do any and all things and acts to the same extent that the Sports Authority could do and perform any such things and acts and with power of substitution; provided that the Trustee shall give the Sports Authority notice of its intention so to perform on behalf of the Sports Authority, and provided further that the Sports Authority may at any time, by a writing addressed to the Trustee, cancel, withdraw, limit or modify the appointment made under the Indenture.

**Arbitration.** The Master Indenture contains certain dispute resolution procedures that must be utilized, but only while National is a Designated Credit Provider, to resolve disputes that may arise under the Master Indenture involving whether the Trustee is in compliance with the Master Indenture or fulfilling its duties thereunder. Such procedures may be initiated by the Sports Authority, the Trustee or any Credit Provider (each, a “Relevant Party”) except that a Credit Provider that is in default of its payment obligations under its Credit Facility shall not have the right to initiate such procedures although to protect its interests it may participate in any such procedures initiated by another Relevant Party. Upon commencement of any arbitration proceeding under such provisions of the Master Indenture, the Sports Authority shall deliver notice thereof to Bondowners through the Electronic Municipal Market Access website of the Municipal Securities Rulemaking Board.

**Waiver of Sovereign Immunity.** Pursuant to Texas Government Code Section 1371.059, in the Master Indenture the Sports Authority waives the defense of sovereign immunity from suit or liability for the purpose of adjudicating a claim to enforce the Master Indenture, the Bonds, or any Credit Agreement entered pursuant to the Master Indenture or for damages for breach of the Master Indenture, the Bonds, or any such Credit Agreement.

See “INVESTMENT CONSIDERATIONS — Limitation and Enforceability of Remedies; Bankruptcy.” See also, “APPENDIX C — Excerpts of Certain Provisions of the Master Indenture” and “APPENDIX D — Excerpts of Certain Provisions of the Supplemental Indentures.”

## INVESTMENT CONSIDERATIONS

### General

In considering the matters set forth in this Official Statement, prospective investors should carefully review all investment considerations and bondholders’ risks set forth throughout this Official Statement and should specifically consider certain risks associated with the Series 2024 Bonds. There follows a summary of some, but not necessarily all, of the investment considerations attendant to an investment in the Series 2024 Bonds. The order in which investment considerations are presented in this caption is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may well be other considerations and risks associated with an investment in the Series 2024 Bonds in addition to those set forth in this Official Statement. In order to allow potential investors to identify investment considerations and make an informed investment decision, potential investors should be thoroughly familiar with the entire Official Statement and the Schedules and Appendices hereto and should have accessed whatever additional financial and other information any such investor may deem necessary to make its decision to invest in the Series 2024 Bonds.

### Forward-Looking Statements

This Official Statement, including the Schedules and Appendices hereto and the documents incorporated herein by reference, contain “forward-looking statements,” which generally can be identified with words or phrases such as “anticipates,” “believes,” “could,” “estimates,” “expects,” “foresees,” “may,” “plan,” “predict,” “should,” “will” or other words or phrases of similar import. All statements included in this Official Statement, including the Schedules and Appendices hereto, that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analysis made by the Sports Authority, in light of its experience and perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results and developments will conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under this “INVESTMENT CONSIDERATIONS” caption of this Official Statement as well as additional factors beyond the Sports Authority’s control. The risk factors and assumptions described under such caption and elsewhere in this Official Statement could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement and any Schedules and Appendices hereto are qualified by these cautionary statements. There



can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Revenues, Astros Payments or the Sports Authority's operations. All subsequent forward-looking statements attributable to the Sports Authority or persons acting on its behalf are expressly qualified in their entirety by the factors and assumptions described above and in any documents containing those forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the Sports Authority on the date hereof, and the Sports Authority does not assume any obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates that are inherently subject to numerous risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

### **Sufficiency of Revenues and Astros Payments**

***Sufficiency of Revenues.*** A downturn in the economy, another pandemic or other factors that negatively affect travel could have a negative impact on hotel occupancy levels and demand for rental cars in the Houston market, resulting in a decline in Hotel Occupancy Tax and Vehicle Rental Tax revenues. Other factors include adverse changes in the levels of corporate travel and tourism, energy costs, governmental rules and policies, potential environmental and other liabilities and interest rate levels. Corporate travel and tourism are highly dependent upon gasoline and other fuel prices, airline fares, and the national economy. See "DESCRIPTION OF PLEDGED REVENUES — Schedule 2 — Historical Revenues."

Receipts of the Hotel Occupancy Tax largely depend on the occupancy and average daily rates ("ADRs") at hotels located in the City and County. The Houston market has an aggregate hotel occupancy tax rate of 17%, which is among the highest in the nation. The high tax rate is offset in part by Houston's relatively low ADR and by the fact that corporate travelers that make up one of the largest demand segments in the Houston market tend to select hotels based on proximity to the place in which they are to do business, rather than on tax levels. Key factors that may adversely affect the amount of receipts of the Hotel Occupancy Tax generated from the rental of hotel rooms include: market support; general levels of convention business; levels of tourism; seasonality; and competition from other markets.

***Sufficiency of Astros Payments.*** Astros Payments will be applied prior to the application of Revenues in accordance with the terms of the Indenture. As described above in "SECURITY FOR THE SERIES 2024 BONDS — Astros Payments," the Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029 in the maximum amount of \$4,600,000 per year. See "DESCRIPTION OF PLEDGED REVENUES — Agreements Relating to Minute Maid Park." Additionally, pursuant to the terms of the Indenture, the pledge of the Astros Payments (including the application thereof) with respect to Tax-Exempt Bonds is limited to the Allowed Special Revenue Amount. Accordingly, Astros Payments may be applied to the payment of debt service on the Series 2024 Bonds and any other series of Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Tax-Exempt Bonds, only to the extent of the Allowed Special Revenue Amount from time to time applicable to such Bonds, which may substantially limit the Astros Payments available for such purpose. Astros Payments may be applied without limitation to the payment of debt service on any Outstanding Bonds and Additional Bonds (to which Astros Payments are pledged) constituting Taxable Bonds. See "SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Astros Payments." In certain circumstances, the Ballpark Lease and the Ballpark License Agreement may be terminated, and the Astros' obligation to pay the Astros Payments to the Sports Authority may be reduced in the event and to the extent the Sports Authority imposes certain future taxes related to Minute Maid Park. To date, the Sports Authority has not imposed any such taxes. In addition, the Ballpark Lease and the Ballpark License Agreement (which obligate the Astros to pay the Astros Payments to the Sports Authority) each have a term that is scheduled to expire in March 2050, with the Astros having the option to extend each such term for up to two consecutive periods of five years each. There can be no assurance that either the Ballpark Lease or the Ballpark License Agreement will be extended beyond its current term or that either of the agreements will not be terminated

early. See “DESCRIPTION OF PLEDGED REVENUES — Agreements Relating to Minute Maid Park.” Any failure of the Sports Authority to receive the Astros Payments could negatively affect the security for the Series 2024 Bonds as shortfall in the Astros Payments would have to be made up from Revenues. As described in “DESCRIPTION OF PLEDGED REVENUES — Astros Payments,” the total amount of Astros Payments payable by the Astros to the Sports Authority each year from Base Rent and Royalty Payments currently is \$5,600,000, provided however, that only \$4,600,000 per year is pledged to the Trust Estate and such pledge only goes through Fiscal Year 2029. See “DESCRIPTION OF PLEDGED REVENUES — Ballpark Lease” and “—Ballpark License Agreement.”

### **Bond Insurance**

Payment of the principal of and interest on each series of the Series 2024 Bonds when due will be insured by separate bond insurance policies (collectively, the “Policies” and each a “Policy”) issued by the 2024 Insurer (as defined in “BOND INSURANCE — Bond Insurance Policies”) in accordance with the terms of each respective Policy.

In the event of default of the payment of principal or interest with respect to the Series 2024 Bonds when all or some becomes due, any owner of the Series 2024 Bonds shall have a claim under the respective Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policies do not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Series 2024 Bonds by the Sports Authority which is recovered by the Sports Authority from the bond owner as a voidable preference under applicable bankruptcy law is covered by the Policies, however, such payments will be made by the 2024 Insurer at such time and in such amounts as would have been due absent such prepayment by the Sports Authority unless the 2024 Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the 2024 Insurer without appropriate consent. The 2024 Insurer may direct and must consent to any remedies and the 2024 Insurer’s consent may be required in connection with amendments to the Indenture.

In the event the 2024 Insurer is unable to make payment of principal and interest as such payments become due under the Policies, the Series 2024 Bonds are payable solely from the moneys received pursuant to the Indenture. In the event the 2024 Insurer becomes obligated to make payments with respect to the Series 2024 Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds.

The long-term ratings on each series of the Series 2024 Bonds are dependent in part on the financial strength of the 2024 Insurer and its claim paying ability. The 2024 Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the 2024 Insurer and of the ratings on each series of the Series 2024 Bonds insured by the 2024 Insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2024 Bonds or the marketability (liquidity) for the Series 2024 Bonds. See “RATINGS”

The obligations of the 2024 Insurer are contractual obligations and in an event of default by the 2024 Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the Sports Authority or Underwriters have made independent investigation into the claims paying ability of the 2024 Insurer and no assurance or representation regarding the financial strength or projected financial strength of the 2024 Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Sports Authority to pay principal and interest on the Series 2024 Bonds and the claims paying ability of the 2024 Insurer, particularly over the life of the investment. See “RATINGS” and “BOND INSURANCE” herein for further information provided by the Series 2024 Bonds and the Policies, which includes further instructions for obtaining current financial information concerning the Series 2024 Bonds.

## **Ratings**

Moody's and S&P have issued underlying long-term ratings on the Series 2024 Bonds. Moody's and S&P also are expected to issue insured ratings on the Series 2024 Bonds based upon the issuance of the Policies by AG at the time of delivery of the Series 2024 Bonds. See "BOND INSURANCE" and "RATINGS." There is no assurance that the ratings of the Series 2024 Bonds will be maintained for any given period of time or that such ratings will not be revised downward, suspended or withdrawn entirely by such rating agencies, if in their sole judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024 Bonds. The Sports Authority has no obligation to maintain the ratings or to oppose any revisions or withdrawals.

## **Limited Obligations**

The Series 2024 Bonds are special limited obligations of the Sports Authority that, together with the Outstanding Senior Lien, Second Lien, Junior Lien and Third Lien Bonds and any Additional Senior Lien, Second Lien, Junior Lien and Third Lien Bonds, are payable from and secured by a lien on the Trust Estate created under the Indenture, as described in this Official Statement. THE SERIES 2024 BONDS ARE SPECIAL LIMITED OBLIGATIONS OF THE SPORTS AUTHORITY AND ARE NOT OBLIGATIONS OF THE COUNTY, THE CITY, THE STATE OF TEXAS OR ANY OTHER POLITICAL SUBDIVISION THEREOF. EXCEPT FOR THE LIMITED SPECIAL TAX REVENUES INCLUDED WITHIN REVENUES, THE OWNERS OF THE SERIES 2024 BONDS SHALL NEVER HAVE THE RIGHT TO DEMAND PAYMENT THEREOF OUT OF ANY FUNDS RAISED OR TO BE RAISED BY TAXATION. THE SPORTS AUTHORITY HAS NO AD VALOREM TAXING POWER. See "SECURITY FOR THE SERIES 2024 BONDS — Limited Obligations" and "Trust Estate."

Other than the pledge of the Trust Estate, the Sports Authority has not mortgaged, assigned or pledged any interest in any real or personal property, improvements or other physical property of the Sports Authority. See "— Limitations and Enforceability of Remedies; Bankruptcy."

## **Limitation and Enforceability of Remedies; Bankruptcy**

Remedies available to the Trustee in the event of a default by the Sports Authority in one or more of its obligations under the Indenture are limited. Although the Indenture provides that the Trustee may obtain a writ of mandamus requiring performance of such obligations, such remedy must be exercised upon each default and may prove time-consuming, costly and difficult to enforce. The Indenture does not provide for acceleration of maturity of the Series 2024 Bonds to protect the interest of the Owners or any other additional remedy in the event of a default by the Sports Authority and consequently, the remedy of mandamus may have to be invoked. The Series 2024 Bonds are not secured by a mortgage or deed of trust that would allow the Trustee (or any Owner) to foreclose on any physical property of the Sports Authority to pay the principal of and interest on the Series 2024 Bonds or any judgment obtained against the Sports Authority.

Chapter 1371, Texas Government Code, as amended ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the Sports Authority, permits the Sports Authority, in the proceedings authorizing the issuance of the Series 2024 Bonds, to waive sovereign immunity for the purpose of adjudicating a claim to enforce the same or for damages for their breach. The Sports Authority has waived the defense of sovereign immunity for the benefit of the Owners, for the purpose of adjudicating certain claims with respect to the Series 2024 Bonds and certain Credit Agreements entered into with the 2024 Insurer. Accordingly, the Trustee could seek a monetary judgment against the Sports Authority if a default occurred in the payment of principal of and interest on the Series 2024 Bonds or with respect to a breach of covenants contained in the Indenture. No assurance can be given regarding the enforceability of the Sports Authority's waiver of sovereign immunity or that a mandamus or other legal action to enforce a default under the Indenture would be successful.

With respect to Bonds for which National and AG have provided a Credit Facility, pursuant to and subject to the terms of the Indenture, certain actions, consents, waivers or rights which may be exercised by the Owner of any such Bond shall be exercised by National or AG, as applicable, as though National or AG, as applicable, were such Owner, provided that National or AG, as applicable, is not in default on its payment obligations under any Credit Facility. See "SECURITY FOR THE SERIES 2024 BONDS — Default Provisions and Remedies — Credit Providers' Right to Direct Remedies."

The enforceability of the rights and remedies of Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Sports Authority. The Sports Authority is specifically authorized by Texas law to be a debtor under Chapter 9 of the United States Bankruptcy Code (“Chapter 9”) and is therefore eligible to seek relief from its creditors under Chapter 9. If the Sports Authority were allowed to proceed voluntarily under Chapter 9, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Owners’ claims against the Sports Authority.

In the event a voluntary or involuntary bankruptcy case is filed with respect to the Astros, a bankruptcy court could determine that the Sports Authority’s agreements with the Astros for the use and occupancy of Minute Maid Park are executory contracts or unexpired leases pursuant to Section 365 of the United States Bankruptcy Code. In that event, a trustee in bankruptcy for the Astros as a debtor-in-possession might reject such party’s agreements. If any such agreement were determined to be an unexpired lease of non-residential real property, the amount of any corresponding claim would be limited to the rent payable under such agreement (without acceleration) for the greater of one year or 15% of the remaining term of such agreement, but not to exceed three years, following the earlier of (i) the date the bankruptcy petition was filed, and (ii) the date on which the Sports Authority repossessed, or the Astros surrendered the leased property, plus any unpaid rentals (without acceleration) on the earlier of such dates.

The opinions of Co-Bond Counsel will note that its opinions relative to the enforceability of the Series 2024 Bonds and the Indenture are limited by laws applicable to the Sports Authority relating to bankruptcy, reorganization and other similar matters affecting creditors’ rights, and by general principles of equity which permit the exercise of judicial discretion. See “APPENDIX E — Forms of Co-Bond Counsel’s Opinions.”

### **Future and Proposed Legislation**

The Texas Legislature will convene its Regular Session of the 89th Legislature in January, 2025. The Sports Authority makes no representations or predictions concerning the substance or effect of any legislation that may be proposed and ultimately passed in such Regular Session or any special session that may convene after the end of the Regular Session, or how any such legislation would affect the Revenues or the Astros Payments or the financial condition or operations of the Sports Authority.

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Series 2024 Bonds under Federal or state law and could affect the market price or marketability of the Series 2024 Bonds. Any such legislation, action or decision could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such legislation, action or decision being enacted cannot be predicted. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding the foregoing matters. See “TAX MATTERS” herein.

### **Information Technology and Cybersecurity**

The Sports Authority depends upon information and computing technology to conduct general business operations. In addition, the Sports Authority is dependent on local governments for the collection of Revenues. Technology systems may be subject to disruptions or security breaches that could materially disrupt the Sports Authority or local governments operations, cause reputational damage and/or give rise to losses or legal liability. The Sports Authority monitors these threats, however, no assurance can be given that the Sports Authority will fully prevent potential business continuity or cybersecurity risks arising from events wholly or partially beyond the Sports Authority’s control, including electrical telecommunications outages, natural disasters, or cyber-attacks, or larger scale political events, including terrorist attacks. Any such occurrence could materially and adversely affect the Sports Authority’s operations and reputation.

## **Severe Weather Events**

The Sports Authority is located near the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500-year flood" event) since 2015. Several of these storms resulted in damages to residential and commercial properties in the Houston area. While hurricanes, tropical storms, and other severe weather events sometimes may cause a short-term spike in hotel and car rental tax revenue from residents evacuating and seeking shelter at hotels and motels in the region, such weather events also may adversely impact revenues due to decreased business travel, as well as the cancellation of sports and other events in the Houston area. On July 8, 2024, Hurricane Beryl hit the Houston region, causing damage to homes and businesses throughout the region, including damage to the roof at NRG Stadium. NRG Stadium is owned by Harris County. The County is in the process of issuing approximately \$35 million in bonds secured by and payable from the County's hotel occupancy tax to finance costs to repair damage to the stadium caused by Hurricane Beryl.

## **Exposure to Oil and Gas Industry**

Declines in oil prices in the United States and globally may lead to adverse conditions in the oil and gas industry. Such adverse conditions may result in reduced revenues, declines in capital and operating expenditures, business failures, and the layoff of workers within the oil and gas industry. In the past, the greater Houston area has been affected by adverse conditions in the oil and gas industry, and adverse conditions in the oil and gas industry and spillover effects into other industries could adversely impact the Houston area and lead to a decline in business travel and attendance at sporting events.

## **BOND INSURANCE**

*The following information has been obtained from Assured Guaranty Inc. for use in this Official Statement. The Sports Authority, the Financial Advisor to the Sports Authority and the Underwriters do not make any representations as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.*

### **Bond Insurance Policies**

Concurrently with the issuance of the Series 2024 Bonds, Assured Guaranty Inc. ("AG") will issue a Municipal Bond Insurance Policy for each series of the Series 2024 Bonds (each a "Policy" and collectively, the "Policies"). The Policies guarantee the scheduled payment of principal of and interest on the Series 2024 Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policies are not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

### **Assured Guaranty Inc.**

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its

sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

### **Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.**

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

### **Current Financial Strength Ratings**

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG's financial strength rating of "AA" (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG's financial strength rating of "AA" (stable outlook).

On October 20, 2023, KBRA announced it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook). On August 1, 2024, KBRA commented that, following the closing of the Merger, AG's insurance financial strength rating of "AA+" (stable outlook) remains unchanged.

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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## Capitalization of AG, AGM and Pro Forma Combined AG

As of June 30, 2024

(dollars in millions)

	<b>AG</b> <b>(Actual)</b>	<b>AGM</b> <b>(Actual)</b>	<b>AG</b> <b>(Pro Forma Combined)</b>
Policyholders' surplus	\$1,649	\$2,599	\$3,960 <sup>(1)</sup>
Contingency reserve	\$421	\$910	\$1,331
Net unearned premium reserves and net deferred ceding commission income	\$355	\$2,078 <sup>(2)</sup>	\$2,433 <sup>(2)</sup>

<sup>(1)</sup> Net of intercompany eliminations.

<sup>(2)</sup> Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserves, and net unearned premium reserves and net deferred ceding commission income of AG, AGM, and the pro forma combined AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

### Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG and AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 (filed by AGL with the SEC on February 28, 2024);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2024 (filed by AGL with the SEC on August 8, 2024).

All information relating to AG and AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2024 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG and AGM included herein under the heading "BOND INSURANCE" (other than with respect to "- Bond Insurance Policies") or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

## **Miscellaneous Matters**

AG makes no representation regarding the Series 2024 Bonds or the advisability of investing in the Series 2024 Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading “BOND INSURANCE”.

### **DEBT SERVICE RESERVE ACCOUNT CREDIT FACILITIES**

#### **Senior Lien Debt Service Reserve Account Credit Facilities**

The Thirty-Second Supplemental Indenture establishes a Debt Service Reserve Requirement for the Series 2024A Bonds in the amount of \$ \_\_\_\_\_, which will be satisfied by the purchase of a Debt Service Reserve Account Credit Facility from the 2024 Insurer. Such Debt Service Reserve Account Credit Facility will expire on the earlier of (i) the date of the final maturity for the Series 2024A Bonds and (ii) the date on which the Series 2024A Bonds are no longer outstanding under the Indenture. See - “SECURITY FOR THE SERIES 2024 BONDS — Debt Service Reserve Requirements,”

The Series 2001A Bonds Debt Service Reserve Requirement is satisfied by a Debt Service Reserve Account Credit Facility from AG in the amount of \$19,031,829.55. The Series 2014A Bond Debt Service Reserve Requirement is satisfied by a Debt Service Reserve Account Credit Facility from AG in the amount of \$32,261,221.43. The Series 2020A Bonds Debt Service Reserve Requirement is satisfied by a Debt Service Reserve Account Credit Facility from AG in the amount of \$3,779,230.33. The Series 2020B Bonds Debt Service Reserve Requirement is satisfied by a Debt Service Reserve Account Credit Facility from AG in the amount of \$2,732,549.13.

The available amount of the Debt Service Reserve Account Credit Facilities is the initial face amount of each such Debt Service Reserve Account Credit Facility, less the amount of any previous deposits by AG with the Trustee which have not been reimbursed by the Sports Authority. Pursuant to the respective Supplemental Indentures, the Sports Authority is required to reimburse AG, within one year of any deposit, the amount of such deposit made by AG with the Trustee under any Debt Service Reserve Account Credit Facility. Such reimbursement shall be made from the Trust Estate subject to the priority of payment provisions with respect thereto set forth under the Indenture. The Trustee is required to reimburse AG, with interest, out of funds available under the Indenture, until the face amount of a Debt Service Reserve Account Credit Facility is reinstated. The Debt Service Reserve Account Credit Facilities are held by the Trustee in the Senior Lien Debt Service Reserve Account and are provided as an alternative to the Sports Authority depositing funds equal to the Reserve Requirement for Senior Lien Bonds.

The Debt Service Reserve Requirement for the Series 2001G Bonds was funded with a cash deposit.

#### **Second Lien Debt Service Reserve Account Credit Facilities**

As described in “SECURITY FOR THE SERIES 2024 BONDS — Debt Service Reserve Requirements — Second Lien Bonds,” the Thirty-Third Supplemental Indenture establishes a Debt Service Reserve Requirement with respect to the Series 2024B Bonds in the amount of \$ \_\_\_\_\_, which will be satisfied by the purchase of a Debt Service Reserve Account Credit Facility from the 2024 Insurer. Such Debt Service Reserve Account Credit Facility will expire the earlier of (i) on the date of the final maturity for the Series 2024B Bonds and (ii) the date on which the Series 2024B Bonds are no longer outstanding under the Indenture.

There is no Debt Service Reserve Account Credit Facility for the Series 2014C Bonds. The Debt Service Reserve Requirement with respect to the Series 2014C Bonds was fully funded with a cash deposit into the applicable Subaccount of the Second Lien Debt Service Reserve Account from a portion of the proceeds of the Series 2014C Bonds. The amount deposited in such Subaccount of the Second Lien Debt Service Reserve Account is not pledged to any Bonds other than the Series 2014C Bonds. With the consent of AG, all or a portion of money on deposit in the Second Lien Debt Service Reserve Account may also be applied to the acquisition of a Debt Service Reserve Account Credit Facility in all or a portion of the amount of the Debt Service Reserve Requirement for the Series 2014C Bonds. The amounts on deposit in the Second Lien Debt Service Reserve Account for the Series 2014C Bonds will be released in connection with the issuance of the Series 2024B Bonds and the refunding of the Series 2014C Bonds and will be



reflected as a contribution in the sources and uses of funds at closing. See “PURPOSE AND PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.”

There is no Debt Service Reserve Account Credit Facility for the Series 2020C Bonds. The Debt Service Reserve Requirement with respect to the Series 2020C Bonds was fully funded with a cash deposit into the applicable Subaccount of the Second Lien Debt Service Reserve Account from a portion of the proceeds of the Series 2020C Bonds. The amount deposited in such Subaccount of the Second Lien Debt Service Reserve Account is not pledged to any Bonds other than the Series 2020C Bonds. With the consent of AG, all or a portion of money on deposit in the Second Lien Debt Service Reserve Account may also be applied to the acquisition of a Debt Service Reserve Account Credit Facility in all or a portion of the amount of the Debt Service Reserve Requirement for the Series 2020C Bonds.

#### **Junior Lien Debt Service Reserve Account Credit Facilities**

There currently are no Junior Lien Debt Service Reserve Account Credit Facilities for the Junior Lien Bonds. Debt Service Reserve Requirement with respect to the Series 2001H Bonds was satisfied by the deposit of cash in the amount of \$13,000,000 at the time of delivery of the Series 2001H Bonds. The amounts on deposit with respect to the Series 2001H Bonds are not pledged to the Series 2024 Bonds.

#### **Third Lien Debt Service Reserve Account**

As of the date hereof, the Series 2004A-3 Bonds constitute the only Outstanding Third Lien Bonds. As described in “SECURITY FOR THE SERIES 2024 BONDS — Debt Service Reserve Requirements — Third Lien Bonds,” the Debt Service Reserve Requirement for the Series 2004A-3 Bonds was satisfied by the deposit of cash at the time of delivery thereof into the Series 2004A Debt Service Reserve Subaccount. Amounts in the Series 2004A Debt Service Reserve Subaccount will be applied to pay only principal of and interest on the Series 2004A-3 Bonds pursuant to the Indenture. Following the issuance of the Series 2024B Bonds there will no longer be any Third Lien Bonds outstanding, and the amounts on deposit in the Series 2004A Debt Service Reserve Subaccount for the Third Lien Bonds will be released and will be reflected as a contribution in the sources and uses of funds at closing. See “PURPOSE AND PLAN OF FINANCE” and “SOURCES AND USES OF FUNDS.”

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**PRO-FORMA SPORTS AUTHORITY DEBT SERVICE SCHEDULE<sup>(1)</sup>**

	Senior Lien			Second Lien				Junior Lien			Third Lien			Total Third Lien Debt Service	
	Existing Debt Service	Less: Refunded Bonds	Plus: Series 2024A Bonds <sup>(2)</sup>	Total Senior Lien Debt Service	Existing Debt Service	Less: Refunded Bonds	Plus: Series 2024B Bonds <sup>(2)</sup>	Total Second Lien Debt Service	Existing Debt Service	Less: Refunded Bonds	Total Junior Lien Debt Service	Existing Debt Service	Less: Refunded Bonds		
12/31/2024	\$41,122,325	-	-	\$41,122,325	\$7,119,639	-	-	\$ 7,119,639	\$14,110,000	-	\$14,110,000	-	-	-	\$62,351,964
12/31/2025	41,123,325	\$38,226,000	\$38,133,122	41,030,447	7,120,639	\$6,122,250	\$ 9,433,274	10,431,663	-	-	-	-	-	-	51,462,110
12/31/2026	41,124,075	38,226,750	38,132,250	41,029,575	7,117,639	6,122,250	10,163,250	11,158,639	-	-	-	-	-	-	52,188,214
12/31/2027	41,126,325	38,229,000	38,134,750	41,032,075	7,115,389	6,122,250	10,157,500	11,150,639	-	-	-	-	-	-	52,182,714
12/31/2028	41,126,575	38,229,250	38,134,250	41,031,575	7,113,389	6,122,250	10,161,500	11,152,639	-	-	-	-	-	-	52,184,214
12/31/2029	41,126,325	38,229,000	38,132,250	41,029,575	7,116,139	6,122,250	10,159,250	11,153,139	-	-	-	-	-	-	52,182,714
12/31/2030	41,126,825	38,229,500	38,135,000	41,032,325	7,112,889	6,122,250	10,160,500	11,151,139	-	-	-	-	-	-	52,183,464
12/31/2031	41,125,286	3,336,750	3,243,250	41,031,786	7,118,389	6,122,250	10,159,500	11,155,639	5,820,000	-	5,820,000	\$10,465,000	\$10,465,000	-	58,007,425
12/31/2032	41,126,176	2,971,250	2,877,500	41,032,426	7,116,639	6,122,250	10,160,750	11,155,139	11,090,000	-	11,090,000	14,590,000	14,590,000	-	63,277,565
12/31/2033	41,123,372	2,604,500	2,509,250	41,028,122	7,117,389	6,122,250	10,163,500	11,158,639	5,175,000	-	5,175,000	22,795,000	22,795,000	-	57,361,761
12/31/2034	41,124,575	2,242,250	2,149,250	41,031,575	7,119,889	6,122,250	10,162,000	11,159,639	7,210,000	-	7,210,000	21,010,000	21,010,000	-	59,401,214
12/31/2035	40,498,006	1,250,000	1,157,750	40,405,756	5,383,389	-	6,400,750	11,784,139	9,500,000	-	9,500,000	24,525,000	24,525,000	-	61,689,895
12/31/2036	40,876,898	1,250,000	1,157,000	40,783,898	5,004,128	-	6,402,000	11,406,128	11,540,000	-	11,540,000	23,075,000	23,075,000	-	63,730,026
12/31/2037	41,259,979	1,250,000	1,154,750	41,164,729	4,752,973	-	6,271,250	11,024,223	14,100,000	-	14,100,000	20,120,000	20,120,000	-	66,288,952
12/31/2038	41,647,325	1,250,000	1,156,000	41,553,325	4,750,292	-	5,884,750	10,635,042	16,420,000	-	16,420,000	17,390,000	17,390,000	-	68,608,367
12/31/2039	42,043,981	1,250,000	1,155,500	41,949,481	4,751,628	-	5,490,250	10,241,878	18,950,000	-	18,950,000	14,475,000	14,475,000	-	71,141,359
12/31/2040	42,452,325	1,250,000	1,153,250	42,355,575	4,751,595	-	5,083,750	9,835,345	21,295,000	-	21,295,000	-	-	-	73,485,920
12/31/2041	41,127,325	1,250,000	1,154,250	41,031,575	-	-	11,156,500	11,156,500	50,790,000	-	50,790,000	-	-	-	102,978,075
12/31/2042	41,127,325	1,250,000	1,153,250	41,030,575	-	-	11,160,250	11,160,250	-	-	-	-	-	-	52,190,825
12/31/2043	41,127,325	1,250,000	1,155,250	41,032,575	-	-	11,158,000	11,158,000	-	-	-	-	-	-	52,190,575
12/31/2044	41,127,325	1,250,000	1,155,000	41,032,325	-	-	11,159,000	11,159,000	-	-	-	-	-	-	52,191,325
12/31/2045	41,127,325	1,250,000	1,157,500	41,034,825	-	-	11,152,000	11,152,000	-	-	-	-	-	-	52,186,825
12/31/2046	41,127,325	1,250,000	1,157,500	41,034,825	-	-	11,156,250	11,156,250	-	-	-	-	-	-	52,191,075
12/31/2047	41,127,325	1,250,000	1,155,000	41,032,325	-	-	-	-	-	-	-	-	-	-	41,032,325
12/31/2048	41,127,325	1,250,000	-	39,877,325	-	-	-	-	-	-	-	-	-	-	39,877,325
12/31/2049	41,127,325	1,250,000	-	39,877,325	-	-	-	-	-	-	-	-	-	-	39,877,325
12/31/2050	41,127,325	1,250,000	-	39,877,325	-	-	-	-	-	-	-	-	-	-	39,877,325
12/31/2051	41,127,325	1,250,000	-	39,877,325	-	-	-	-	-	-	-	-	-	-	39,877,325
12/31/2052	41,127,325	13,445,000	-	27,682,325	-	-	-	-	-	-	-	-	-	-	27,682,325
12/31/2053	41,122,575	13,445,250	-	27,677,325	-	-	-	-	-	-	-	-	-	-	27,677,325
12/31/2054	30,722,325	-	-	30,722,325	-	-	-	-	-	-	-	-	-	-	30,722,325
12/31/2055	30,718,386	-	-	30,718,386	-	-	-	-	-	-	-	-	-	-	30,718,386
12/31/2056	30,718,014	-	-	30,718,014	-	-	-	-	-	-	-	-	-	-	30,718,014
<b>Totals</b>	<b>\$1,327,962,905</b>	<b>\$288,664,500</b>	<b>\$254,602,872</b>	<b>\$1,293,901,276</b>	<b>\$107,682,034</b>	<b>\$61,222,500</b>	<b>\$203,355,774</b>	<b>\$249,815,308</b>	<b>\$186,000,000</b>	<b>-</b>	<b>\$186,000,000</b>	<b>\$168,445,000</b>	<b>\$168,445,000</b>	<b>-</b>	<b>\$1,729,716,585</b>

<sup>(1)</sup> Preliminary, subject to change. Includes debt service on all Senior Lien Bonds, Second Lien Bonds, Junior Lien Bonds and Third Lien Bonds that will be Outstanding after giving effect to the issuance of the Series 2024 Bonds and the application of the proceeds thereof on the Date of Delivery, and therefore excludes the Refunded Obligations. The foregoing schedule also excludes the anticipated cash defeasance of the Series 2001H bonds, the purchase and cancellation of any Purchased Bonds, and Other Obligations of the Sports Authority as described in "DESCRIPTION OF SPORTS AUTHORITY OBLIGATIONS NOT SUPPORTED BY THE TRUST ESTATE", as well as any trustee fees and payments due to Credit Providers. Totals may not add due to rounding.

<sup>(2)</sup> For the Series 2024 Bonds, debt service shown based on estimated rates for purposes of illustration.

## DESCRIPTION OF SPORTS AUTHORITY OBLIGATIONS NOT SUPPORTED BY TRUST ESTATE

The Sports Authority also has outstanding its Taxable Revenue Refunding Bonds (NRG Stadium Project) Series 2014 (the “2014 Stadium Bonds”) and its Taxable Revenue Refunding Bonds (Toyota Center Project) Series 2014 (the “2014 Arena Bonds”). Such other obligations are not secured by or payable from the Revenues, the Astros Payments or any other part of the Trust Estate established under the Indenture.

The 2014 Stadium Bonds were issued in the original principal amount of \$69,170,000 pursuant to an indenture of trust separate and apart from the Indenture. The 2014 Stadium Bonds are secured by and payable solely from revenues attributable to NRG Stadium, including tenant lease payments from the NFL Club and the Rodeo, parking and ticket tax revenues and a rebate of local sales tax revenues from events held at NRG Stadium.

The 2014 Arena Bonds were issued in the original principal amount of \$57,540,000 pursuant to a private placement agreement. The 2014 Arena Bonds are secured by and payable solely from revenues attributable to Toyota Center, including tenant lease payments from the Houston Rockets.

For additional information regarding such other obligations, see “APPENDIX B — Audited Financial Statements.”

## AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Sports Authority for the fiscal year ended December 31, 2023 are found in APPENDIX B.

The Sports Authority has not requested Crowe LLP to reissue its audited financial statements, and Crowe LLP has not performed any procedures in connection with this Official Statement.

## MANAGEMENT AND ORGANIZATION OF SPORTS AUTHORITY

### Management and Organization

The Sports Authority is governed by a board of directors (the “Board”) consisting of thirteen voting members. Six members are appointed by the City, six members are appointed by the County, and the Chair of the Board is jointly appointed by the City and the County. The names of each member of the Board and their term expiration dates are provided below. A director may be removed at any time without cause by the appointing authority or jointly with respect to the removal of the Chair.

Board Position	Name	Occupation	Appointed By	Term Expires (August 31) <sup>(1)</sup>
Chair .....	J. Kent Friedman	Attorney	City and County	2025
Vice Chair .....	Robert Woods	CEO of Non Profit	City	2025
Secretary .....	Dr. Laura Murillo	Business Executive	City	2025
Treasurer .....	Chad Burke	Business Executive	County	2025
Director .....	Nooman K. Hussain	Attorney	City	2026
Director .....	Martye M. Kendrick	Attorney	City	2025
Director .....	Chris Newport	Chief of Staff, Mayor	City	2026
Director .....	John Arnold	Philanthropist	City	2026
Director .....	Lacy Wolf	Business Executive	County	2026
Director .....	Christian Menefee	Attorney	County	2024
Director .....	Linda Morales	Labor Executive	County	2025
Director .....	Brandon Dudley	Chief of Staff, County Pct 1	County	2026
Director .....	Lyndon Rose	Attorney	County	2025

<sup>(1)</sup> Sports Authority Board members serve for two-year terms and continue to serve until they are reappointed or replaced by another appointment of the City or County.

The Board has established various standing committees, including an Executive Committee and Finance Committee, as well as various ad-hoc committees. Janis Burke serves as Chief Executive Officer, Chris Massey serves as Chief Operating Officer and Tom Waggoner serves as Chief Financial Officer of the Sports Authority. Phil Ochoa serves as Chief Investment Officer. On Tuesday, October 8, 2024, the Chairman of the Sports Authority authorized the posting of notice of a special Board meeting to be held on Friday, October 11, 2024 at 2pm central time. The notice includes agenda items that relate to the continued employment status of the Chief Executive Officer, including an agenda item concerning possible action authorizing the execution of a settlement and mutual release agreement between the Sports Authority and the Chief Executive Officer. Although the notice has been posted and the meeting is expected to be held, as of the date hereof, it is unclear what actions, if any, the Board ultimately may authorize at the special meeting.

Biographical information concerning the officers of the Board and the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and Chief Investment Officer of the Sports Authority is provided below.

**J. Kent Friedman, Chair.** J. Kent Friedman was first appointed to a two-year term to the Board of the Sports Authority by the City in August 2003, and was jointly appointed by the City and County as Chair of the Board in August 2007, and has served as Chair of the Board since that time. Between 1968 and 1982, Mr. Friedman practiced law with the firm of Butler, Binion, Rice, Cook & Knapp. On February 1, 1982, he joined with several friends to form the firm formerly known as Mayor, Day, Caldwell & Keeton, L.L.P. Mr. Friedman was the firm's managing partner from its formation until 1992. His practice has been primarily in the corporate and tax areas, and he has represented a number of highly successful entrepreneurs.

Mr. Friedman is President of the Mickey Leland Kibbutzim Internship Foundation, serves on the Boards of Directors of the Hermann Park Conservancy, the Harris County Precinct One Street Olympics, the Texas Bowl, and the Leo Baeck Educational Center Foundation. He is also a member of the Tulane University President's Council. Mr. Friedman is a member of the American, Texas and Houston Bar Associations, and a Fellow of both the Houston Bar Foundation and the Texas Bar Foundation.

Mr. Friedman received a B.B.A. degree in 1966 and a LL.B. degree in 1967 from Tulane University. In addition, he received a LL.M. degree in Taxation from Boston University in 1968.

**Dr. Laura Murillo, Secretary.** Dr. Laura Murillo is President and CEO of the Houston Hispanic Chamber of Commerce. She also serves as the Founding President & CEO of the Chamber's Foundation, Founding Executive Producer/Host for the Chamber's Television Program on CBS KHOU and for the Chamber's Radio and TV Program on Univision. Additionally, she is the Founding Executive Producer/Host for the Chamber's Radio Program on (6) CBS Radio Stations and Telemundo Political Commentator.

She served as an Executive at Memorial Hermann-Texas Medical Center. She holds a B.A., a Masters Degree, and a Doctorate in Education from the University of Houston, where she served as an Executive. The University of Houston bestowed its highest honor, the President's Medallion, to the Chamber and Dr. Murillo. She has received many state, national and international honors including being named among the "Most Powerful & Influential Women in Texas" and the "Top Latino Leader Award" by the National Diversity Council, "Woman of the Year" by Success Magazine and the "International Leadership Award" by Texas Women's Empowerment Foundation.

Dr. Murillo serves on the Houston PNC Board of Directors, the University of Houston Board Of Advisors, the University of Texas MD Anderson Cancer Center Board of Visitors, the Houston Symphony's Hispanic Leadership Council, and the Mayor's Hispanic Advisory Board.

**Robert Woods, M.Ed., Vice Chair.** Robert Woods, M.Ed., is co-founder and Chief Executive Officer of the Center for Success and Independence (TCSI), a CARF-certified, non-profit mental health and substance abuse prevention and treatment agency serving adolescents ages 12-17 since 1999. TCSI provides long-term residential treatment and intensive outpatient services to youth who are suffering from emotional distress, behavioral health issues, substance abuse, other addictive disorders, and trauma, such as abuse, neglect, abandonment and child sex trafficking. In addition to his duties at TCSI, Mr. Woods maintains a private practice and is sought out as a trusted advisor to organizations interested in starting residential treatment facilities and as a mentor for teens.

Mr. Woods received his undergraduate degree from Grambling State University and earned his M.Ed. at Texas Southern University.

***Chad Burke, Treasurer.*** Chad Burke has served as President and CEO of the Economic Alliance Houston Port Region since 2009. The Economic Alliance is the economic development corporation for the Houston Ship Channel region, which is home to Port of Houston. Mr. Burke also serves on a variety of community boards and committees, including the Deer Park Education Foundation and the San Jacinto Museum and Battlefield Association Board. In 2019, he was recognized as one of Houston Business Journal’s Most Admired CEOs. Mr. Burke is a graduate of Texas A&M University where he earned a Bachelor of Science degree in Economics.

***Janis Burke, Chief Executive Officer.*** Janis Burke, CSEE has served as Chief Executive Officer of the Sports Authority since 2006. Ms. Burke became the third chief executive and first woman to hold the position since the inception of the Sports Authority in 1997. In addition to overseeing the bond program of the Sports Authority, under her leadership, Houston has been awarded major sporting events to include: FIFA World Cup (2026), U.S. Olympic Trials, collegiate tournaments, numerous National and World Championships, AAU Junior Olympics, and the Transplant Games of America. In addition to sitting on the Board of Directors for the Sports Events & Tourism Association, Ms. Burke has also been recognized locally by Conference USA and Rice University for her outstanding contributions and achievements as a woman in the Houston sports industry, identified by the Texas Executive Women’s Association as a “Woman on the Move,” and recently named one of “Houston’s 50 Most Influential Women” by the Houston Business Journal.

***Chris Massey, Chief Operating Officer.*** Chris Massey has a diverse range of work experience in event management and sports organizations. Mr. Massey has been with the Sports Authority since 2011 and currently serves as the Chief Operating Officer of the Sports Authority. During his time at the Sports Authority, Mr. Massey has also worked as the Director of Events, overseeing various events such as the PanAm Games, Olympic Marathon Trials, and Junior Olympic Games. Mr. Massey has also been involved with Crime Stoppers of Houston as an Executive Board Member. Additionally, he has been a Professional Speaker at Louisiana State University and a Speaker at the Texas Economic Development Council. Mr. Massey earned a Bachelor of Science degree in Sports Administration from Louisiana State University.

***Tom Waggoner, Chief Financial Officer.*** Tom Waggoner joined the staff of the Sports Authority full time in 2013 and currently services as Chief Financial Officer. Prior to joining full time, Mr. Waggoner previously worked with the Sports Authority on a part time, contractual basis for four years. He began his career in the Finance Department of Harris County and then worked as the Director of Finance for the Harris County Sports and Convention Corporation, the organization that manages the facilities at NRG Park. The Sports Authority issued bonds for the construction of Reliant Stadium, now NRG Stadium, in 2001, and Mr. Waggoner has worked with the flow of funds for those bonds since they were issued. Mr. Waggoner is a Certified Public Accountant and a member of the Texas Society of CPA’s.

***Phil Ochoa, Chief Investment Officer.*** Phil Ochoa joined the staff of the Sports Authority as the full time Director of Finance in February of 2018 and currently serves as Chief Investment Officer. Prior to joining the Sports Authority full time in 2018, Mr. Ochoa worked with the Sports Authority on a contractual basis for three years. He began his career as an auditor in the Auditor’s office of Harris County. He also spent three years working for the Harris County Purchasing department and the Harris County Budget office as an investment officer. After his years with Harris County, Mr. Ochoa entered the oil and gas corporate sector where he worked as an international accountant, Accounting Manager for the LATAM region, corporate Treasury Risk Manager, assistant Treasurer and then Corporate Treasurer.

## **Budgeting and Operations**

The Sports Authority has established its fiscal year to begin on January 1 and to end on December 31 of each calendar year. The Sports Authority’s annual operating budget will be used to fund operating and maintenance expenses of the Sports Authority to the extent funding is available from the Trust Estate. Pursuant to the terms of the Indenture, funding of the Annual Operating Budget is subordinated to the debt service on Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds. See “SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Revenues” and “Flow of Funds for Astros Payments.” The Sports Authority’s Annual Operating Budget for fiscal year 2024 is summarized below.

**Schedule 4 — Sports Authority 2024 Budget**

**2024 Adopted Budget - General Fund<sup>(1)</sup>**

**REVENUES<sup>(2)</sup>**

Vehicle Rental Tax Revenues	\$31,547,859
Hotel Occupancy Tax Revenues	39,535,647
Rent & Royalty Income (Astros, Rockets, Texans & Rodeo) <sup>(3)</sup>	21,860,000
Stadium Revenues — NFL, Governmental & Rodeo	10,315,312
Investment Income	8,261,992
Event Reimbursements	4,749,803
TxDOT Settlement <sup>(5)</sup>	121,463,624
Miscellaneous Revenues (Dynamo, Rent and Other)	452,143

**Total Revenues**

\$238,186,380

**GENERAL AND ADMINISTRATIVE EXPENSES**

Professional Fees	\$ 774,564
Personnel - Salary	2,446,714
Personnel – Benefits	677,952
Office Rent	369,804
Office Expenses	306,994
Insurance - Office/Board	154,526
Board Expense/Retreat	15,000
Community Relations	65,000
Marketing & Sports Events (travel, sales efforts, etc.)	1,220,777
Contractual Obligations and Contingency	256,982

**Total General & Administrative Expenses<sup>(4)</sup>**

\$6,288,313

**Other Obligations – Minute Maid Park (Restricted)<sup>(5)</sup>**

\$121,463,624

**Amount Available for Debt Service and Other Obligations**

\$110,434,443

- (1) The next budget for 2025 will be presented to the Sports Authority’s Board for consideration and approval in November 2024.
- (2) The only revenues shown in the foregoing schedule that are pledged as part of the Trust Estate are the receipts from the Hotel Occupancy Tax, the Vehicle Rental Tax and the Astros Payments. See “SECURITY FOR THE SERIES 2024 BONDS” and “DESCRIPTION OF PLEDGED REVENUES
- (3) Such amount includes (i) the Astros Payments (consisting of the annual payments of \$3,650,000 as rent and \$1,200,000 as Royalty Payments), and (ii) \$3,250,000 payable by the Astros for deposit into the Asset Renewal and Replacement Fund. The amount payable for deposit into the Asset Renewal and Replacement Fund is not pledged to, or otherwise available to pay debt service on, any Senior Lien, Second Lien, Junior Lien or Third Lien Bonds, including the Series 2024 Bonds. The Astros Payments are only pledged to the Trust Estate through Fiscal Year 2029. See “DESCRIPTION OF PLEDGED REVENUES — Astros Payments” and “— Agreements Relating to Minute Maid Park.”
- (4) See paragraph G. under “SECURITY FOR THE SERIES 2024 BONDS — Flow of Funds for Revenues” for funding of the Sports Authority’s Annual Budgeted General and Administrative Amount from Revenues.
- (5) Represents funds received from TxDOT in lieu of condemnation held in a segregated account for use by the Houston Astros for the design and construction of replacement parking or for other capital repairs at Minute Maid Park. See “DESCRIPTION OF PLEDGED REVENUES – Agreements Relating to Minute Maid Park – Agreement with TxDOT.” These funds are not available to pay debt service on any Senior Lien, Second Lien, Junior Lien or Third Lien Bonds, including the Series 2024 Bonds.

**LITIGATION**

There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body known to the Sports Authority to be pending or threatened against the Sports Authority wherein an unfavorable decision, ruling or finding would adversely affect (i) the title to office of any member or officer of the

Sports Authority or any power of the Sports Authority material to the authorization and issuance of the Series 2024 Bonds, or (ii) the validity of the proceedings taken for the adoption, authorization, execution, delivery and performance by the Sports Authority of, or the validity or enforceability of, the Series 2024 Bonds.

## **INVESTMENT AUTHORITY AND INVESTMENT PRACTICES OF THE SPORTS AUTHORITY**

The Sports Authority invests its investable funds in investments authorized by State law in accordance with investment policies approved by the Sports Authority. **Both State law and the Sports Authority's investment policies are subject to change.**

### **Legal Investments**

Under State law, the Sports Authority is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor, or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the Sports Authority selects from a list the governing body of the Sports Authority or designated investment committee of the Sports Authority adopts as required by Section 2256.025, Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the Sports Authority selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the Sports Authority's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the Sports Authority appoints as the Sports Authority's custodian of the banking deposits issued for the Sports Authority's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3; (9) (i) certificates of deposit or share certificates meeting the requirements of Chapter 2256, Texas Government Code (the "Public Funds Investment Act"), that are issued by an institution that has its main office or a branch office in the State and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (8) or in any other manner and provided for by law for Sports Authority deposits, or (ii) certificates of deposits where (a) the funds are invested by the Sports Authority through (A) a broker that has its main office or a branch office in the State and is selected from a list adopted by the Sports Authority as required by law, or (B) a depository institution that has its main office or branch office in the State that is selected by the Sports Authority, (b) the broker or the depository institution selected by the Sports Authority arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Sports Authority, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the Sports Authority appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d), Texas Government Code, or a clearing broker-dealer registered with the SEC and operating pursuant to SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the Sports Authority with respect to the certificates of deposit; (10) fully collateralized repurchase agreements as defined in the Public Funds Investment Act, that have a defined termination date, are secured by a combination of cash and obligations described in clauses (1) or (13) in this paragraph, require the securities being purchased by the Sports Authority or cash held by the Sports Authority to be pledged to the Sports Authority, held in the Sports Authority's name, and deposited at the time the investment is made with the Sports Authority or with a third party selected and approved by the Sports Authority, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in

the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than “A” or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Sports Authority, held in the Sports Authority’s name and deposited at the time the investment is made with the Sports Authority or a third party designated by the Sports Authority; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less; (12) certain bankers’ acceptances with stated maturity of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated not less than “A-1” or “P-1” or the equivalent by at least one nationally recognized credit rating agency; (13) commercial paper with a stated maturity of 365 days or less that is rated not less than “A-1” or “P-1” or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank; (14) no-load money market mutual funds registered with and regulated by the SEC that provide the Sports Authority with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and that comply with federal SEC Rule 2a-7 (17 C.F.R. Section 270.2a-7), promulgated under the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.); and (15) no-load mutual funds registered with the SEC that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and invest exclusively in obligations described in under this heading, or (b) a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities, other than the prohibited obligations described below, in an amount at least equal to the amount of bond proceeds invested under such contract.

The Sports Authority may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, other than the prohibited obligations described below, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the Sports Authority, held in the Sports Authority’s name and deposited at the time the investment is made with the Sports Authority or a third party designated by the Sports Authority; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less.

The Sports Authority may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than “AAA” or “AAAm” or an equivalent by at least one nationally recognized rating service. The Sports Authority may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the Sports Authority retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the Sports Authority must do so by order, ordinance, or resolution.

State law specifically prohibits the Sports Authority from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

## **Investment Policies**

Under State law, the Sports Authority is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; that include a list of authorized investments for Sports Authority



funds, the maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups; methods to monitor the market price of investments acquired with public funds; a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with State law. All Sports Authority funds must be invested consistent with a formally adopted investment strategy that specifically addresses each fund's investment. Each investment strategy will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, the Sports Authority's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the Sports Authority's investment officers must submit an investment report to the Board detailing: (1) the investment position of the Sports Authority, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, and any additions and changes to market value, the ending value of each pooled fund group and fully accrued interest for the reporting period, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategies and (b) State law. No person may invest Sports Authority funds without express written authorization from the Sports Authority.

Under State law, the Sports Authority is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers with personal business relationships or family relationships with firms seeking to sell securities to the Sports Authority to disclose the relationship and file a statement with the Texas Ethics Commission and the Sports Authority; (3) require the registered principal of firms seeking to sell securities to the Sports Authority to: (a) receive and review the Sports Authority's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) in conjunction with its annual financial audit, perform a compliance audit of the management controls on investments and adherence to the Sports Authority's investment policy; (5) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (6) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the Sports Authority's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; and (7) provide specific investment training for the investment officer.

The Sports Authority has adopted an investment policy that meets the foregoing requirements of State law. Copies of the Sports Authority's investment policy are available for examination at the offices of the Sports Authority. See "APPENDIX C — Excerpts of Certain Provisions of the Master Indenture ."

## LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Series 2024 Bonds are subject to the unqualified approval of the Attorney General of the State of Texas and the approval of certain legal matters by Co-Bond Counsel and Special Tax Counsel. Co-Bond Counsel has been engaged by the Sports Authority and only represents the Sports Authority in connection with the issuance of the Series 2024 Bonds. Co-Bond Counsel was not requested to participate and did not take part in the preparation of this Official Statement except as hereinafter noted, and such firm did not assume any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Co-Bond Counsel, such firm reviewed the information under the captions "INTRODUCTION," "PURPOSE AND PLAN OF FINANCE" (except for "—Schedule 1 – Outstanding Bonds"), "DESCRIPTION OF THE SERIES 2024 BONDS" "DESCRIPTION OF PLEDGED REVENUES — Hotel Occupancy Tax," (but excluding the third paragraph), "DESCRIPTION OF PLEDGED REVENUES — Vehicle Rental Tax," "SECURITY FOR THE SERIES 2024 BONDS" (except for "—Flow of Funds for Revenues — Diagram" and "—Flow of Funds for Astros Payments — Diagram"), "INVESTMENT CONSIDERATIONS — Limited Obligations" (but excluding the second paragraph of such caption), "INVESTMENT CONSIDERATIONS — Limitation and Enforceability of Remedies; Bankruptcy" (but excluding the fourth and fifth paragraphs of such caption), "LEGAL MATTERS" (as it relates to the opinion of Co-Bond Counsel and their review of this Official Statement), and "CONTINUING DISCLOSURE OF INFORMATION," and in Appendices A, C, D

and E to this Official Statement, solely to confirm that the information relating to the Series 2024 Bonds, the Indenture or the Escrow Agreements and the description of matters of law contained under such captions and Appendices are an accurate and fair description of the Series 2024 Bonds, the Indenture or the Escrow Agreements and the matters of law addressed therein and, with respect to the Series 2024 Bonds, such information conforms to the Indenture. Special Tax Counsel was not requested to participate and did not take part in the preparation of this Official Statement except as hereinafter noted, and such firm did not assume any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Special Tax Counsel, such firm reviewed the information under the caption “TAX MATTERS” and in APPENDIX G to this Official Statement solely to confirm that the information relating to the Series 2024 Bonds, the Indenture or the Escrow Agreements and the description of matters of law contained under such caption and in such APPENDIX G are an accurate and fair description of the Series 2024 Bonds, the Indenture or the Escrow Agreements and the matters of law addressed therein. A portion of legal fees to be paid to Co-Bond Counsel and Special Tax Counsel in connection with the issuance of the Series 2024 Bonds is contingent on the sale and delivery of the Series 2024 Bonds. Certain legal matters will be passed upon for the Underwriters by their co-counsel, Bracewell LLP, of Houston, Texas and Bratton & Associates, PLLC, Houston, Texas, whose legal fees are contingent on the sale and delivery of the Series 2024 Bonds. Certain legal matters will be passed upon for the Sports Authority by its general counsel, Hunton Andrews Kurth LLP, Houston, Texas. Certain other legal matters will be passed upon for the Sports Authority by Greenberg Traurig LLP, Houston, Texas, and Cantu Harden & Montoya LLP, Houston, Texas, Co-Special Disclosure Counsel.

The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering legal opinions, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of opinions guarantee the outcome of any legal dispute that may arise out of the transaction.

Hunton Andrews Kurth LLP, Bracewell LLP, Orrick, Herrington & Sutcliffe LLP, Greenberg Traurig LLP, West & Associates, L.L.P., Bratton & Associates, PLLC, and Cantu Harden & Montoya LLP represent the Underwriters from time to time on matters unrelated to the Series 2024 Bonds. Bracewell LLP also has represented the Rodeo on matters relating to NRG Stadium and certain agreements between the Rodeo and the Sports Authority.

## **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel (“Special Tax Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”). Special Tax Counsel is of the further opinion that interest on the Series 2024 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Special Tax Counsel observes that interest on the Series 2024 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2024 Bonds. A complete copy of the proposed form of opinion of Special Tax Counsel is set forth in APPENDIX G hereto.

To the extent the issue price of any maturity of the Series 2024 Bonds is less than the amount to be paid at maturity of such Series 2024 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2024 Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series 2024 Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Series 2024 Bonds is the first price at which a substantial amount of such maturity of the Series 2024 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2024 Bonds accrues daily over the term to maturity of such Series 2024 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2024 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2024 Bonds. Beneficial Owners of the Series 2024 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2024 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series

2024 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2024 Bonds is sold to the public.

Series 2024 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series 2024 Bonds. The Sports Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2024 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2024 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2024 Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Tax Counsel’s attention after the date of issuance of the Series 2024 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2024 Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Series 2024 Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series 2024 Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series 2024 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series 2024 Bonds. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Tax Counsel expresses no opinion.

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax Counsel’s judgment as to the proper treatment of the Series 2024 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of the Sports Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Sports Authority has covenanted, however, to comply with the requirements of the Code.

Special Tax Counsel’s engagement with respect to the Series 2024 Bonds ends with the issuance of the Series 2024 Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend the Sports Authority or the Beneficial Owners regarding the tax-exempt status of the Series 2024 Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Sports Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues

may affect the market price for, or the marketability of, the Series 2024 Bonds, and may cause the Sports Authority or the Beneficial Owners to incur significant expense.

Payments on the Series 2024 Bonds generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2024 Bonds may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Series 2024 Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2024 Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

### **RATINGS**

The Series 2024 Bonds have received underlying ratings of “\_\_\_” from Standard & Poor’s Global Ratings, a Standard & Poor’s Financial Services LLC business (“S&P”), and “\_\_\_” from Moody’s Investors Service, Inc. (“Moody’s”). Additionally, the Series 2024 Bonds are expected to receive insured ratings of “AA” and “A2” from S&P and Moody’s, respectively, with the understanding that upon delivery of the Series 2024 Bonds, separate bond insurance policies guaranteeing the scheduled payment of principal and interest on the Series 2024 Bonds when due will be issued by the 2024 Insurer.

These ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained only from the rating agency furnishing such rating. There is no assurance that such ratings will be maintained for any given period of time or that such ratings will not be revised downward, suspended or withdrawn entirely by such rating agencies, if in their sole judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price of the Series 2024 Bonds. The Sports Authority has no obligation to maintain the ratings or to oppose any revisions or withdrawals. See “INVESTMENT CONSIDERATIONS — Bond Insurance” and “— Ratings.” See also, “BOND INSURANCE” for information regarding the bond insurance policies described above.

### **FINANCIAL ADVISOR**

The Sports Authority has retained Masterson Advisors LLC, Houston, Texas, to serve as its financial advisor in connection with the issuance of the Series 2024 Bonds (the “Financial Advisor”). The Financial Advisor has not independently verified any of the information contained in this Official Statement and makes no guarantee as to its completeness or accuracy. A substantial portion of the Financial Advisor’s fees for services rendered with respect to the sale of the Series 2024 Bonds is contingent upon the issuance and delivery of the Series 2024 Bonds. The Sports Authority may engage the Financial Advisor to perform other services. Masterson Advisors LLC serves as Computation Agent under the Indenture.

### **CONTINUING DISCLOSURE**

In the Thirty-Second Supplemental Indenture and the Thirty-Third Supplemental Indenture, the Sports Authority has made the following agreement for the benefit of the holders and beneficial owners of the respective series of the Series 2024 Bonds. The Sports Authority is required to observe the agreement for so long as it remains obligated to advance funds to pay the respective series of the Series 2024 Bonds. Under the agreement, the Sports Authority will be obligated to provide certain updated financial information and operating data annually, and notice of specified events, to the Municipal Securities Rulemaking Board (“MSRB”). This information will be available to the public at no charge using the MSRB’s Electronic Municipal Market Access (“EMMA”) system via the MSRB’s internet website, [www.emma.msrb.org](http://www.emma.msrb.org).

## Annual Reports

The Sports Authority will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the Sports Authority of the general type included in this Official Statement, as follows: (1) “DESCRIPTION OF PLEDGED REVENUES — Schedule 2 — Historical Revenues,” (2) “DESCRIPTION OF PLEDGED REVENUES — Schedule 3 — Top Ten HOT Taxpayers for Fiscal Year 2023,” (3) “PRO FORMA SPORTS AUTHORITY DEBT SERVICE SCHEDULE,” (4) “MANAGEMENT AND ORGANIZATION OF SPORTS AUTHORITY — Schedule 4 — Sports Authority 2024 Budget,” and (5) in APPENDIX B. The Sports Authority will update and provide this information to the MSRB within six months after the end of each fiscal year.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available from the MSRB or filed with the SEC, or may be provided in any other manner consistent with Securities and Exchange Commission Rule 15c2-12 (the “Rule”). Any financial statements so to be provided shall be (1) prepared in accordance with generally accepted accounting principles currently in effect for governmental units as prescribed by the Government Accounting Standards Board, which principles are subject to change from time to time to comply with state law or regulation, and (2) audited. If audited financial statements for the Sports Authority are not available within such period, then the Sports Authority will provide unaudited financial statements for the applicable fiscal year to the MSRB, and audited financial statements, when and if audited financial statements become available.”

The Sports Authority’s current fiscal year end is December 31. Accordingly, it must provide updated information by June 30 in each year, unless the Sports Authority changes its fiscal year. If the Sports Authority changes its fiscal year, it will notify the MSRB of the change.

## Event Notices

The Sports Authority will notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Series 2024 Bonds:

1. principal and interest payment delinquencies;
2. non-payment related defaults, if material;
3. unscheduled draws on debt service reserves reflecting financial difficulties;
4. unscheduled draws on credit enhancements reflecting financial difficulties;
5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2024 Bonds or other material events affecting the tax status of the Series 2024 Bonds;
7. modifications to rights of the holders of the Series 2024 Bonds, if material;
8. bond calls, if material, and tender offers;
9. defeasances;
10. release, substitution, or sale of property securing repayment of the Series 2024 Bonds, if material;
11. rating changes;
12. bankruptcy, insolvency, receivership or similar event of the Sports Authority;

13. the consummation of a merger, consolidation, or acquisition involving the Sports Authority or the sale of all or substantially all of the assets of the Sports Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of successor or additional Trustee or the change of name of a Trustee, if material;

15. incurrence of a Financial Obligation of the Sports Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Sports Authority, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Sports Authority, any of which reflect financial difficulties.

For these purposes, (1) any event identified in paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Sports Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Sports Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Sports Authority, and (2) the Sports Authority intends the words used in clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018.

In addition, the Sports Authority will provide timely notice to the MSRB of any failure by the Sports Authority to provide information, data, or financial statements in accordance with its agreement described above under “CONTINUING DISCLOSURE OF INFORMATION — Annual Reports.” All documents provided to the MSRB will be in an electronic format as required by the MSRB or the SEC, and will be accompanied by identifying information as required by the MSRB or the SEC.

### **Limitations and Amendments**

The Sports Authority has agreed to update information and to provide notices of specified events only as described above. The Sports Authority has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results, condition or prospects or agreed to update any information that is provided, except as described above. The Sports Authority makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Series 2024 Bonds at any future date. The Sports Authority disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement, although holders of Series 2024 Bonds may seek a writ of mandamus to compel the Sports Authority to comply with its agreement.

The Sports Authority may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status or type of operations or businesses of the Sports Authority, if the agreement, as amended, would have permitted an underwriter to purchase or sell Series 2024 Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either (i) the Owners of a majority in aggregate principal amount of the outstanding Series 2024 Bonds consent, or (ii) a person that is unaffiliated with the Sports Authority (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Owners and beneficial owners of the Series 2024 Bonds consent to such amendment. The Sports Authority may also repeal or amend the provisions of its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Sports Authority also may amend the provisions of its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Series 2024 Bonds in the primary offering thereof. If the Sports Authority so amends its continuing disclosure agreement, the Sports Authority will include with any amended financial information or operating data next provided in accordance with its agreement described above in “Annual Reports” an explanation,

in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

## UNDERWRITING

Wells Fargo Bank, National Association, as representative of the Underwriters of the Series 2024 Bonds, has agreed to purchase (i) the Series 2024A Bonds from the Sports Authority at a purchase price of \$\_\_\_\_\_ (which represents the par amount of the Series 2024A Bonds plus a net original issue premium of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_), and (ii) the Series 2024B Bonds from the Sports Authority at a purchase price of \$\_\_\_\_\_ (which represents the par amount of the Series 2024B Bonds plus a net original issue premium of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_). The Underwriters will be obligated to purchase all of the Series 2024A Bonds and Series 2024B Bonds, as applicable, if any of such respective obligations are purchased.

Wells Fargo Bank, National Association, is also acting as the Dealer Manager in connection with the Sports Authority's Tender Offer as described in "PURPOSE AND PLAN OF FINANCE – Tender and Purpose – *Tender Offer*." Pursuant to the Invitation, Wells Fargo Bank, National Association, is acting as the Dealer Manager, and not as an Underwriter of the Series 2024 Bonds. The Dealer Manager will be paid a fee for its services and will be reimbursed for any expenses it incurs as the Dealer Manager.

The obligation of the Underwriters to purchase any series of the Series 2024 Bonds from the Sports Authority is subject to certain customary conditions to delivery, including the sale and purchase of the other series of the Series 2024 Bonds to and by the Underwriters. The Series 2024 Bonds may be offered and sold to certain dealers and others at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters. The Underwriters may, from time to time, perform additional services to the Sports Authority for additional compensation.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), the representative of the Underwriters of the Series 2024 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Series 2024 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Morgan Stanley & Co. LLC, one of the Underwriters of the Series 2024 Bonds, has entered into a retail distribution arrangement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute securities to retail investors through the financial network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its underwriting efforts with respect to the Series 2024 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2024 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Sports Authority for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Sports Authority. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

#### **VERIFICATION OF MATHEMATICAL ACCURACY**

Samuel Klein and Company, independent certified public accountants, in conjunction with Public Finance Partners LLC, (together, the “Verification Agent”) will deliver to the Sports Authority, on or before the settlement date of the Series 2024 Bonds, its verification report indicating that it has verified (a) the mathematical accuracy of the purchase price of the Purchased Bonds, to the extent applicable, (b) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Governmental Obligations, if any, to pay, when due, the maturing principal of, and interest on, of the Refunded Obligations and (c) the mathematical computations of yield used by Special Tax Counsel to support its opinion that interest on the Series 2024 Bonds will be excluded from gross income for federal income tax purposes.

Samuel Klein and Company, CPA’s and Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided by, and on all decisions and approvals of, the Sports Authority. In addition, Samuel Klein and Company, CPA’s and Public Finance Partners LLC have relied on any information provided by the Sports Authority’s retained advisors, consultants or legal counsel.

#### **MISCELLANEOUS**

General descriptions of certain provisions of the Series 2024 Bonds, the Indenture, and other related documents are included in this Official Statement. Such summaries, descriptions and information do not purport to be comprehensive or definitive. All references herein to such documents are qualified in their entirety by reference to such document, copies of which are available from the Sports Authority upon request and payment of reproduction costs.

#### **HARRIS COUNTY-HOUSTON SPORTS AUTHORITY**



**SCHEDULE I**

**Purchased Bonds\***

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2001A**

<u>CUSIP No. (Prefix: 413893)<sup>(1)</sup></u>	<u>Maturity Date (November 15)<sup>(2)</sup></u>	<u>Initial Yield to Maturity (%)</u>	<u>Outstanding Value at Maturity (\$)</u>	<u>Indicative Offer Purchase Price (%)<sup>(3)</sup></u>
CK2	2034 <sup>(4)</sup>	6.220	155,545,000	65.548
CL0	2038 <sup>(5)</sup>	6.240	161,245,000	50.794
CM8	2040 <sup>(6)</sup>	6.250	76,040,000	44.405

- <sup>(1)</sup> CUSIP is a registered trademark of the American Banker Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and none of the Sports Authority, the Dealer Manager, the Information Agent and Tender Agent or their respective agents or counsel are responsible for the accuracy of the CUSIP numbers printed herein.
- <sup>(2)</sup> Such Target Bonds are subject to redemption at the option of the Sports Authority on or after November 15, 2030, at a redemption price equal to the "Accreted Value" (as defined in the documents governing such Target Bonds).
- <sup>(3)</sup> The Indicative Offer Purchase Prices shown herein are preliminary and subject to change. Actual Offer Purchase Prices for each maturity and corresponding CUSIP will appear in the Pricing Notice. All Target Bonds are capital appreciation bonds and, accordingly, no additional interest of any kind will be paid in respect of any Target Bonds purchased. All capitalized terms used as defined herein.
- <sup>(3)</sup> Term bond subject to sinking fund redemption payments on November 15 in the years 2031, 2032, 2033 and 2034.
- <sup>(4)</sup> Term bond subject to sinking fund redemption payments on November 15 in the years 2035, 2036, 2037 and 2038.
- <sup>(5)</sup> Term bond subject to sinking fund redemption payments on November 15 in the years 2039 and 2040.

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\* Preliminary, subject to change.

**Purchased Bonds\***

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
SENIOR LIEN REVENUE BONDS, SERIES 2001G**

CUSIP No. (Prefix: 413890) <sup>(1)</sup>	Maturity Date (November 15) <sup>(2)</sup>	Initial Yield to Maturity (%)	Outstanding Value at Maturity (\$)	Indicative Offer Purchase Price (%) <sup>(3)</sup>
AR5	2032	6.230	20,000	74.249
AS3	2033	6.240	30,000	69.703
AT1	2034	6.240	40,000	65.395
AU8	2035	6.250	45,000	61.364
AV6	2036	6.250	60,000	57.573
AW4	2037	6.260	75,000	54.004
AX2	2038	6.270	95,000	50.611
AY0	2039	6.280	115,000	47.447
AZ7	2040	6.290	145,000	44.456
BA1	2041	6.300	25,440,000	42.324

- (1) CUSIP is a registered trademark of the American Banker Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and none of the Sports Authority, the Dealer Manager, the Information Agent and Tender Agent or their respective agents or counsel are responsible for the accuracy of the CUSIP numbers printed herein.
- (2) Such Target Bonds are subject to redemption at the option of the Sports Authority on or after November 15, 2031, at a redemption price equal to the "Accreted Value" (as defined in the documents governing such Target Bonds).
- (3) The Indicative Offer Purchase Prices shown herein are preliminary and subject to change. Actual Offer Purchase Prices for each maturity and corresponding CUSIP will appear in the Pricing Notice. All Target Bonds are capital appreciation bonds and, accordingly, no additional interest of any kind will be paid in respect of any Target Bonds purchased. All capitalized terms used as defined herein.

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\* Preliminary, subject to change.

**Purchased Bonds\***

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
JUNIOR LIEN REVENUE BONDS, SERIES 2001H**

CUSIP No. (Prefix: 413890) <sup>(1)</sup>	Maturity Date (November 15) <sup>(2)</sup>	Initial Yield to Maturity (%)	Outstanding Value at Maturity (\$)	Indicative Offer Purchase Price (%) <sup>(3)</sup>
BP8	2032	6.230	11,090,000	73.416
BQ6	2033	6.240	5,175,000	69.270
BR4	2034	6.240	7,210,000	65.000
BS2	2035	6.250	9,500,000	61.011
BT0	2036	6.250	11,540,000	57.260
BU7	2037	6.260	14,100,000	53.728
BV5	2038	6.270	16,420,000	50.368
BW3	2039	6.280	18,950,000	47.233
BX1	2040	6.290	21,295,000	44.261
BY9	2041	6.300	50,790,000	41.569

<sup>(1)</sup> CUSIP is a registered trademark of the American Banker Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and none of the Sports Authority, the Dealer Manager, the Information Agent and Tender Agent or their respective agents or counsel are responsible for the accuracy of the CUSIP numbers printed herein.

<sup>(2)</sup> Such Target Bonds are subject to redemption at the option of the Sports Authority on or after November 15, 2031, at a redemption price equal to the "Accreted Value" (as defined in the documents governing such Target Bonds).

<sup>(3)</sup> The Indicative Offer Purchase Prices shown herein are preliminary and subject to change. Actual Offer Purchase Prices for each maturity and corresponding CUSIP will appear in the Pricing Notice. All Target Bonds are capital appreciation bonds and, accordingly, no additional interest of any kind will be paid in respect of any Target Bonds purchased. All capitalized terms used as defined herein.

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**SCHEDULE II**

**Refunded Obligations\***

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
THIRD LIEN REVENUE REFUNDING BONDS, SERIES 2004A-3**

CUSIP No. (Prefix: 413890) <sup>(1)</sup>	Maturity Date (November 15)	Initial Yield to Maturity (%)	Outstanding Value at Maturity (\$)
CC6	2031	5.910	10,465,000
CD4	2032	5.920	14,590,000
CE2	2033	5.930	22,795,000
FG4	2034	5.940	21,010,000
CG7	2035	5.950	24,525,000
FH2	2036	5.960	23,075,000
FJ8	2037	5.970	20,120,000
FK5	2038	5.980	17,390,000
FL3	2039	5.990	14,475,000

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
SENIOR LIEN REVENUE REFUNDING BONDS, SERIES 2014A**

CUSIP No. (Prefix: 413890) <sup>(1)</sup>	Maturity Date (November 15)	Coupon (%)	Par Amount Refunded (\$)
CZ5	2025	5.000	27,385,000
DA9	2026	5.000	28,755,000
DB7	2027	5.000	30,195,000
DC5	2028	5.000	31,705,000
DD3	2029	5.000	33,290,000
DE1	2030	5.000	34,955,000
DF8	2031	5.000	1,810,000
DG6	2032	5.000	1,535,000
DH4	2033	5.000	1,245,000
DJ0	2034	5.000	945,000
DK7	2053 <sup>(2)</sup>	5.000	25,000,000

\* Preliminary, subject to change.

**Refunded Obligations\***

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
SECOND LIEN REVENUE REFUNDING BONDS, SERIES 2014C**

CUSIP No. (Prefix: 413890) <sup>(1)</sup>	Maturity Date (November 15)	Coupon (%)	Par Amount Refunded (\$)
EK6	2025	5.000	3,760,000
EA8	2026	5.000	3,945,000
EB6	2027	5.000	4,140,000
EC4	2028	5.000	4,345,000
ED2	2029	5.000	4,565,000
EE0	2030	5.000	4,790,000
EF7	2031	5.000	5,035,000
EG5	2032	5.000	5,285,000
EH3	2033	5.000	5,550,000
EJ9	2034	5.000	5,830,000

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- (1) CUSIP is a registered trademark of the American Banker Association. CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers are being provided solely for the convenience of the owners of the Target Bonds and none of the Sports Authority, the Dealer Manager, the Information Agent and Tender Agent or their respective agents or counsel are responsible for the accuracy of the CUSIP numbers printed herein.
- (2) Term bond subject to sinking fund redemption payments on November 15 in the years 2052 and 2053.

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\* Preliminary, subject to change.

## APPENDIX A

### DEFINITIONS

*Set forth below are the definitions of certain terms used in this Official Statement. For definitions of certain other terms used in this Official Statement (including this APPENDIX A) and the Indenture, see APPENDIX C and APPENDIX D hereto. In addition, certain terms not defined in this APPENDIX A or in APPENDIX C or APPENDIX D hereto have the meanings assigned to such terms in the forepart of this Official Statement.*

“2024 Insurer” means AG. See “BOND INSURANCE” in the forepart of this Official Statement.

“Additional Junior Lien Bonds” means Additional Bonds issued as Junior Lien Bonds pursuant to the terms of the Indenture.

“Additional Second Lien Bonds” means Additional Bonds issued as Second Lien Bonds pursuant to the terms of the Indenture.

“Additional Senior Lien Bonds” means Additional Bonds issued as Senior Lien Bonds pursuant to the terms of the Indenture.

“Additional Third Lien Bonds” means Additional Bonds issued as Third Lien Bonds pursuant to the terms of the Indenture.

“AG” means Assured Guaranty Inc., and its successors or assigns.

“Astros” means Houston Astros, LLC, a Texas limited liability company.

“Board” means the board of directors of the Sports Authority.

“Bond Insurance Policy (Series 2024A)” means the municipal bond insurance policy issued by AG insuring the payment when due of the principal of and interest on the Insured Series 2024A Bonds as provided therein.

“Bond Insurance Policy (Series 2024B)” means the municipal bond insurance policy issued by AG insuring the payment when due of the principal of and interest on the Insured Series 2024B Bonds as provided therein.

“Bondowner,” for the purposes of the Thirty-Second Supplemental Indenture and Thirty-Third Supplemental Indenture only, means the person in whose name a Series 2024 Bond is registered in the Bond Register, and for purposes of the Original Indenture means a person in whose name a Bond is registered in the Bond Register.

“Bonds” means, when used as a capitalized term in this Official Statement and without a specific reference to a series or lien level, unless the context otherwise requires and for purposes of the Original Indenture (and as defined in APPENDIX C), means bonds to be issued by the Sports Authority pursuant to the Original Indenture, and may include notes, commercial paper, or other obligations, and shall include Senior Lien Bonds, Second Lien Bonds and Junior Lien Bonds, but in no event shall such term include Third Lien Bonds.

“Corresponding Agreements,” for the purposes of the Thirty-Second Supplemental Indenture and Thirty-Third Supplemental Indenture only, means the Bond Insurance Policy (Series 2024A), the Debt Service Reserve Account Policy (Series 2024A), , the Thirty-Second Supplemental Indenture, Bond Insurance Policy (Series 2024B), the Debt Service Reserve Account Policy (Series 2024B), the Thirty-Third Supplemental Indenture and the Original Indenture.

“Credit Agreement” means any reimbursement agreement, revolving credit agreement or similar instrument between the Sports Authority (and if so drafted, the Trustee) and a Credit Provider with respect to a Credit Facility.

“Credit Facility” means a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider with respect to all or a specific portion of one or more series of Bonds to satisfy in whole or in part the Sports Authority’s obligation to maintain a Reserve Requirement with respect thereto or to secure (a) the payment of debt service on Bonds of a specified series, or a specific portion thereof, (b) the payment of the purchase price (including accrued interest to the date of purchase) of Bonds of a specified series, or a specific portion thereof, on the applicable purchase dates or tender dates, or (c) both the payment of debt service on a specified series of Bonds, or a specific portion thereof, and the payment of the purchase price of Bonds of a specified series, or a specific portion thereof, but only if (1), if the Credit Facility is a Debt Service Reserve Account Credit Facility with respect to one or more series of Bonds, the debt obligations of the Credit Provider providing the Debt Service Reserve Account Credit Facility are, if such Credit Facility is issued at the time of issuance of the series of Bonds, rated in one of the three highest Rating Categories by S&P and Moody’s, and by Fitch, but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Bonds secured by such Credit Facility, and if such Credit Facility is issued subsequent to such series of Bonds, such debt obligations are rated by such Rating Agencies in the same or a higher rating category as the highest rated of such series of Bonds, and (2) in every other case the debt obligations of the Credit Provider are rated in one of the three highest Rating Categories by S&P and Moody’s, and by Fitch, but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Bonds secured by such Credit Facility.

“Credit Provider” means the bank, insurance company, financial institution or other entity providing a Credit Facility or Liquidity Facility pursuant to a Credit Agreement.

“Debt Service Reserve Account Credit Facility” means a Credit Facility provided to satisfy all or any portion of a Debt Service Reserve Requirement and includes the Debt Service Reserve Policy (Series 2024A) issued by AG in a principal amount equal to the Reserve Requirement for the Series 2024A Bonds and the Debt Service Reserve Account Policy (Series 2024B) issued by AG in a principal amount equal to the Reserve Requirement for the Series 2024B Bonds.

“Debt Service Reserve Account Policy Credit Provider” means, with respect to the Series 2024A Bonds and Series 2024B Bonds, AG or any successor thereto, in its capacity as issuer of the Debt Service Reserve Account Credit Facility for the Series 2024A Bond and Series 2024B Bonds, respectively.

“DTC” means Depository Trust Company, New York, New York, as Depository for the Bonds, and its successors and assigns.

“EMMA” means the Electronic Municipal Market Access website.

“Governmental Obligations” means direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to full and timely payment by, the United States of America, to the payment of which the full faith and credit of the United States of America is irrevocably and unconditionally pledged.

“Indenture” means the Original Indenture, as amended and supplemented by supplemental indentures, including the Thirty-Second Supplemental Indenture and the Thirty-Third Supplemental Indenture, and as further supplemented and amended from time to time.

“Insured Series 2024A Bonds” means the Series 2024A Bonds.

“Insured Series 2024B Bonds” means the Series 2024B Bonds.

“Interest Payment Dates” means May 15 and November 15 of each year commencing May 15, 2025.

“Mandatory Sinking Fund Payment Dates”, for the purpose of the Series 2024 Bonds, means the dates specified as such in the forepart of this Official Statement. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption.”



“Mandatory Sinking Fund Payments” means the payments which are required to be made under the applicable Supplemental Indenture to redeem the Series 2024 Bonds in accordance with the Mandatory Sinking Fund Requirements after appropriate credits, if any, have been made. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption.”

“Mandatory Sinking Fund Requirements” means the mandatory sinking fund schedules for each series of the Series 2024 set forth in the forepart of this Official Statement. See “DESCRIPTION OF THE SERIES 2024 BONDS – Redemption.”

“MSRB” means the Municipal Securities Rulemaking Board. Information to be filed with the MSRB pursuant to the Rule will be submitted through EMMA maintained by the MSRB and accessible at <http://www.emma.msrb.org> or other such other access location as designated by the SEC or the MSRB.

“NRG Stadium Bonds” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (NRG Stadium Project) Series 2014.

“NRG Stadium Indenture” means the Indenture of Trust, dated as of December 1, 2014, between the Sports Authority and Amegy Bank National Association relating to the NRG Stadium Bonds.

“Original Indenture” means the Indenture of Trust dated as of August 15, 1998, as amended and restated on May 1, 2001, November 1, 2003, June 1, 2004, and December 1, 2014, between the Sports Authority and the Trustee.

“Owner” means the person in whose name a Bond is registered.

“Participants” mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds a series of Series 2024 Bonds as Depository.

“Rebate Account” means the account of that name established by the Original Indenture and the applicable Supplemental Indenture.

“Refunded Obligations” means bonds or other obligations of the Sports Authority shown on SCHEDULE II to this Official Statement.

“Regular Record Date” means with respect to any Interest Payment Date on a series of Bonds, the day specified as the Regular Record Date for such series in the Supplemental Indenture relating thereto, and with respect to the Series 2024A Bonds and Series 2024B Bonds, the last day of the month (whether or not a Business Day) preceding the month in which such Interest Payment Date occurs.

“Reserve Requirement”, for any series of Bonds shall be established in the Supplemental Indenture providing for the issuance of the Bonds of such series. The Reserve Requirement may be satisfied by cash, Permitted Investments or a Debt Service Reserve Account Credit Facility, or any combination thereof. See “SECURITY FOR THE SERIES 2024 BONDS – Debt Service Reserve Requirements” in the forepart of this Official Statement.

“Rockets Stadium Bonds” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (Toyota Center Project) Series 2014.

“Rockets Stadium Indenture” means the Indenture of Trust, dated as of December 1, 2014, between the Sports Authority and The Bank of New York Mellon Trust Company, N.A. relating to the Rocket Stadium Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

“Series 1998A Bonds” means the Sports Authority's Senior Lien Special Revenue Bonds, Series 1998A.

“Series 1998B Bonds” means the Sports Authority’s Junior Lien Special Revenue Bonds, Series 1998B.

“Series 1998C Bonds” means the Sports Authority’s Junior Lien Special Revenue Bonds, Series 1998C.

“Series 1998 Ballpark Bonds” means, collectively, the Series 1998A Bonds, the Series 1998B Bonds, and the Series 1998C Bonds.

“Series 2001A Bonds” means the Sports Authority’s Senior Lien Revenue Refunding Bonds, Series 2001A.

“Series 2001B Bonds” means the Sports Authority’s Junior Lien Revenue Refunding Bonds, Series 2001B.

“Series 2001C Bonds” means the Sports Authority’s Junior Lien Special Revenue Bonds, Series 2001C (Rodeo Project), which are no longer Outstanding.

“Series 2001C-2 Note” means the Sports Authority’s Subordinate Lien Note, Series 2001C-2.

“Series 2001D Bonds” means the Sports Authority’s Taxable Junior Lien Special Revenue Bonds, Series 2001D, which are no longer Outstanding.

“Series 2001E Bonds” means the Sports Authority’s Taxable Junior Lien Special Revenue Bonds, Series 2001E (NFL Club Project), which are no longer Outstanding.

“Series 2001G Bonds” means the Sports Authority’s Senior Lien Revenue Bonds, Series 2001G.

“Series 2001H Bonds” means the Sports Authority’s Junior Lien Revenue Bonds, Series 2001H.

“Series 2001I Bonds” means the Sports Authority’s Taxable Senior Lien Revenue Bonds, Series 2001I.

“Series 2001 Arena Bonds” means, collectively, the Series 2001G Bonds, the Series 2001H Bonds, and the Series 2001I Bonds.

“Series 2001 Stadium Bonds” means, collectively, the Series 2001A Bonds, the Series 2001B Bonds, the Series 2001C Bonds, the Series 2001D Bonds and the Series 2001E Bonds.

“Series 2004A-3 Bonds” means the Sports Authority’s Third Lien Revenue Bonds, Series 2004A.

“Series 2014A Bonds” means the Sports Authority’s Series 2014A Senior Lien Revenue Refunding Bonds.

“Series 2014C Bonds” means the Sports Authority’s Series 2014C Second Lien Revenue Refunding Bonds.

“Series 2020 Bonds” means collectively the Series 2020A Bonds, Series 2020B Bonds, Series 2020C Bonds.

“Series 2020A Bonds” means the Sports Authority’s Series 2020A Senior Lien Revenue Refunding Bonds.

“Series 2020B Bonds” means the Sports Authority’s Series 2020B Senior Lien Revenue Refunding Bonds.

“Series 2020C Bonds” means the Sports Authority’s Series 2020C Senior Lien Revenue Refunding Bonds.

“Series 2024A Bonds” means all Bonds authorized to be issued under the Thirty-Second Supplemental Indenture maturing on the dates and issued in the aggregate original principal amounts shown on the inside cover of this Official Statement.

“Series 2024B Bonds” means all Bonds authorized to be issued under the Thirty-Third Supplemental Indenture maturing on the dates and issued in the aggregate original principal amounts specified in the inside cover of this Official Statement.

“Target Bonds” has the meaning given to such term in the forepart of this Official Statement in the section captioned “PURPOSE AND PLAN OF FINANCE – Tender and Purpose” and includes the Target Bonds subject to Tender Offer shown in SCHEDULE I to this Official Statement.

“Tender Agent” means Globic Advisors, as tender agent under the Tender Offer.

“Tender Offer” means the invitation to tender made by the Sports Authority relating to certain of the Target Bonds.

“Thirty-Second Supplemental Indenture” means the Thirty-Second Supplemental Indenture of Trust dated as of November 1, 2024, between the Sports Authority and the Trustee authorizing the issuance of the Series 2024A Bonds, as such Thirty-Second Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“Thirty-Third Supplemental Indenture” means the Thirty-Third Supplemental Indenture of Trust dated as of November 1, 2024, between the Sports Authority and the Trustee authorizing the issuance of the Series 2024B Bonds, as such Thirty-Third Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

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**APPENDIX B**

**AUDITED FINANCIAL STATEMENTS**

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**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY**

**FINANCIAL STATEMENTS**

December 31, 2023

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY

FINANCIAL STATEMENTS  
December 31, 2023

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## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the  
Harris County-Houston Sports Authority:

***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Harris County-Houston Sports Authority (the "Authority"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Authority as of December 31, 2023, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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(Continued)

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Crowe LLP*

Crowe LLP

Houston, Texas  
June 28, 2024

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

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This section of the Harris County-Houston Sports Authority (the "Authority") financial statements presents management's discussion and analysis (MD&A) of the financial activity of the Authority during the fiscal year ended December 31, 2023. Please read it in conjunction with the Authority's basic financial statements following this section.

### **THE AUTHORITY'S BUSINESS**

The Authority is a sports and community venue district engaged in the business of planning, acquiring, establishing, developing, marketing, constructing or renovating one or more venue projects. The Authority has issued bonds and other subordinate debt, and contributed other available revenues, to finance the construction of sports venues, including Minute Maid Park, NRG Stadium and Toyota Center and the related parking garage. The Authority owns Minute Maid Park, BBVA Compass Stadium and Toyota Center and leases the venues to the Houston Astros, the Houston Dynamo and Rocket Ball, Ltd., respectively. The Authority does not own NRG Stadium but financed the construction of NRG Stadium and retains the debt on their financial statements, but not the asset. Harris County (the "County") owns NRG Stadium and leases it to the Houston Texans and the Houston Livestock Show and Rodeo. Lease payments related to the use of NRG Stadium are assigned to the Authority to be used for the payment of debt related to the construction of NRG Stadium. General tax revenues are pledged to the payment of debt issued for the financing of Minute Maid Park, Toyota Center and NRG Stadium.

The financial reporting entity includes all funds of the primary government. The Sports Authority Foundation (the "Foundation") was reported in the Authority's financial statements as a blended component unit in fiscal year 2022. The Sports Authority Foundation was formed in July 2017 as a nonprofit corporation and is overseen by a 7-member board. As of January 1, 2023, the make of the board of directors changed such that 2 members are also members of the Authority's board and the remaining 5 members were initially a group of volunteers. Subsequent vacancies will be fulfilled by a majority vote of the board. This change, along with changes to the operating structure of the Foundation, caused a change in reporting for the foundation this year. The Foundation is now a separate reporting entity, and therefore a change in reporting entity has been implemented in fiscal year 2023.

### **FINANCIAL HIGHLIGHTS**

#### ***Government-Wide***

- The total government-wide liabilities and deferred inflows of resources of the Authority exceeded the assets and deferred outflows of resources at December 31, 2023 by \$473,666,780. Of this amount, \$628,594,739 is unrestricted deficit net position, \$209,108,133 is restricted and \$54,180,174 is the deficit net investment in capital assets. A portion of the Authority's net position reflects the financing of NRG Stadium, of which the asset is reported by the County as the owner but the associated debt is reported by the Authority which results in a substantial liability not offset by the related asset.

#### ***Fund Level***

- As of December 31, 2023, the Authority's governmental funds reported fund balance of \$243,433,044.
- The Authority previously issued debt to finance capital improvements. Note 7 of the basic financial statements provides details relating to the long-term debt.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the basic financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

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**Government-Wide Financial Statements** — are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. The statement of net position presents information on all Authority assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. However, other nonfinancial factors should also be considered to assess the overall health of the Authority.

The statement of activities presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Typically, both of these government-wide financial statements would distinguish functions of the reporting entity principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The Authority, however, has and reports only governmental activities.

**Fund Financial Statements** — are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. Funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds. The Authority has one governmental fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Authority's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the Basic Financial Statements** — provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found after the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$473,666,780. The deficit is largely the result of the debt held for NRG Stadium being carried on the Authority's financial statements while the asset is reported by the County.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<u>Governmental Activities*</u>	
	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 357,954,525	\$ 300,319,706
Capital assets (excludes NRG Stadium)	333,704,426	352,658,421
Total assets	<u>691,658,951</u>	<u>652,978,127</u>
Deferred outflows - loss on refunding of debt	<u>33,038,734</u>	<u>35,277,523</u>
Total deferred outflows	<u>33,038,734</u>	<u>35,277,523</u>
Current and other liabilities	71,848,807	45,535,009
Long-term liabilities (includes NRG Stadium)	<u>1,050,949,528</u>	<u>1,065,553,257</u>
Total liabilities	<u>1,122,798,335</u>	<u>1,111,088,266</u>
Deferred inflows - leases	<u>75,566,130</u>	<u>81,552,535</u>
Total deferred inflows	<u>75,566,130</u>	<u>81,552,535</u>
Net Position:		
Net investment in capital assets	(54,180,174)	(112,192,657)
Restricted	209,108,133	162,921,304
Unrestricted	<u>(628,594,739)</u>	<u>(555,113,798)</u>
Total net position	<u>\$ (473,666,780)</u>	<u>\$ (504,385,151)</u>

\*Prior year balances have been adjusted for change in reporting entity.

The Authority has a deficit net position balance of \$54,180,174 invested in capital assets (e.g., land improvements, buildings, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The main use of these capital assets is to provide services to citizens; consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the Authority's net position, \$209,108,133 in the fiscal year 2023, represents resources that are subject to external restrictions on how they may be used.

A portion of the Authority's unrestricted net position reflects the financing of NRG Stadium, of which the asset was transferred to the County, but the associated debt was retained by the Authority. The resources to repay this debt must be provided from the revenues of the Authority and include certain charges for services and a portion of its general revenues. The remaining balance of the Authority's net position, \$628,594,739 in fiscal year 2023, represents the Authority's ongoing obligations to citizens and creditors and the obligation for NRG Stadium debt that is not offset by the asset. A portion of the unrestricted balance reflects the Authority's investment in NRG Stadium.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

Current assets increased by \$57,634,819. There was an increase in cash and investments, accounts receivable, prepaid expenses, and due from other government related to the college football playoff event set to take place in at the beginning of fiscal year 2024 . Capital assets decreased by \$18,953,995 primarily due to depreciation and amortization. Current liabilities increased by \$26,313,798 due to increases in related long-term debt payable due within one year, and an increase in unearned revenue. Long-term liabilities decreased by \$14,603,729 primarily due to amortization of bond premiums and payments on long-term debt.

Decrease in deferred inflows decreased by \$5,986,405 from the prior year due to the amortization of leases receivable.

Net position increased by \$30,718,371 primarily due to an increase in overall earnings on investments and increases in charges for services as event revenue related to the Men's Final Four tournament was recognized in fiscal year 2023.

**Statement of Activities**

The following table provides a summary of the Authority's changes in net position:

	<u>Governmental Activities*</u>	
	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 50,460,436	\$ 19,096,285
Capital grants and contributions	6,505,006	3,956,746
General revenues:		
Local taxes	84,110,593	71,405,076
Earnings (Loss) on investments	11,620,063	(1,199,957)
Total revenues	<u>152,696,098</u>	<u>93,258,150</u>
<b>Expenses</b>		
General government and events	67,704,878	49,234,983
Interest on long-term debt	54,272,849	45,466,837
Total expenses	<u>121,977,727</u>	<u>94,701,820</u>
<b>Change in Net Position</b>	30,718,371	(1,443,670)
Beginning net position	<u>(504,385,151)</u>	<u>(502,941,481)</u>
<b>Ending Net Position</b>	<u>\$ (473,666,780)</u>	<u>\$ (504,385,151)</u>

\*Prior year balances have been adjusted for change in reporting entity.

Program net revenues increased \$33,912,411 from the prior fiscal year revenues mostly due to additional events hosted in 2023, as well as a substantial amount related to the recognition of revenue for the Mens Final Four tournament. General revenues increased by \$25,525,537. Local taxes increased by \$12,705,517 from the prior year primarily due to increases in motor vehicle rental tax, hotel occupancy taxes, and parking and admissions taxes. This was also an increase of \$12,820,020 in investment earnings primarily related to the Authority's prudent investing in a increased interest rate environment.

Expenses for general government and events increased by \$18,469,895 as a result of the Authority hosting and sourcing additional events and recognizing the expenses related to hosting the Mens Final Four tournament. An increase in interest expense for the current year was due to restructuring of debt in 2020, which reduced interest expense in previous years.



HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

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**FINANCIAL ANALYSIS THE MAJOR FUND**

Major Governmental Fund — The Authority's major general government functions are contained in the general fund. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At December 31, 2023, the Authority's general fund reported a fund balance of \$243,433,044. The general fund is the chief operating fund of the Authority. The fund balance for the general fund increased by \$45,208,819 primarily due to increases in taxes collected as a result of increases in overall economic activity in the region and additional event revenue related to the Mens Final Four tournament. Investment earnings also increased in the current year mostly due to prudent investing and increased interest rate environments.

**CAPITAL ASSETS**

The Authority's capital assets as of December 31, 2023 amounted to \$333,759,760 as compared to \$352,658,421 as of December 31, 2022. For further information regarding capital assets, see Note 6.

**DEBT ADMINISTRATION**

At December 31, 2023, the Authority had total long-term debt outstanding of \$1,091,808,295. For further information regarding debt, see Note 7.

The following table shows the NRG Stadium revenues for fiscal year 2023 and fiscal year 2022. These revenues are pledged to the repayment of the Series 2014 NRG Stadium bonds.

	<u>2023</u>	<u>2022</u>
Rodeo rent	\$ 1,500,000	\$ 75,000
Rodeo admissions/parking tax	2,900,901	2,954,016
Rodeo sales tax rebate	850,134	666,131
County admissions tax	1,858,848	840,419
County sales tax rebate	2,733,202	923,339
Texans rent	4,010,000	3,542,167
Texans admissions/parking tax	2,054,849	1,872,844
Texans sales tax rebate	2,393,094	2,498,418
	<hr/>	<hr/>
Total	<u>\$ 18,301,028</u>	<u>\$ 13,372,334</u>

**ECONOMIC FACTORS**

In 2023, collections of the Hotel Occupancy Tax (HOT) and the Motor Vehicle Rental Tax (MVRT) totaled \$70,844,420, which is the highest annual collections for the Authority since inception of the agency.

The Authority hosted the NCAA Men's Final Four Men's basketball tournament in 2023 and began preparing to host the 2024 College Football Championship in January 2024.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2023

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**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Harris County-Houston Sports Authority, 701 Avenida de las Americas, Suite 450, Houston, Texas 77010.

## **BASIC FINANCIAL STATEMENTS**

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
STATEMENT OF NET POSITION  
December 31, 2023

**ASSETS**

Cash and cash equivalents	\$ 41,428,626
Investments	176,136,373
Accrued interest receivable	2,480,251
Due from other governmental entities	34,707,066
Prepaid expense	31,495,354
Leases receivable	71,706,855
Capital assets (excludes NRG Stadium):	
Land	16,703,234
Other capital assets, net	314,047,725
Leasehold improvements, net	303,733
Right-to-use assets, net	<u>2,649,734</u>
Total assets	<u>691,658,951</u>

**DEFERRED LOSS ON REFUNDING OF DEBT**

Deferred loss on refunding of debt	<u>33,038,734</u>
Total deferred outflows of resources	<u>33,038,734</u>

**LIABILITIES**

Accounts payable	18,129,174
Accrued interest	3,143,486
Unearned revenue	9,580,079
Compensated absences payable - due within one year	123,571
Long-term liabilities due within one year (includes NRG Stadium debt)	40,872,497
Long-term liabilities (includes NRG Stadium debt):	
Compensated absences payable - due in more than one year	13,730
Long-term liabilities due in more than one year (includes NRG Stadium debt)	1,027,847,103
Bond premium	<u>23,088,695</u>
Total liabilities	<u>1,122,798,335</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - leases	<u>75,566,130</u>
Total deferred inflows of resources	<u>75,566,130</u>

**NET POSITION**

Net investment in capital assets	(54,180,174)
Restricted for:	
Debt service	201,261,964
Capital repair	7,846,169
Unrestricted	<u>(628,594,739)</u>
Total net position	<u>\$ (473,666,780)</u>

See accompanying notes to financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
STATEMENT OF ACTIVITIES  
December 31, 2023

		Program Revenues		Net Revenue (Expense) and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities:</b>				
General government and events	\$ 67,704,878	\$ 50,460,436	\$ 6,505,006	\$ (10,739,436)
Interest on long-term debt	<u>54,272,849</u>	-	-	<u>(54,272,849)</u>
Total governmental activities	<u>\$ 121,977,727</u>	<u>\$ 50,460,436</u>	<u>\$ 6,505,006</u>	<u>\$ (65,012,285)</u>
General Revenues:				
Taxes:				
Motor vehicle rental taxes				
				31,342,518
Hotel occupancy taxes				
				39,501,902
Facilities use taxes				
				6,814,598
Sales tax rebates				
				6,451,575
Earnings on investments				
				<u>11,620,063</u>
Total general revenues				<u>95,730,656</u>
Change in net position				30,718,371
Beginning net position				<u>(504,385,151)</u>
Ending net position				<u>\$ (473,666,780)</u>

See accompanying notes to financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2023

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	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 41,428,626
Investments	176,136,373
Accrued interest receivable	2,480,251
Prepaid expense	31,495,354
Leases receivable	71,706,855
Due from other governmental entities	<u>34,707,066</u>
Total assets	<u>\$ 357,954,525</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 18,129,174
Unearned revenue	<u>9,580,079</u>
Total liabilities	<u>27,709,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue	11,246,098
Deferred inflows - leases	<u>75,566,130</u>
Total deferred inflows of resources	<u>86,812,228</u>
Fund balances:	
Nonspendable	31,495,354
Restricted for debt service	201,261,964
Restricted for capital projects	7,846,169
Unassigned	<u>2,829,557</u>
Total fund balances	<u>243,433,044</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 357,954,525</u>

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See accompanying notes to financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
December 31, 2023

Total fund balances – total governmental funds \$ 243,433,044

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Land	16,703,234
Buildings and building improvements – net of accumulated depreciation	297,145,462
Equipment – net of accumulated depreciation	16,902,263
Leasehold improvements – net of accumulated depreciation	303,733
Right-to-use assets – net of accumulated amortization	2,649,734

Long-term liabilities applicable to the Authority's activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position.

Accrued vacation payable	(137,301)
Accrued interest on bonds	(3,143,486)
Deferred loss on bond refundings	33,038,734
Premium – long-term debt, net of discounts	(23,088,695)
Bonds and accreted interest payable	(1,066,025,004)
Leases payable	(2,694,596)

Some of the Authority's revenues will be collected after year end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

11,246,098

Total net position - governmental activities \$ (473,666,780)

See accompanying notes to financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS  
For the year ended December 31, 2023

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	<u>General</u>
Revenues:	
Tax revenues:	
Motor vehicle rental tax	\$ 31,342,518
Hotel occupancy tax	39,501,902
Facilities use tax	6,814,598
Sales tax rebate	5,976,430
Rent	10,720,952
Royalties	4,450,000
Contractual payments	4,010,000
Earnings on investments	11,620,063
Events	13,745,847
Miscellaneous/program services	10,613,242
Total revenues	138,795,552
Expenditures:	
General:	
General and administrative	41,955,566
Debt service:	
Debt service - interest	25,891,637
Debt service - principal	24,933,996
Fiscal agent fees	805,534
Total expenditures	93,586,733
Excess (deficiency) of revenues over (under) expenditures	45,208,819
Net change in fund balances	45,208,819
Beginning Fund balance	198,224,225
Ending Fund balance	\$ 243,433,044

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See accompanying notes to financial statements.



HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
For the year ended December 31, 2023

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Net change in fund balances - Total Governmental Funds \$ 45,208,819

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlay as expenditures. However,  
in the statement of activities, the cost of these assets is  
allocated over their estimated useful lives and reported as  
depreciation/amortization expense.

Capital outlay	501,094
Depreciation and amortization expense	(25,459,001)
Capital contributions	6,505,006

Repayment and defeasance of bond principal and capital appreciation  
and leases, are expenditures in the governmental funds, but the  
repayments reduces long-term liabilities in the statement of net  
position. 24,933,996

Interest on capital appreciation bonds increases liabilities in the  
statement of net position. (29,837,436)

Some expenses reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not reported  
as expenditures in governmental funds.

Accrued interest	154,862
Amortization of premium	3,640,560
Amortization of discounts	(100,409)
Amortization of deferred losses	(2,238,789)
Accrued vacation payable	14,129

Certain items are not collected within the time frame for recording  
as revenue in the fund-level statements. 7,395,540

Change in net position of governmental activities \$ 30,718,371

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See accompanying notes to financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 1 – THE FINANCIAL REPORTING ENTITY**

The Harris County-Houston Sports Authority (the “Authority”) was created by concurrent orders adopted in July 1997 by the Commissioners Court of Harris County, Texas (the “County”), and the City Council of the City of Houston, Texas, (the “City”), which, as amended, became effective September 1, 1997. The Authority is a political subdivision of the State of Texas (the “State”), organized as a sport and community venue district under Chapters 334 and 335 of the Texas Local Government Code (the “Act”). The Authority was created for the public purpose of planning, acquiring, establishing, developing, marketing, constructing or renovating one or more venue projects.

The Authority is governed by a Board of Directors (the “Board”) that consists of 13 voting members. Six members are appointed by the City and six members are appointed by the County. The Chairperson of the Authority (the “Chairperson”) is jointly appointed by both the City and the County. The Authority is considered a primary government entity since it satisfies all of the following criteria: (a) no entity appoints a voting majority of its governing body, (b) it is legally separate from other entities and (c) it is fiscally independent of other state and local governments.

The Sports Authority Foundation, (the “Foundation”), a nonprofit corporation formed in July 2017, was historically included in the operations and activities of the Authority as a blended component unit, but as of January 1 2023, as discussed below, the Foundation is not considered to be, or report as, a component unit of the Authority. The Foundation was organized for charitable, scientific, literary and educational purposes within the meaning of Section 501c(3) of the Internal Revenue Code of 1986. The Foundation’s bylaws were amended on January 1 2023, so the board of directors of the foundation only included 2 Authority board members, inclusive of the Chief Executive officer. There are an additional four non Authority board members. After this change, and a substantial change in the Foundations ability to carry on its own operations, no blending criteria for imposition of will or financial burden have been met. Due to the nature of the relationship between the two entities, the Foundation and the Authority are considered to be related entities, as their primary economic purpose to serve the citizens of Houston is the same. The Chief Executive Officer of the Authority also serves as the Chief Executive Officer of the Foundation, but does not hold a voting seat on either board of directors.

The Act provides statewide enabling legislation for the creation of sports and community venue districts and local option use of certain taxes for the development of sports, convention, culture and tourism facilities. The Act provides, among other sources, the following revenue options, which the Authority has imposed to be utilized in the financing of Minute Maid Park (see Note 8), NRG Stadium (see Note 9) and the Toyota Center (see Note 10):

- A short-term motor vehicle tax not to exceed five percent of gross receipts on vehicle rentals of 30 days or less initiated within the City and County limits (the “Motor Vehicle Rental Tax”). The Authority has entered into an agreement with the Office of the Texas Comptroller of Public Accounts (the “Texas Comptroller”) to collect these Motor Vehicle Rental Taxes.
- A hotel occupancy tax not to exceed two percent of the price for a hotel room rental costing more than \$2 each day for those rentals less than 31 consecutive days within the City and County limits (the “Hotel Occupancy Tax”). The Authority has entered into an agreement with the Tax Assessor - Collector of the County (the “Tax Assessor”) to collect these Hotel Occupancy Taxes.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 1 – THE FINANCIAL REPORTING ENTITY (Continued)**

Additional revenue options available under the Act and utilized by the Authority for NRG Stadium are as follows:

- An admission tax not exceeding ten percent on events held within NRG stadium, which has been capped at \$2 per ticket.
- A parking tax not to exceed \$3 per vehicle on vehicles using NRG Stadium's parking facilities for a period beginning three hours before and ending three hours after an event, which has been capped at \$1 per vehicle.
- A contribution or dedication to the Authority of all or part of the sales and use tax revenue received by the City and the Metropolitan Transit Authority of Harris County, Texas (METRO) and that is guaranteed, paid or collected by any or all businesses operating at NRG Stadium in an approved venue project.

Subject to voter approval, admissions taxes, parking taxes, lease revenues and sales tax rebates could be used for other venue projects.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Authority conform to generally accepted accounting principles applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). A summary of the Authority's more significant accounting policies follows.

**Financial Statement Presentation, Measurement Focus and Basis of Presentation**

Government-Wide Statements: Government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the nonfiduciary activities of the Authority. The Authority reports only governmental activities, which normally are supported by tax revenues.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of the Authority's programs are offset by those programs' revenues. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by the program and (2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues are generated from sports and entertainment venue activities. Taxes and other items not included among program revenues are reported instead as general revenues.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund-Level Statements: The governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Authority considers taxes and other revenues as available if they are collected prior to March 1 of the next year. Expenditures are recorded when the related fund liability is incurred. Principal and interest on governmental long-term debt are recorded as fund liabilities when due or when amounts have been accumulated for payments to be made early in the following year. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Governmental fund operating statements present increases (revenues) and decreases (expenditures) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

The Authority reports the following governmental fund:

The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The principal sources of revenues include motor vehicle rental and hotel occupancy taxes, rental income admissions and parking taxes on certain events and revenues related to events. Expenditures include general government, principal and interest payments on long-term debt and event related expenses. The general fund is always considered a major fund for reporting purposes.

Cash and Cash Equivalents: The Authority considers all financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Capital Assets: Capital assets include land, buildings, improvements other than buildings and equipment that are used in the Authority’s operations and benefit more than a single fiscal year.

Capital assets of the Authority are defined as assets with individual costs of \$5,000 or more and estimated useful lives in excess of one year. Building improvements in excess of \$250,000 are capitalized and depreciated over the life of the improvements with useful lives of greater than one year.

All capital assets are stated at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are stated at their acquisition value on the date donated.

Capital assets are depreciated in the government-wide financial statements using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30-40
Building improvements	10-20
Equipment	3-20

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position and Fund Balances**

Net Position Classifications— Net position in the government-wide financial statements is classified in three categories: (1) net investment in capital assets, (2) restricted net position and (3) unrestricted net position. Net position is shown as restricted if constraints placed on use are either (1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. The Authority’s restricted net position is restricted for debt service and certain capital items.

Classifications of Fund Balances: In the fund financial statements, the governmental funds report fund balances in the following four categories: (1) nonspendable, (2) restricted for debt service, (3) restricted for capital projects and (4) unassigned. Fund balances should be reported in one of the following five categories: (1) nonspendable, (2) restricted, (3) committed, (4) assigned or (5) unassigned. The Authority has determined that it does not have any committed or assigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

This “not in spendable form” criterion includes items that are not expected to be turned into cash, like prepaids and inventories, as well as the long-term amount of loans and notes receivable. The Authority classifies all of its prepaid expenses as nonspendable. Fund balances should be reported as restricted when constraints placed on those resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation. The Authority’s resources held for debt service on long-term obligations are restricted based on the terms of the issuing documents for the long-term obligations. The Authority’s lease agreements for the facilities owned or built by the Authority specify specific funding requirements for capital repair and replacement expenditures in those facilities. The funds to pay for those expenditures are restricted. Fund balances that are not classified as nonspendable and have not been restricted, committed or assigned to specific purposes are classified as unassigned.

The Authority has funds set aside for capital repair and debt service related costs. The Authority considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Authority considers unassigned amounts to be spent first when an expenditure is incurred for the purpose for which amounts in any unrestricted fund balance classification could be used.

Deferred Inflows and Outflows of Resources: The Authority reports certain transactions as deferred inflows of resources and deferred outflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as revenue until that time. Deferred inflows from leases receivable are amortized over the term of the leases. Deferred outflows of resources represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an expense/expenditure until then. The Authority’s deferred inflows of resources represents revenue that does not meet the available criterion. The Authority’s deferred outflows of resources represent the difference between the refunding debt and the refunded debt.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Leases: The Authority is a lessee for noncancellable leases of equipment. The Authority recognizes a lease liability and an intangible, right-to-use lease asset (the “lease asset”) in the government-wide financial statements. The Authority recognizes lease liabilities and lease assets with an initial, individual value of at least \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

In addition, the Authority is a lessor for noncancellable leases. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The Authority is obligated to deposit primarily all of its revenues into certain accounts held in trust (the “Pledged Accounts”) in accordance with provisions included in the bond indentures, as amended and supplemented, which are described in Note 7.

The Authority’s investment activities are governed by the State’s Public Funds Investment Act, bond covenants and trust agreements and the Authority’s investment policy. Securities that are acceptable as collateral are obligations of the United States and its agencies, various states and their municipalities, school districts and special districts. Interest earnings from specific investments are credited directly to the account from where the investment was made.

Deposits: Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act (the “Act”). This Act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Depository Insurance (FDIC) is available for funds deposited at any one financial institution up to a maximum of \$250,000 each for interest bearing and noninterest bearing demand deposits, time and savings deposits and deposits pursuant to indenture. The Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the Authority will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. At December 31, 2023, the carrying amount of the Authority’s noninterest bearing demand and time deposits was \$10,593,234 and the balance per various financial institutions was \$13,230,196. The Authority’s deposits are not exposed to custodial credit risk since all deposits are covered by FDIC insurance or collateralized with securities deposited by the Authority’s depository institution in safekeeping at the Federal Reserve Bank in the Authority’s name. The mutual funds are invested primarily in direct obligations of the U.S. government or its agencies.

Investments: Chapter 2256 of the Texas Government Code is known as the Public Funds Investment Act. (the “Act”). This Act authorizes the Authority to invest funds pursuant to a written investment policy, which primarily emphasizes the safety of principal and liquidity and addresses investment diversification, yield and maturity. The Authority’s investment policy is reviewed and approved annually by the Board. The investment policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type and the maximum weighted average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

Authority funds may be invested in the following investments provided that such investments meet the guidelines of the investment policy:

- a. Obligations of the U.S. Government or its agencies and instrumentalities.
- b. Direct obligation of the State or its agencies and instrumentalities.
- c. Other obligations the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State or the U.S.
- d. Obligations of states, agencies, counties, cities and other political subdivisions of any state rated as investment quality by a nationally recognized investment rating firm not less than 'AA' or its equivalent.
- e. Certificates of deposit issued by a state or national bank domiciled in this state or a savings and loan association domiciled in this state that are guaranteed or insured by the FDIC or secured by authorized investments that have a market value of not less than the principal amount of the certificates.
- f. Fully collateralized repurchase agreements for which the Authority has obtained a signed master repurchase agreement with the company into which the agreement is entered, as authorized by the Act.
- g. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance as authorized by the Act.
- h. No-load money market mutual funds regulated by the Securities and Exchange Commission, with a dollar-weighted average stated maturity of 90 days or fewer and which include in their investment objectives the maintenance of a stable net asset value of \$1 per share as authorized by the Act.
- i. Guaranteed investment contracts as authorized by the Act.

Summary of Cash and Investments: The Authority's cash and investments are stated at fair value based upon quoted market prices. The following is a summary of cash, cash equivalents and investments held by the Authority at December 31, 2023:

Cash and cash equivalents	\$ 41,428,626
Investments	<u>176,136,373</u>
Total cash and cash equivalents and investments	<u>\$ 217,564,999</u>

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(Continued)



HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

The table below indicates the fair value and maturity value of the Authority’s investments, as of December 31, 2023, summarized by security type. Also presented are the percentages of total portfolio and the weighted average maturity in years for each summarized security type.

<u>Security</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity in (Years)</u>	<u>Credit Rating</u>
U.S. Treasury notes	\$ 135,916,196	62 %	0.66	AAA/Aaa
Commercial paper >90 days to maturity	40,220,177	18 %	0.46	A-1+; P-1
Total investments	<u>176,136,373</u>	<u>80 %</u>		
Money market mutual funds	41,121,017	20 %		
Demand and time deposits	307,609	-		
Total cash and cash equivalents	<u>41,428,626</u>	<u>20 %</u>		
Total cash and cash equivalents and investments	<u>\$ 217,564,999</u>	<u>100 %</u>		

**Risk Disclosures**

**Interest Rate:** All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

According to the Authority investment policy, no more than 25% of the portfolio, excluding those investments held for future capital expenditures, debt service payments, bond fund reserve accounts and capitalized interest funds, may be invested beyond 24 months. Additionally, at least 15% of the portfolio, with the previous exceptions, is invested in overnight instruments or in marketable securities which can be sold to raise cash within one day’s notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed two years. As of December 31, 2023, the Authority was in compliance with all of these guidelines to manage interest rate risk.

**Credit Risk and Concentration of Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Authority mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. In particular, no more than 50% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 December 31, 2023

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**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

The following individual investments have fair values greater than 5% of the portfolio:

<u>Investment</u>	Fair Value December 31, <u>2023</u>	Percentage of Portfolio
Treasury note 0.875% coupon 1/31/24 maturity	\$ 14,946,900	6.9 %
Treasury note 3.000% coupon 7/31/24 maturity	12,352,500	5.7 %
Treasury note 0.625% coupon 10/15/24 maturity	<u>13,589,023</u>	<u>6.2 %</u>
Total	<u>\$ 40,888,423</u>	<u>18.8 %</u>

Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimal.

The Authority's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as 'AA' or its equivalent. Money market mutual funds and public funds investment pools must be rated as 'Aaa' by Moody's Investor Rating Service.

Custodial Credit Risk: Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the Authority's name and are held by the counterparty. In the event of the failure of the counterparty, the Authority may not be able to recover the value of its investments that are held by the counterparty. As of December 31, 2023, all of the Authority's investments are held in the Authority's name.

Foreign Currency Risk: Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the U.S. dollar. The Authority's investment policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the Authority's investments are not exposed to foreign currency risk.

Fair Value Measurements: GASB Statement No. 72, Fair Value Measurement and Application, establishes an authoritative definition of fair value, sets a framework for measuring fair value and requires additional disclosures about fair value measurements. The Authority categorizes the fair value measurements of its investments based on the hierarchy established by the Generally Accepted Accounting Principles of the United States. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)**

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, the Authority will measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

As of December 31, 2023, the Authority held the following at fair value measurements:

	Investments as of December 31, <u>2023</u>	<u>Fair Value Measurements Using</u>  Other Observable Inputs (Level 2)
Investments by fair value level		
Debt Securities		
U.S. Treasury securities	\$ 135,916,196	\$ 135,916,196
Commercial paper	<u>40,220,177</u>	<u>40,220,177</u>
Total debt securities	<u>\$ 176,136,373</u>	<u>\$ 176,136,373</u>
Investments measured at net asset value (NAV)		
Money market treasury funds	<u>41,121,017</u>	
Total investments measured at NAV	<u>41,121,017</u>	
Total investments	<u>\$ 217,257,390</u>	

**NOTE 4 – ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTAL ENTITIES**

At December 31, 2023, amounts due from other governmental entities consisted of the following:

Texas Comptroller - short-term motor vehicle rental tax	\$ 4,979,244
Harris County Tax Assessor - hotel occupancy tax	8,383,524
Metropolitan Transit Authority - sales tax rebate	460,072
City of Houston - sales tax rebate	1,916,273
Texas Comptroller - event trust fund	10,643,120
Lone Star Sports and Entertainment	4,092,206
Sports Authority Foundation - related party	3,124,260
Other - miscellaneous	<u>1,108,367</u>
Total due from other governmental entities	<u>\$ 34,707,066</u>

(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 5 – LEASES**

The Authority is a current lessor for the use of Minute Maid Park. The lease agreement was originally set forth in 1998, and was further amended in 2018. The current term for the agreement lasts through 2050. The lessee is required to make semiannual payments totaling \$4.4 million through 2030 and \$5.3 million per year from 2030 through 2050. Of this payment, \$750,000 per year is required to be held in the arena replacement deposit account for amounts through 2030, and \$5.3 million per year from 2030 to 2050. The value of the lease receivable as of December 31, 2023 was \$22,146,152. The value of the deferred inflows of resources as of December 31, 2023 was \$26,593,001. The lease carries and interest rate of 1.831 percent and the Authority recognized lease revenue of \$3,200,486 for the year.

The Authority is a current lessor for the use of Toyota Center. The lease agreement was originally set forth in 2001. The current term for the agreement lasts through 2033. The lessee is required to make semiannual payments totaling \$5.2 million through 2033. Of this payment, \$200,000 per year is required to be held in the arena replacement deposit account for amounts through 2033. The value of the lease receivable as of December 31, 2023 was \$48,425,790. The value of deferred inflows of resources as of December 31, 2023 was \$47,851,874. The lease carries and interest rate of 1.376 percent and the Authority recognized lease revenue of \$4,487,299 for the year.

The Authority is a current lessor for the use of BBVA Compass Stadium. The lease agreement was originally set forth in 2011. The current term for the agreement lasts through 2041. The lessee is required to make monthly payments totaling \$75,595 through 2041. The value of the lease receivable as of December 31, 2023 was \$1,134,913. The value of deferred inflows of resources as of December 31, 2023 was \$1,121,255. The lease carries and interest rate of 1.628 percent and the Authority recognized lease revenue of \$56,542 for the year.

The Authority has entered into lease agreements for the use of various office space and land. As of December 31, 2023, the value of the leases liability was \$2,694,595. The Authority is required to make various payments related to the leases. For the year, these payments amounted to \$501,095. The lease interest rates are based on incremental borrowing rates ranging from 0.736 percent to 2.194 percent. The right-to-use assets are amortized on a straight line basis over the remaining life of the leases. The value of these assets at the end of the current fiscal year were \$3,647,097 and had accumulated amortization of \$942,001.

The future principal and interest payments as of year end are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 473,989	\$ 35,651	\$ 509,640
2025	471,089	30,473	501,562
2026	457,878	25,812	483,690
2027	462,399	21,291	483,690
2028	182,320	17,680	200,000
2029-2033	448,965	49,939	498,904
2034	197,955	2,045	200,000
	<u>\$ 2,694,595</u>	<u>\$ 182,891</u>	<u>\$ 2,877,486</u>

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 6 – CAPITAL ASSETS**

Capital assets transactions are summarized as follows:

	December 31, <u>2022</u>	<u>Additions</u>	<u>Disposals</u>	December 31, <u>2023</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and other improvements	\$ 16,703,234	\$ -	\$ -	\$ 16,703,234
Total - not depreciated	<u>16,703,234</u>	<u>-</u>	<u>-</u>	<u>16,703,234</u>
Other capital assets:				
Buildings	614,650,551	-	-	614,650,551
Building improvements	104,792,670	6,505,006	-	111,297,676
Equipment	16,902,263	-	-	16,902,263
Leasehold improvements	871,579	-	-	871,579
Right-to-use assets	<u>3,647,067</u>	<u>-</u>	<u>-</u>	<u>3,647,067</u>
Total capital assets being depreciated/ amortized	<u>740,864,130</u>	<u>6,505,006</u>	<u>-</u>	<u>747,369,136</u>
Less accumulated depreciation/amortization for:				
Buildings	348,762,905	18,102,330	-	366,865,235
Building improvements	38,423,310	6,629,248	-	45,052,558
Equipment	16,762,211	122,759	-	16,884,970
Leasehold improvements	488,612	79,234	-	567,846
Right-to-use assets	<u>471,905</u>	<u>470,096</u>	<u>-</u>	<u>942,001</u>
Total accumulated depreciation/amortization	<u>404,908,943</u>	<u>25,403,667</u>	<u>-</u>	<u>430,312,610</u>
Other capital assets - net	<u>335,955,187</u>	<u>(18,898,661)</u>	<u>-</u>	<u>317,056,526</u>
Governmental activities capital assets - net	<u>\$ 352,658,421</u>	<u>\$ (18,898,661)</u>	<u>\$ -</u>	<u>\$ 333,759,760</u>

(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 7 – DEBT**

The following is a summary of the long-term debt as of December 31, 2023:

	<u>Interest Rate (%)</u>	<u>Maturity Dates</u>	<u>2023 Amount</u>
<b>Bond Issuances:</b>			
Senior Lien Revenue Refunding Bonds - Series 2001A	5.160-6.250	2002-2040	\$ 42,782,567
Senior Lien Revenue Bonds - Series 2001G	4.670-6.300	2015-2041	2,212,356
Junior Lien Revenue Bonds - Series 2001H	5.950-6.300	2020-2041	48,293,054
Third Lien Refunding Bonds - Series 2004A-3	2.750-5.990	2031-2039	26,966,177
Subordinate Lien Note - Series 2001C2	0.0	2032	5,000,000
Senior Lien Revenue Refunding Bonds - Series 2014A	4.730-5.000	2018-2053	333,323,445
Second Lien Revenue Refunding Bonds - Series 2014C	2.000-5.000	2015-2034	50,825,000
<b>Taxable Revenue Refunding Bonds</b>			
(NRG Stadium Project) - Series 2014	4.454	2015-2031	37,435,000
(Toyota Center Project) - Series 2014	4.476	2015-2032	32,915,000
Senior Lien Refunding Bonds - Series 2020A Tax Exempt	3.125	2021-2056	52,035,000
Senior Lien Refunding Bonds - Series 2020B Taxable	3.710	2021-2056	34,265,000
Second Lien Refunding Bonds - Series 2020C Taxable	3.860	2021-2056	25,865,000
Total bond issuances			<u>691,917,599</u>
<b>Accretion and Accrued Interest:</b>			
Series 2001A Capital Appreciation Bonds			-
Series 2001A Capital Appreciation Term Bonds			128,681,521
Series 2001G Capital Appreciation Bonds			6,443,267
Series 2001H Capital Appreciation Bonds			133,209,494
Series 2004A-3 Capital Appreciation Bonds			57,121,981
Series 2014A Capital Appreciation Bonds			48,651,143
Total accretion and accrued interest			<u>374,107,406</u>
<b>Premiums on Bonds Issued:</b>			
Series 2014A - \$58,084,371 at issue			22,497,826
Series 2014C - \$9,125,622 at issue			3,280,890
Total premium			<u>25,778,716</u>
<b>Discount on Bonds Issued:</b>			
Series 2020A - \$1,807,696 at issue			(1,648,289)
Series 2020B - \$663,713 at issue			(605,188)
Series 2020C - \$529,457 at issue			(436,544)
Total discount			<u>(2,690,021)</u>
Leases Payable			<u>2,694,595</u>
Total leases payable			2,694,595
Total long-term debt			<u><u>\$ 1,091,808,295</u></u>

(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

In December 2014, the Authority issued \$558,513,444 in Senior and Second Lien Revenue Refunding bonds to refinance and restructure a significant portion of its outstanding Senior Lien bonds and Junior Lien bonds, and to eliminate or clarify certain covenants in the existing indentures and allow for the settlement of certain lawsuits filed by MBIA Insurance Corporation and its successor, National Public Finance Guarantee Corporation (“National”) and the trustee for the bonds at the time, Wilmington Trust, N.A., and cause certain revenues held by Wilmington Trust to be released and used to replenish certain funds and/or reimburse certain stakeholders or tenants of the approved venue projects. Additionally, the Authority issued \$69,170,000 in Stadium bonds secured by NFL Club special revenues, Houston Livestock Show and Rodeo (HSLR) special revenues and government special revenues and \$57,540,000 in Toyota Center bonds, secured by annual rent payments received from the Houston Rockets NBA Basketball team. The proceeds of the Stadium bonds and the Toyota Center bonds were used to refund certain obligations owed to the County, the Houston Texans and the Houston Rockets, funding a debt service reserve for both issues and paying issuance costs for both issues.

The Series 2014 Senior and Second Lien Revenue Refunding bonds were used to refund all of the Senior Lien 1998A and 2001A bonds and all of the outstanding Series 1998B, Series 1998C and Series 2001B Junior Lien bonds. They were also used to refund a portion of the Series 2001I and Series 2001G Senior Lien bonds. The Series 2014 NRG Stadium bonds and the Series 2014 Toyota Center bonds were used to refund the RCM reimbursement obligation with the County, the unfunded team credit obligation with the Houston Texans and the Series 2001D-1 and Series 2001D-2 notes with the Houston Rockets.

The Series 2001A bonds and the Series 2001C Subordinate Lien notes were issued to finance a substantial portion of the costs of NRG Stadium. The Series 2001G-H Bonds (“Arena Bonds”), the Series 2001A Senior Subordinate note and Series 2001D Subordinate Lien notes were issued to finance a substantial portion of the costs of the Toyota Center. The Series 2004A bonds were issued to refund a portion of the interest payments for certain bonds previously issued.

The bonds are special limited obligations of the Authority that are payable solely from and secured by a lien on certain revenues, special revenues and other assets of the Authority as provided in the bonds’ indentures, including hotel occupancy tax revenues and short-term motor vehicle rental tax revenues. Certain revenues and certain assets are not available to cover debt service requirements on all issues. The trust indenture for each bond issue outlines the revenues pledged to the related bond issue.

The 2001 Series G-I bonds were issued to finance certain costs of acquiring, constructing and equipping a multi-purpose arena located in downtown Houston and a related parking garage and infrastructure that is the home of the Houston Rockets NBA team, professional hockey and other events. The arena – named Toyota Center – is located on land owned by the City and leased to the Authority. The parking garage is located on land owned by the Authority. The Toyota Center and related garage are owned by the Authority during the lease period and leased to Rocket Ball Ltd., d/b/a the Houston Rockets. The bonds are secured by a pledge of the motor vehicle rental and hotel occupancy tax revenues. The Series 2001G Bonds were partially refunded in 2014 with the proceeds of the Series 2014A bonds. The Series 2001I bonds were refunded in 2014 with the proceeds of the Series 2014A bonds.

The Authority issued its Third Lien Refunding Bonds, Series 2004A in the aggregate principal amount of \$37,742,896 (“Series 2004 Bonds”). The Series 2004 Bonds are secured by a pledge of the hotel occupancy tax and the motor vehicle rental tax subordinate to the pledge thereof to the Series 2001A bonds and the Series Arena Bonds. The Series 2004 bonds were issued to refund all or a portion of the interest payments due on November 15, 2004 and May 15, 2005 for certain bonds previously issued by the Authority.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

The Series 2014A Tax-Exempt Senior Lien bonds were issued in the par amount of \$435,203,444 to refund \$440,031,728 in Junior and Senior Lien bonds and having a present value of \$476,545,198 on December 23, 2014. The Series 2014A Tax-Exempt Senior Lien bonds were issued at a premium of \$58,084,371, which resulted in \$493,287,815 in funds available from bond proceeds. These funds, along with \$13,442,035 of funds on hand that were released as a result of the transaction, were used to fund a refunding escrow of \$481,264,828, fund a reserve fund for the unrefunded portion of the Series 2001G bonds and \$23,263,669 to pay underwriters discount, cost of issuance and the cost of insurance premiums and sureties securing debt service reserve funds. Debt service on the bonds being refunded would total \$810,999,882 to maturity. The debt service on the refunding bonds totals \$1,003,825,828 to maturity and resulted in a present value savings of \$38,850,922.

The Series 2014B Taxable Senior Lien bonds were issued in the par amount of \$47,435,000 to refund \$36,525,000 in previously issued Junior and Senior Lien bonds having a present value of \$38,354,628 on December 23, 2014. The Series 2014B bonds together with \$4,743,500 in funds released as a result of the transaction provided \$52,178,500 in funds available to provide \$37,946,860 to fund an escrow account for the refunded debt, provide \$4,743,500 for a debt service reserve fund for the bonds, and the remaining amount to fund cost of issuance and underwriter's discount. Debt service on the bonds being refunded would total \$49,681,175 to maturity. The debt service on the refunding bonds totals \$48,765,636 to maturity resulting in a savings of \$915,539 and a net present value cost of \$6,605,594.

The Series 2014C Tax-Exempt Second Lien bonds (the "Series 2014C bonds") were issued in the par amount of \$75,875,000 to refund \$82,250,000 in Junior Lien bonds and having a present value of \$92,311,901 on December 23, 2014. The Series 2014C bonds were issued at a premium of \$9,125,622, which provided a total of \$85,000,622 to fund underwriter's discount, cost of issuance and a deposit to escrow for the refunded bonds of \$83,123,980. Debt service on the Series 2014C bonds being refunded would total \$189,472,062 to maturity. The debt service on the Series 2014C bonds totals \$121,192,761 to maturity for a savings of \$68,279,301 and a net present value savings of \$13,151,278.

The Series 2014 NRG Stadium bonds were issued in the par amount of \$69,170,000 and, along with \$9,059,351 of funds released by the transaction, provided \$78,229,351 to fund a debt service reserve fund of \$5,982,502, provide for the payment of \$1,654,111 in underwriter's discount and issuance costs, provide \$24,512,723 to retire the RCM obligation and provided \$46,080,015 to fund other stadium-related obligations. The RCM obligation was due on February 15, 2015 at a par amount of \$24,512,723 and called on December 23, 2014 at par. The fair value for the RCM obligation on December 23, 2014 was \$24,356,885 and the transaction resulted in a present value savings of \$1,759,117. The 2014 Stadium Bond covenant stipulates that the Authority maintain revenues for each fiscal year equal to at least 150% of the adjusted debt service requirements for the fiscal year. If this revenue coverage ratio is not met, the Authority is required to retain an independent management consultant to review and analyze the operations and administration at the NRG Stadium project and submit a report within 12 months of the end of the fiscal year in which the ratio is not met. This report is meant to contain recommendations to increase the number of events and improve revenues of the NRG stadium project.

The Series 2014 Toyota Center Project bonds were issued in the par amount of \$57,540,000 and the proceeds were used to retire the Series 2001D-1 and Series 2001 D-2 notes in the amount of \$52,496,119, to fund a debt service reserve fund of \$3,527,435 and to fund cost of issuance. The refunded notes debt service to maturity was \$222,130,576 with a present value of \$110,108,599 on December 23, 2015. The value of the refunded notes on December 23, 2014 was \$52,496,119 and there was a net present value savings of \$56,044,689 on the transaction.

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(Continued)



HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

Series 2020A Senior Lien Revenue Refunding bonds were issued in the principal amount of \$52,035,000. The Series 2020A Senior Lien Revenue Refunding bonds were issued at a discount of \$1,807,695, which resulted in \$50,227,304 in funds available from bond proceeds. These funds, along with \$798,700 in funds on hand, were used to fund a deposit of \$46,416,634 to a purchase account for tendered bonds and to provide \$4,609,369 in funds to purchase an insurance policy, fund a debt service reserve policy and fund the payment of issuance costs related to the issuance of the bonds. The debt service on the refunding bonds totals \$228,735,469 to maturity.

The Series 2020B Taxable Senior Lien Revenue Refunding bonds were issued in the principal amount of \$34,265,000. The Series 2020B Senior Lien Revenue Refunding bonds were issued at a discount of \$663,713, which resulted in \$33,601,287 in funds available from bond proceeds. These funds were used to fund a deposit of \$28,518,685 to an escrow account, \$1,861,998 for deposits to interest and principal accounts and to provide \$3,220,603 in funds to purchase an insurance policy, a debt service reserve policy and the payment of issuance costs related to the issuance of the bonds. The debt service on the refunding bonds totals \$228,735,469 to maturity.

The Series 2020C Taxable Senior Lien Revenue Refunding bonds were issued in the principal amount of \$25,865,000. The Series 2020C Senior Lien Revenue Refunding bonds were issued at a discount of \$529,456, which resulted in \$25,335,543 in funds available from bond proceeds. These funds were used to fund a deposit of \$19,773,259 to an escrow account, \$2,533,554 for deposits to a debt service reserve account and to provide \$2,094,717 in funds to purchase an insurance policy, a debt service reserve policy, issuance costs related to the issuance of the bonds and the costs of the Tender offer. The debt service on the refunding bonds totals \$228,735,469 to maturity.

Defeased Debt: On May 24, 2017, the Authority purchased \$15,153,000 par value of United States Treasury Separate Trading of Registered Interest and Principal of Securities (STRIPS) (CUSIP - 912833LT5) with a maturity date of November 15, 2024 at a cost of \$12,822,014 and deposited the STRIPS along with \$999 in cash into an irrevocable trust escrow account administered by UMB Trustee. Certain 2004A-3 bonds totaling a par value of \$4,591,444 had an outstanding value of \$9,758,136 on May 24, 2017. The value at redemption to the call date of November 15, 2024 is \$15,153,994. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$3,065,140. This amount is being amortized over the life of the remaining bonds. As of December 31, 2023, \$15,153,994 of the defeased bonds remain outstanding.

On June 19, 2019, the Authority deposited money and governmental obligations totaling \$22,919,912 into an irrevocable trust to defease the Authority's obligation to pay \$6,436,187 in aggregate original principal amount of the Series 2001H Junior Revenue Bonds issued January 2, 2002 with an accreted value on June 19, 2019, of \$18,098,598. The maturity value at redemption to the call date of November 15, 2030 is \$26,195,000. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$4,821,314. This amount is being amortized over the life of the remaining bonds. This cash defeasance was undertaken to reduce total debt service payments by \$3,233,788 and resulted in an economic gain of \$6,765. As of December 31, 2023, \$14,195,000 of the defeased bonds remain outstanding.

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(Continued)

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

On October 9, 2020, the Authority deposited money and government obligations totaling \$1,955,030 into a irrevocable trust to defease the Authority's obligation to pay \$582,362 in aggregate original principal amount of series 2001H Junior Revenue Bonds issued January 2, 2002 with an accreted value on October 9, 2020 of \$1,951,030. The maturity value at redemption dates of November 15, 2021 and November 15, 2022 totals \$1,955,000. Accordingly, the trust account assets are not included in the Authority's financial statements.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

**NOTE 7 – DEBT (Continued)**

The following is a summary of the changes in long-term debt for the year ended December 31, 2023:

	Balance, December 31, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance, December 31, <u>2023</u>	Amount Due Within <u>One Year</u>
<b>Revenue bonds:</b>					
Series 2001G	\$ 2,212,357	\$ -	\$ -	\$ 2,212,357	\$ -
Series 2001H	49,417,049	-	(1,123,996)	48,293,053	3,962,497
Series 2001I	-	-	-	-	-
Series 2014 NRG	41,565,000	-	(4,130,000)	37,435,000	4,130,000
Series 2014 Toyota	36,035,000	-	(3,120,000)	32,915,000	3,120,000
<b>Refunding bonds:</b>					
Series 2001A	42,782,567	-	-	42,782,567	-
Series 2004A-3	26,966,177	-	-	26,966,177	-
Series 2014A	346,473,445	-	(13,150,000)	333,323,445	26,080,000
Series 2014B	-	-	-	-	-
Series 2014C	54,235,000	-	(3,410,000)	50,825,000	3,580,000
Series 2020A	52,035,000	-	-	52,035,000	-
Series 2020B	34,265,000	-	-	34,265,000	-
Series 2020C	25,865,000	-	-	25,865,000	-
<b>Subordinate liens:</b>					
Series 2001C1, C2	5,000,000	-	-	5,000,000	-
Total bonds	<u>716,851,595</u>	<u>-</u>	<u>(24,933,996)</u>	<u>691,917,599</u>	<u>40,872,497</u>
<b>Accretion and accrued interest:</b>					
Series 2001A CATB's	118,474,929	10,206,595	-	128,681,524	-
Series 2001C1, C2	-	-	-	-	-
Series 2001G CAB's	5,922,760	520,507	-	6,443,267	-
Series 2001H CAB's	125,368,421	10,812,077	(2,971,004)	133,209,494	-
Series 2004A-3	52,334,944	4,787,038	-	57,121,982	-
Series 2014A	42,168,914	6,482,225	-	48,651,139	-
Total accretion and accrued interest	<u>344,269,968</u>	<u>32,808,442</u>	<u>(2,971,004)</u>	<u>374,107,406</u>	<u>-</u>
<b>Unamortized premiums and discounts:</b>					
Series 2014A	25,582,389	-	(3,084,561)	22,497,828	-
Series 2014C	3,836,888	-	(555,999)	3,280,889	-
Series 2020A	(1,699,765)	51,476	-	(1,648,289)	-
Series 2020B	(624,086)	18,898	-	(605,188)	-
Series 2020C	(466,580)	30,035	-	(436,545)	-
Total premiums and discounts	<u>26,628,846</u>	<u>100,409</u>	<u>(3,640,560)</u>	<u>23,088,695</u>	<u>-</u>
Leases payable	3,195,690	-	(501,095)	2,694,595	-
Total leases payable	<u>3,195,690</u>	<u>-</u>	<u>(501,095)</u>	<u>2,694,595</u>	<u>-</u>
Line of credit	-	8,400,000	(8,400,000)	-	-
Total line of credit	<u>-</u>	<u>8,400,000</u>	<u>(8,400,000)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,090,946,099</u>	<u>\$ 41,308,851</u>	<u>\$ (40,446,655)</u>	<u>\$ 1,091,808,295</u>	<u>\$ 40,872,497</u>

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

Annual principal and interest/accretion payments on the bonds payable at December 31, 2023 are summarized as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u> <u>and accretion</u>	<u>Total</u>
2024	\$ 40,872,497	\$ 32,153,619	\$ 73,026,116
2025	42,951,584	31,966,968	74,918,552
2026	45,072,811	31,783,416	76,856,227
2027	47,272,787	31,582,520	78,855,307
2028	49,543,724	31,367,397	80,911,121
2029-2033	169,574,213	231,167,448	400,741,661
2034-2038	67,240,008	329,411,090	396,651,098
2039-2043	50,483,795	270,165,908	320,649,703
2044-2048	40,581,852	165,054,774	205,636,626
2049-2053	52,024,328	153,607,546	205,631,874
2054-2056	86,300,000	5,858,725	92,158,725
	<u>\$ 691,917,599</u>	<u>\$ 1,314,119,410</u>	<u>\$ 2,006,037,009</u>

Arbitrage Rebate Liability: The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. There was no arbitrage rebate payment made during fiscal year 2023. As of December 31, 2023, there were no estimated liabilities for arbitrage rebate on governmental debt.

Debt Service Account Balances: The Authority has established debt service and debt service reserve accounts with the trustee for all series of bonds. As of December 31, 2023, the Authority's cash and investment available for debt service totaled \$201,261,964. There were surety policies in place to provide debt service reserves for the Series 2001A, 2014A, 2020A and 2020B bonds in the face amount of \$57,804,830 as of December 31, 2023.

Included in the cash and investments available for debt service are certain accounts restricted for debt repayment. These accounts include the national insured bonds debt service reserve with a balance of \$10,544,188 and the debt repayment account with a balance of \$9,497,020.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 7 – DEBT** (Continued)

Debt Service Coverage: The following table reflects what will be posted as part of the Authority’s continuing disclosure requirement. This table represents the coverage ratio for the bonds supported by the Hotel Occupancy Tax and the Motor Vehicle Rental Tax.

Net Car Rental Tax Receipts	\$	31,342,518
Net Hotel Tax Receipts		39,501,902
Total Tax Receipts		70,844,420
Senior Lien Debt Service		
Series 2014A		25,952,500
Series 2020A		1,626,094
Series 2020B		1,271,232
Total Senior Lien Debt Service		28,849,826
Debt Service Coverage Ratio		2.46
Houston Astros Payments <sup>(1)</sup>		4,600,000
Total Tax Receipts and Astros Payments	\$	75,444,420
Second Lien Debt Service		
Series 2014C		6,121,750
Series 2020C		998,389
Total Senior and Second Lien Debt Service		35,969,965
Senior and Second Lien Debt Service Ratio		2.10
Junior Lien Debt Service		
Series 2001H		4,095,000
Total Senior, Second and Junior Lien Debt Service	\$	40,064,965

(1) All rights, title, and interest of the issuer, now owned, or hereafter acquired, in and to the Astros payments pursuant to the provisions of this Indenture, provided that with respect to the tax exempt bonds such right, title and interest is limited to the allowed special revenue amount unless a greater amount is pledged by the supplemental indenture.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2023

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**NOTE 8 – AGREEMENTS WITH THE HOUSTON ASTROS**

Effective June 17, 1998, the Authority entered into various agreements with the Houston Astros (the “Astros”) which embodied the obligation of the Authority to construct Minute Maid Park and the obligation of the Astros to lease Minute Maid Park for a term of 30 years after the completion of Minute Maid Park. There are four principal agreements, plus a letter from Major League Baseball. The following is a summary of the major points of each principal agreement:

Ballpark Project Agreement: The project agreement entered into between the Authority and the Astros sets forth the respective rights and obligations of the parties during the construction and development phase of Minute Maid Park.

Ballpark Lease Agreement: The stadium lease for Minute Maid Park (the “Ballpark Lease”) is for a primary term of 30 years and commenced on March 30, 2000.

The Astros have the option (provided no uncured default exists) to extend the term of the Ballpark Lease for up to two consecutive periods of five years each. Rental payments during each renewal period will be negotiated between the parties at the time the Astros exercise each renewal option.

The basic rental fee to be paid by the Astros under the Ballpark Lease is \$3,400,000 per year. In addition, the Astros are obligated to deposit annually the sum of \$2,500,000 into an Asset Renewal and Replacement Fund (the “ARR Fund”) to ensure that sufficient dollars are available for the Astros to perform all capital repairs at Minute Maid Park. The Astros’ obligation to perform capital repairs is not, however, limited to the amounts on deposit in the ARR Fund.

The Astros are obligated to pay all expenses in connection with the maintenance, use, repair and occupancy of Minute Maid Park necessary to keep and maintain Minute Maid Park in a first-class condition reasonably consistent with other comparable facilities, subject to certain limited exclusions.

In July 2018, the Authority Board approved the first Omnibus Amendment (the “Amendment”) of the Minute Maid Park principal project documents. The primary term under the Ballpark Lease was modified to terminate on March 31, 2050. In addition, under the modified terms, the basic rental fee of \$3,400,000 per year to be paid by the Astros under the Ballpark Lease increases to \$4,400,000 commencing April 1, 2018 to March 31, 2030. Of the \$1,000,000 annual increase, \$750,000 will be paid directly to the ARR Fund. In addition, the basic rental fee increases again commencing April 1, 2030 to the expiration of the lease on March 31, 2050 to \$5,400,000.

Ballpark License Agreement: The Ballpark License Agreement has the same term as the Ballpark Lease. Pursuant to the Ballpark License Agreement, the Astros are granted the exclusive right to any naming rights, advertising rights, broadcast rights and telecommunications rights pertaining to Minute Maid Park. The annual royalty to be paid by the Astros under the Ballpark License Agreement is \$1,200,000.

Ballpark Nonrelocation Agreement: Pursuant to a nonrelocation agreement entered into between the Authority and the Astros, during the term of the Ballpark Lease, the Astros must play all of their baseball home games in Minute Maid Park, subject to certain limited exceptions. Additionally, the Astros are prohibited from relocating outside the boundaries of the City and the County. The Astros may sell the Astros baseball franchise in accordance with the applicable rules and regulations of Major League Baseball and the terms of the Ballpark Lease.

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**NOTE 9 – AGREEMENTS WITH THE HOUSTON TEXANS AND RODEO**

Effective May 17, 2001, the Authority, the City, the County, the Corporation, or the successor in interest to the NFL Club, METRO, the HLSR and the NFL Club entered into various agreements that govern the construction, financing and use of NRG Stadium, a multipurpose, retractable roof sports and entertainment facility designed to support the occupancy of an NFL franchise by the NFL Club, the annual rodeo of HLSR and other sporting and entertainment events. The principal project documents embody (i) the obligation of the Corporation to construct, operate and maintain NRG Stadium, (ii) the obligation of the Authority to finance the construction of NRG Stadium, and (iii) the obligation of the NFL Club and the HLSR to lease NRG Stadium for their respective games and events for a term of 30 years after the completion of NRG Stadium. Upon completion, ownership of NRG Stadium was transferred to the County; therefore, the value of NRG Stadium is not included in the capital assets of the Authority. The principal project documents are summarized as follows:

1. The funding agreement obligates the Authority to provide financing for the design and construction of NRG Stadium in accordance with the terms of the various bond documents, sets forth the terms and conditions agreed to by the Corporation, the NFL Club, HLSR, and the Authority related thereto, and provides for the NFL Club's payment of certain amounts not generated by Personal Seat Licenses (PSL) sales;
2. The project agreement among the Corporation, the NFL Club, and HLSR generally governs the parties' rights and responsibilities during the design and construction of NRG Stadium;
3. The NFL Club lease agreement sets out the Corporation's and the NFL Club's responsibilities after the completion of NRG Stadium with regard to occupancy, use, repairs and payment of the NFL Club Guaranteed Payment, and the NFL Club Supplemental Revenue Payment;
4. The Stadium tri-party agreement among the Corporation, the NFL Club and HLSR generally governs issues with regard to the parties' participation in advertising, signage, concessions and naming rights and future development at Reliant Park (formerly known as the Astrodome complex);
5. The nonrelocation agreement obligates the NFL Club to play its home football games in NRG Stadium and not to relocate the NFL Club's football franchise outside its current home territory;
6. The HLSR lease agreement sets out the Corporation and HLSR responsibilities after the completion of NRG Stadium with regard to occupancy, use, repairs and payment of rental;
7. The NFL Club license agreement grants to the NFL Club certain intangible property rights associated with its use of NRG Stadium such as naming rights, broadcast rights and advertising rights.
8. The HLSR license agreement grants to HLSR certain intangible property rights associated with its use of NRG Stadium, such as naming rights, broadcasting rights and advertising rights.

The terms of the principal project documents require that the guaranteed payments or lease payments to be made by the NFL Club and the HLSR be assigned to the Authority during the term of the leases. Under the terms of the principal project documents, the following payments are to be made to the Authority:

1. The NFL Club will make a guaranteed payment annually of \$4,010,000. The guaranteed payment may be offset (subject to the terms of the indenture governing the debt service requirements) by the following miscellaneous club revenues: (a) ticket taxes for the NFL Club events, (b) parking taxes for NFL Club events and (c) City and METRO sales tax rebates for all taxable sales related to an NFL Club event.
  2. The offset to the guaranteed payment, however, shall not be made in any particular year until such time as the capital repair reserve requirement for such particular year is satisfied in full.
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**NOTE 9 – AGREEMENTS WITH THE HOUSTON TEXANS AND RODEO (Continued)**

3. The HLSR will make a lease payment of \$1,500,000 annually. In addition, the following revenues related to HLSR events will be received by the Authority: (a) ticket taxes or surcharges on all HLSR events, (b) parking taxes for HLSR events and (c) City and METRO sales tax rebates for all taxable sales related to an HLSR event.
4. The Authority is entitled to the following revenues for all other events held in NRG Stadium: (a) ticket taxes or surcharges to all other events held in NRG Stadium and (b) City and METRO sales tax rebates for all taxable sales related to all other events held in NRG Stadium.
5. The Authority, the Corporation and the NFL Club also entered into an agreement that authorized the Authority to market and sell, or cause to be marketed or sold, PSLs for certain seating at the NFL Club's games. The Authority delegated the authority for the marketing and sale of the PSLs to the NFL Club. The NFL Club satisfied its obligation to contribute \$50 million toward the construction costs for NRG Stadium through the sale of PSLs. Any amounts received in excess of \$50 million may be used at the direction of the NFL Club to pay construction costs for improvements requested by the NFL Club, the costs associated with the marketing and sale of PSLs or for any other purpose determined by the NFL Club.

**NOTE 10 – ROCKET BALL, LTD.**

Effective December 31, 2001, the Authority entered into various agreements with Rocket Ball, Ltd. ("Rocket Ball") that set forth the terms and conditions for the development, construction, financing, use and occupancy of a multi-purpose sports and entertainment facility and parking garage for the Houston Rockets and for a National Hockey League (NHL) franchise, if one is brought to Houston.

Description of Project: The multi-purpose sports and entertainment facility, known as the Toyota Center and related parking garage (the "Garage") and infrastructure (the "Related Infrastructure") and collectively with the Toyota Center and the Garage (the "Project"), was constructed in downtown Houston, Texas as the home facility for the Houston Rockets, professional hockey and other events. The Project is located in the eastern portion of downtown Houston.

The Toyota Center is located on land owned by the City and leased to the Authority. The Garage is located on land owned by the Authority. The Project is owned by the Authority and leased to Rocket Ball. The Toyota Center was designed by Rocket Ball and developed and constructed by the Authority. The Garage was designed, developed and constructed by the Authority. The Garage was sold on June 30, 2015.

Acquisition of Project Site: Acting on behalf of the City, and pursuant to an interlocal agreement, the Authority acquired the Toyota Center site. The City contributed \$20 million toward the costs for the Toyota Center land and related infrastructure. The Authority also acquired the Garage site.

Project Budget: The Toyota Center portion of the Project, exclusive of the Garage, certain infrastructure work and studies and certain other excluded costs described in the principal project documents, had a budget of \$202 million. Proceeds from the Series 2001 Arena bonds funded \$182 million of the Toyota Center portion of the project budget. Up to \$20 million of the Toyota Center's portion of the Project Budget was funded from proceeds of the Authority's subordinate obligation issued in 2004 to Rocket Ball or an affiliate or affiliates of Rocket Ball.



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**NOTE 10 – ROCKET BALL, LTD. (Continued)**

**Principal Project Documents:** There are six principal project documents (the “Arena Principal Project Documents”) that embody (i) the obligation of the Authority to construct and finance the construction of the Toyota Center and the Garage, (ii) the obligation of Rocket Ball to lease and operate the Toyota Center for a term of 30 years after its completion and (iii) the right of Rocket Ball to use, and the obligation of the Authority to operate, the Garage in connection with the Toyota Center.

These Arena Principal Projects Documents are:

- a. Interlocal Agreements — these agreements between the City and the Authority generally set out the City’s obligation to provide funding to acquire the site and to perform certain infrastructure work and studies related to the Toyota Center and the Garage. Rocket Ball is a third-party beneficiary of these agreements;
- b. Project Agreement — this agreement generally governs the Authority’s and Rocket Ball’s rights and obligations during the design and construction of the Toyota Center, the Garage and certain related Project improvements, including, without limitation, an enclosed access-way connecting the Garage to the Toyota Center and a loading dock and associated underground tunnel and access ramp;
- c. Arena Lease Agreement — generally sets out the Authority’s and Rocket Ball’s rights and responsibilities with regard to occupancy, use, repairs, rent payments, naming rights, broadcast rights, advertising rights, telecommunication rights and other intellectual property rights;
- d. Nonrelocation Agreement — generally sets out the obligations of Rocket Ball with respect to playing its basketball home games in the Toyota Center and not relocating Rocket Ball’s basketball franchise outside its current home territory during the term of the Toyota Center lease;
- e. Parking Garage Lease Agreement — generally sets out the Authority’s and Rocket Ball’s rights and responsibilities with regard to the use, occupancy and operation of and repairs and maintenance to the Garage, the enclosed access and portions of the access ramp to the loading dock; and
- f. City Ground Lease Agreement — this agreement between the City, as landlord, and the Authority, as tenant, provides that the City will lease the land on which the Toyota Center is constructed to the Authority for a term of 30 years for and in consideration of the Authority’s obligation to construct and provide the Toyota Center for the City’s use on certain specified dates. Rocket Ball is a third-party beneficiary of this agreement.

Under the terms of the Arena Lease Agreement, Rocket Ball is obligated to make a payment of \$8.5 million annually, which is to be allocated as follows:

- a. \$1.5 million is to be deposited to an account to be used for operations and maintenance expense for the Toyota Center;
  - b. \$1.6 million is to be deposited to the Capital Repair and Replacement Fund (the “CRR Fund”) to ensure that sufficient dollars are available for Rocket Ball to perform capital repairs at Toyota Center;
  - c. \$200,000 is to be paid to the City for naming rights; and
  - d. \$5.2 million was originally pledged to the payment of Arena supported debt.
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**NOTE 10 – ROCKET BALL, LTD. (Continued)**

Rocket Ball is obligated to pay all expenses in connection with the maintenance, use, repair and occupancy of the Toyota Center that exceeds the operations and maintenance expense allocation above. Additionally, Rocket Ball's obligation to perform capital repairs is not limited to the amounts on deposit in the CRR Fund.

The lease payments are due semi-annually, on August 1 and February 1. In prior years, the August 1 payment has been recognized as revenue in the year the payment is made, although one month of the rental period is in the next fiscal year.

**NOTE 11 – DYNAMO STADIUM, L.L.C.**

Effective February 18, 2011, the Authority entered into various agreements with Dynamo Stadium, L.L.C. ("Dynamo Stadium") that set forth the terms and conditions for the development, construction, financing, use and occupancy of a multi-purpose soccer and entertainment facility for the Houston Dynamo (the "Team") of Major League Soccer and for the football program at Texas Southern University.

Description of Project: The multi-purpose outdoor soccer stadium known as the BBVA Compass Stadium (the "Stadium") and related infrastructure was constructed in downtown Houston, Texas. The Stadium will serve as the home facility for the Team, Texas Southern University football and other events. The Stadium is located in the eastern portion of downtown Houston. The Stadium is located on land owned by the City and County and leased to the Authority. The Stadium is owned by the Authority and leased to Dynamo Stadium. The Stadium was designed by Dynamo Stadium and financed, developed and constructed by the Team.

Principal Project Documents: There are three principal project documents which embody (i) the obligation of the City and County as tenants in common and landlord, to ground lease the land on which the Stadium was constructed ( the "Stadium Site") located in the east end of downtown Houston in a subdivision known as the East End Economic Development site to the Authority, (ii) the obligation of the Authority to lease the Stadium Site to Dynamo Stadium, (iii) the obligation of Dynamo Stadium to develop, construct (and finance the construction of), operate and maintain a multi-purpose, outdoor soccer stadium on the Stadium Site, (iv) the obligation of the Dynamo Soccer, L.L.C. ("Dynamo Soccer") to cause the Team to play all of its home games in the Stadium, (v) a framework for Texas Southern University to play its home games at the Stadium and (vi) the obligation of the City and County to contribute certain tax increments in City of Houston Tax Reinvestment Zone No. 15 ("TIRZ 15") to Dynamo Stadium for Dynamo Stadium to use as security for a \$20 million loan to pay for a portion of the construction costs of the Stadium.

These documents are:

- a. Interlocal Agreement — This agreement between the City, the County and the Authority generally sets out the City's and County's obligation, through TIRZ No. 15, to provide certain tax increments as security for a loan to Dynamo Stadium to finance \$20 million of the cost to construct the Stadium.
- b. Ground Lease Agreement — This agreement between the City and the County, as landlord, and the Authority, as tenant, provides that the City and the County, as landlord, will lease the Stadium Site to the Authority for a term of 30 years after completion of the Stadium for and in consideration of the Authority's obligation to cause Dynamo Stadium to construct the Stadium. The Authority will own the Stadium during the term of the ground lease, with the City and County receiving ownership upon the expiration of the ground lease. There will be no monetary rent paid by the Authority as tenant under the ground lease.

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY  
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**NOTE 11 – DYNAMO STADIUM, L.L.C. (Continued)**

- c. Lease and Development Agreement — This agreement generally sets out the terms of the lease of the Stadium Site by the Authority to Dynamo Stadium and Dynamo Stadium's responsibility to construct, maintain, operate, use and repair the Stadium.

Commencing the first year after completion of the Stadium, the Team will pay to the Authority annual rent equal to \$65,000, such amount to increase by consumer price index (CPI) each year during the term of the Stadium Lease. The Authority assumes the CPI will increase 2% per year for lease revenue projections related to this lease agreement.

Dynamo Stadium is obligated to repair (including performing capital repairs) maintain, manage and operate the Stadium, at its sole cost and expense, as a multi-purpose sports and entertainment facility in compliance with all governmental rules and in a manner consistent with the manner and standards by which comparable facilities are repaired, maintained, managed and operated. Dynamo Stadium is obligated to make deposits into the CRR Fund as follows:

- a. \$100,000 at the end of the first year of operations and \$100,000 per year for the second through tenth year of operation;
- b. \$200,000 per year for years 11 through 20 and
- c. \$425,000 per year for years 21 through 30

The obligation of Dynamo Stadium to perform capital repairs at the Stadium is not limited to amounts on deposit in the CRR Fund.

**NOTE 12 – EMPLOYEES' RETIREMENT PLAN**

The Authority has a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Service Section 457 that is available for all regular employees. Employees may contribute up to the annual maximum allowed by the internal Revenue Service, which was \$22,500 for 2023. The Authority will match the employees' contribution up to 6% of the employees' salary.

During fiscal year 2023, the Authority contributed 6% of the employees' gross compensation to the Plan. The employer and employee contributions were \$136,893 and \$150,537, respectively, based on a covered payroll of \$2,745,395. The total payroll for the authority was \$2,914,342. The employees of the Authority are fully vested after five years of service. In the first year of employment, the employee has a 20% vested interest in the employer contribution. This amount increases to 40% in year two of service, 60% in year three of service and 80% in year four of service. Senior level managers, defined as having supervisory responsibilities and having a base salary higher than \$110,000 annually, have a three-year vesting plan.

**NOTE 13 – CONTINGENCIES**

The Authority is the defendant in various legal actions that arise in the normal course of business. No prediction as to the result of such litigation or claims can be made, but the Authority, based on consultation with outside counsel, believes the outcome of such matters will not materially affect its financial position.

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**NOTE 14 – CHANGE IN REPORTING ENTITY**

The Authority has changed beginning net position for fiscal year 2023 due to a change in reporting entity. As of January 1<sup>st</sup>, 2023, the Sports Authority foundation no longer qualified to be reported within the Authority's financial statements, and as a result has been removed from the beginning balance for fiscal year 2023.

	<u>Governmental Activities</u>
Net Position Before Change in Reporting Entity	\$ (503,891,591)
Removal of Sports Authority Foundation Net Position	<u>(493,560)</u>
Net Position after Change in Reporting Entity	<u>\$ (504,385,151)</u>

**NOTE 15 – SUBSEQUENT EVENT**

On September 11, 2023, the Texas Department of Transportation (TxDOT) sent a letter to the Authority containing an offer to purchase land next to Minute Maid park. The Authority accepted an offer of \$121,463,624 for this piece of property. As of the end of the fiscal year, the formal sale of this land was not completed. The Authority and TxDOT closed the sale process and transferred legal ownership of the property on May 6, 2024.

**APPENDIX C**

**EXCERPTS OF CERTAIN PROVISIONS OF THE MASTER INDENTURE**

*Set forth below are certain excerpted provisions of the Indenture of Trust dated August 15, 1998, as amended and restated as of May 1, 2001, November 1, 2003, June 1, 2004 and December 1, 2014 which are incorporated into this Appendix C for convenience (the "Master Indenture"). These excerpts are qualified by reference to other portions of the Master Indenture referred to or described elsewhere in this Official Statement, and all references and summaries pertaining to the Master Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the Master Indenture, a copy of which may be obtained from the Sports Authority. Section and Article references contained in the following excerpts are to Sections and Articles contained in the Master indenture. Capitalized terms used in the Official Statement and not otherwise defined have the meanings stated in this Official Statement. See also "APPENDIX D - Excerpts of Certain Provisions of the Supplemental Indentures."*

\* \* \* \* \*

**FOURTH AMENDED AND RESTATED INDENTURE OF TRUST**

THIS FOURTH AMENDED AND RESTATED INDENTURE OF TRUST (the "Indenture"), originally dated as of August 15, 1998, as amended and restated as of May 1, 2001, November 1, 2003, June 1, 2004, and December 1, 2014, by and between HARRIS COUNTY-HOUSTON SPORTS AUTHORITY, a political subdivision of Harris County, Texas, the City of Houston, Texas, and the State of Texas, duly organized and existing under the Constitution and laws of the State of Texas (the "Issuer"), and UMB BANK, NATIONAL ASSOCIATION, a national banking association, authorized to accept and execute trusts of the character herein set out, as successor trustee, with a payment office in Kansas City, Missouri (the "Trustee"):

\* \* \*

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created by this Indenture and each Supplemental Indenture and of the purchase and acceptance of each Series of the Bonds by the Owners thereof, in order to secure the payment of the principal of, interest on, purchase price of, and premium, if any, on all Series of Bonds according to their tenor and effect, the payment of all amounts due and owing to the Credit Provider, and the performance and observance by the Issuer of all the covenants expressed or implied herein and in each Series of the Bonds, does hereby grant, mortgage, grant a security interest in, collaterally assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

**FIRST**

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to the moneys deposited or required to be deposited in the Senior Lien Debt Service Account (for any Senior Lien Bonds), the Second Lien Debt Service Account (for any Second Lien Bonds), the Junior Lien Debt Service Account (for any Junior Lien Bonds), and the Pledged Revenue Account, provided, however, that the Issuer expressly reserves the right to transfer any or all interest and investment income earned from investments held in the Debt Service Accounts (other than amounts attributable to capitalized interest on Bonds), and the Pledged Revenue Account to other Accounts (including specifically, but not by way of limitation, the Rebate Account) as hereinafter provided;

**SECOND**

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to the moneys deposited or required to be deposited in the Special Revenue Account pursuant to the provisions of this Indenture, provided that with respect to the Tax Exempt Bonds such right, title

and interest is limited to the Allowed Special Revenue Amount unless a greater amount is pledged by Supplemental Indenture;

### **THIRD**

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to each Senior Lien Debt Service Reserve Subaccount (for a Series of Senior Lien Bonds issued pursuant to a Supplemental Indenture under which a particular Senior Lien Debt Service Reserve Subaccount is established), each Second Lien Debt Service Reserve Subaccount (for a Series of Second Lien Bonds issued pursuant to a Supplemental Indenture under which a particular Second Lien Debt Service Reserve Subaccount is established), and each Junior Lien Debt Service Reserve Subaccount (for a Series of Junior Lien Bonds issued pursuant to a Supplemental Indenture under which a particular Junior Lien Debt Service Reserve Subaccount is established); provided that the Issuer expressly reserves the right to transfer any or all interest and investment income earned from investments held in the Senior Lien Debt Service Reserve Account, the Second Lien Debt Service Reserve Account, or the Junior Lien Debt Service Reserve Account to other Accounts (including specifically, but not by way of limitation, the Rebate Account) as hereinafter provided;

### **FOURTH**

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to the Revenues and to the Special Revenues, including, in the event of the Issuer's failure to do so, the right of the Issuer to enforce timely imposition and collection of all Revenues or Special Revenues, provided that Special Revenues are pledged solely to the Bonds to which such Special Revenues are expressly pledged pursuant to one or more Supplemental Indentures and further provided that with respect to the Tax Exempt Bonds any pledge of Special Revenues is limited to the Allowed Special Revenue Amount unless a greater amount is pledged by Supplemental Indenture;

### **FIFTH**

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to proceeds from the sale of Bonds required to be deposited in the Construction Account or Cost of Issuance Account pursuant to the provisions of this Indenture (except as limited by the following provisos) and all right, title, and interest in and to the investments held in the Construction Account or Cost of Issuance Account (except as limited by the following provisos) pursuant to the provisions of this Indenture; provided, however, that the Issuer may establish one or more separate accounts in the Construction Account or Cost of Issuance Account to be funded with proceeds of any particular Series of Bonds, which accounts and the proceeds of the particular Series of Bonds deposited therein (together with all investments thereof and investment income earned thereon) may be pledged solely to the payment of one or more designated Series of Bonds for any designated periods, or otherwise, all as permitted in *Section 5.3* hereof and as shall be more fully provided in any Supplemental Indenture with respect to the proceeds of the Series of Bonds issued thereunder, and provided further that such pledge is subordinate and junior to the rights of any third party to whom amounts are owed for Costs of a Venue Project or Costs of Issuance as applicable;

### **SIXTH**

Any and all property of every kind and nature (including, without limitation, cash, obligations or securities) which may from time to time hereafter be assigned, hypothecated, endorsed, pledged, granted, or delivered to or deposited with the Trustee as additional security hereunder by the Issuer or anyone on its behalf, or which pursuant to any of the provisions hereof may come into the possession or control of the Trustee as security hereunder, or of a receiver lawfully appointed hereunder, all of which the Trustee is authorized to receive, hold and apply according to the terms hereof;

## SEVEN

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to the money deposited or required to be deposited in the Second Lien Debt Service Revenue Holding Account pursuant to the provisions of this Indenture;

## EIGHT

All right, title, and interest of the Issuer, now owned or hereafter acquired, in and to the money deposited or required to be deposited in the Junior Lien Debt Service Revenue Holding Account pursuant to the provisions of this Indenture;

## NINE

All right, title, and interest of the Issuer in and to the National Insured Bonds Debt Service Reserve Account, but for no obligations other than the National Insured Bonds, and the Debt Repayment Account, but for no obligations other than the Series 2001H Bonds, the Series 2004A Bonds and the Series 2001C-2 Note, subject to the application of such Accounts provided herein;

PROVIDED, that any instrument, fund, property or contract right, Special Revenues, or proceeds thereof designated by a Supplemental Indenture to be pledged, mortgaged or assigned to secure a specific Series of Bonds (or specific Bonds within a Series) including each Subaccount of the Senior Lien Debt Service Reserve Account, Second Lien Debt Service Reserve Account, or Junior Lien Debt Service Reserve Account, and the National Insured Bonds Debt Service Reserve Account and the Debt Repayment Account as designated herein, shall be held by the Trustee hereunder for the sole and exclusive benefit of the Owners of the Series of Bonds (or such specific Bonds within a Series) so designated, and shall not secure or accrue to the benefit of any Series of Bonds or specific Bonds within a Series not so designated;

TO HAVE AND TO HOLD all the Trust Estate with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

SUBJECT TO the rights, if any, of each person under each Credit Facility, Credit Agreement, Pledge Agreement and Related Agreements to the extent provided herein or in any Supplemental Indenture;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth (i) for the equal and proportionate benefit, security and protection of all Owners from time to time of all Series of Senior Lien Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Senior Lien Bonds over any of the others except as otherwise provided herein, (ii) on a basis subordinate and junior to the Senior Lien Bonds, for the equal and proportionate benefit, security and protection of all Owners from time to time of all Series of Second Lien Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Second Lien Bonds over any of the others except as otherwise provided herein, and (iii) on a basis subordinate and junior to the Senior Lien Bonds and the Second Lien Bonds, for the equal and proportionate benefit, security and protection of all Owners from time to time of all Series of Junior Lien Bonds issued under and secured by this Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Junior Lien Bonds over any of the others except as otherwise provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as provided in *Article Nine* hereof of the principal of all Series of Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Bonds and other instruments according to the true intent and meaning thereof, and shall make the payments into the Senior Lien Debt Service Account (for a Series of Senior Lien Bonds), the Second Lien Debt Service Account (for a Series of Second Lien Bonds), or the Junior Lien Debt Service Account (for a Series of Junior Lien Bonds), as required under *Article Five* or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly

keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee and the Credit Providers all sums of money due or to become due to them in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, this Indenture shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ENABLING ACT AND THIS INDENTURE no Series of Bonds or other obligations hereunder may be payable from or be a charge upon any funds of the Issuer other than the Revenues, Special Revenues (if and to the extent pledged to a Series of Bonds), and Trust Estate pledged to the payment thereof and no Owner or Owners of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer to pay any Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the Issuer, except with respect to Hotel Occupancy or Vehicle Rental Taxes to the extent pledged hereby, and the Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, except as above provided; and the Enabling Act provides that under no circumstances shall any Bond or other obligation of the Issuer hereunder be or become an indebtedness or obligation of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any other political subdivision of or municipality within the State, nor shall any such Bond or obligation be or become an indebtedness of the Issuer within the purview of any constitutional limitation or provision, but nothing in the Enabling Act impairs the rights of Owners of Bonds issued under this Indenture and the Supplemental Indentures relating thereto to enforce the covenants made for the security thereof as provided in this Indenture and the applicable Supplemental Indenture and in the Enabling Act and the Issuer and the Trustee mutually covenant and agree, to the extent specifically provided herein, for the benefit of all Owners of all Series of the Bonds, as follows:

## **ARTICLE ONE DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS**

### Section 1.1. Definitions.

In this Indenture, including the Recitals hereto, the following terms have the following meanings unless the context hereof clearly requires otherwise, and any other terms defined in a Supplemental Indenture or in Related Agreements shall have the same meanings when used herein as assigned them in such other documents unless the context or use thereof indicates another or different meaning or intent:

“AAA” means the American Arbitration Association.

“Account” or “Subaccounts” means any one or more of the accounts or subaccounts created or established within the Venue Project fund hereunder or under any Supplemental Indenture.

“Accreted Value” means with respect to any Bond that is a Capital Appreciation Bond, as of any Valuation Date, the amount set forth for such date in the applicable Supplemental Indenture authorizing such Bond and as of any date other than a Valuation Date, the sum of (i) the Accreted Value on the preceding Valuation Date (or the initial reoffering price if there is no preceding Valuation Date), and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, using for such calculation 30 day months and a 360 day year and (2) the difference between the Accreted Values for such Valuation Dates.

“Additional Bonds” means Bonds issued pursuant to this Indenture as from time to time supplemented as permitted by *Article Six*, but in no event shall Additional Bonds include Third Lien Bonds or other obligations of the Issuer secured by a pledge or assignment, lien, charge, or encumbrance on any or all property or interests therein or other items of security comprising the Trust Estate which lien is subordinate and junior to the lien of the Indenture.

“Additional Bonds Revenues” means (a) all receipts by the Trustee from the Hotel Occupancy Tax and Vehicle Rental Tax, and (b) other amounts, funds, accounts, revenues, receivables, or other security irrevocably pledged or assigned as part of the Trust Estate for a Series of Bonds pursuant to a Supplemental Indenture: provided however, such other items referenced in clause (b) shall constitute Additional Bonds Revenues only if consented to by each Designated Credit Provider.



“*Additional Required Reserve Account*” means the Account of such name maintained under the Third Amended and Restated Indenture dated as of August 15, 1998, as amended and restated on May 1, 2001, November 1, 2003 and June 1, 2004, between the Issuer and a predecessor trustee to the Trustee.

“*Adjustable Rate Bond*” means any Bond, the interest rate on which is not established at the time of calculation at a single numerical rate for the remaining term of such Bond, but for which the period between redeterminations of the interest rate is more than two years.

“*Adjusted Debt Service Requirements*” means, for any period, as of any date of calculation, the aggregate Debt Service Requirements on Outstanding Bonds for such period taking into account the following adjustments:

(i) With respect to Adjustable Rate Bonds and Bonds that bear interest at a Variable Interest Rate, the aggregate Debt Service Requirements thereon are determined as if each such Bond bore interest at the Certified Interest Rate, and (B) if (1) Bonds of a specific maturity within a Series bear interest at a Variable Interest Rate and Bonds which bear a Variable Interest Rate of another Series with the same maturity are issued in an equal principal amount to the first such Series of Bonds of the same maturity and (2) the Variable Interest Rate of the first Series of such Bonds varies inversely to the Variable Interest Rate of the second Series of such Bonds of the same maturity so that the combined interest rate for the aggregate principal amount of such Bonds of the same specific maturity for both such Series is determined by the Issuer to result in a combined fixed interest rate, then so long as the same principal amount of each maturity of such Series of Bonds remain Outstanding, the aggregate Debt Service Requirements thereon shall be determined as if all such Variable Interest Rate Bonds of such Series and maturity bore interest at the combined fixed interest rate so determined by the Issuer with respect to such aggregate principal amount of such Bonds.

(ii) Except to the extent described in (iii) below, with respect to Bonds secured by a Credit Facility, the aggregate Debt Service Requirements thereon shall be deemed to include all periodic Bond Related Costs and other payments to (including any payments required to reimburse) the related Credit Provider (including any Debt Service Reserve Account Credit Provider), but shall not include any amounts payable as principal of and interest and premium with respect to any reimbursement obligation to such Credit Provider except and to the extent that such payments on such reimbursement obligation are required to be made to the Credit Provider in excess of any corresponding Debt Service Requirements with respect to such Bonds during such period.

(iii) With respect to Optional Tender Bonds, the aggregate Debt Service Requirements thereon shall not include any amounts payable to a Credit Provider pursuant to any reimbursement obligation arising as the result of the payment of any purchase price with respect to such Bonds on a Purchase Date except to the extent that, and for any period during which, the Issuer is obligated to reimburse the Credit Provider for payments made by such Credit Provider directly or indirectly in satisfaction of any obligation to purchase such Bonds on any Purchase Date following the application of any proceeds of any remarketing of such Bonds.

(iv) The aggregate Debt Service Requirements for any period on any Bonds shall not include (1) any interest which is payable from Capitalized Interest held for payment of interest on such Bonds or (2) the amount of Debt Service Requirements on Bonds to be paid from amounts in a Debt Service Reserve Account at the time of such computation for the period in question, but only if any such amount described in (1) or (2) is available and is to be applied under the applicable Supplemental Indenture to make debt service payments on such Bonds when due.

(v) With respect to Crossover Refunding Bonds, the aggregate Debt Service Requirements thereon until the Crossover Refunding Bonds Break Date shall be disregarded.

For purposes of this definition of Adjusted Debt Service Requirements, the principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of any Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculation of accrued and unpaid and accruing interest or principal installments on the date on which or for the period during which such

amounts become due and payable (whether at stated maturity or earlier mandatory redemption) unless otherwise provided in a Supplemental Indenture authorizing such Capital Appreciation Bonds or Deferred Interest Bonds. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

*“Allowed Special Revenue Amount”* means, with respect to an issue of Tax-Exempt Bonds (or portion thereof pursuant to a multipurpose allocation), as of the proposed date of payment of any such Special Revenue, an amount of Special Revenues the present value of which (calculated pursuant to sections 1.141-4 and 1.141-13 of the Regulations), together with any other Special Revenues or other private payments previously used for Debt Service Requirements on such Bonds (or, in the case of refunding Bonds, the Debt Service Requirements on the “combined issue” as defined in section 1.141-13 of the Regulations), shall not exceed the lesser of \$15,000,000 or 10% of the present value of all Debt Service Requirements on such Bonds (or, in the case of refunding Bonds, the Debt Service Requirements on the “combined issue” as defined in section 1.141-13 of the Regulations) through such proposed date of payment from the Issue Date for such Bonds (or, in the case of refunding Bonds, the Issue Date of the refunded obligations), calculated based on the Yield for such issue (or, in the case of refunding bonds, the “yield on the combined issue” as calculated pursuant to section 1.141-13 of the Regulations), or, upon any change in the laws governing the excludability of interest from the gross income of the owners of such Bonds for federal income tax purposes, such greater amount as may from time to time be authorized under such laws, provided that the Trustee shall have received an opinion of Bond Counsel to the effect that treating such greater amount as the “Allowed Special Revenue Amount” will not adversely affect such excludability of interest. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

*“Annual Budgeted Expense Amount”* at the commencement of each subsequent Bond Year, the Issuer shall certify to the Trustee the Annual Budgeted Expense Amount for each Series of Bonds, which shall be the projected Bond Related Costs and Bond Service Charges for such Bond Year including the needed monthly deposits to each applicable Senior Lien Expense Subaccount, Second Lien Expense Subaccount, Junior Lien Expense Subaccount, Senior Lien Debt Service Reserve Subaccount, Second Lien Debt Service Reserve Subaccount, Junior Lien Debt Service Reserve Subaccount, Senior Lien Credit Subaccount, Second Lien Credit Subaccount, and Junior Lien Credit Subaccount to provide sufficient funds in such Subaccounts to pay such Bond Related Costs and Bond Service Charges when due.

*“Annual Budgeted General and Administrative Amount”* means during the 2014-2015 Bond Year the amount of \$3,961,215, and by adding at the commencement of each subsequent Bond Year (i) the Annual Budgeted General and Administrative Amount at the commencement of the immediately preceding Bond Year to (ii) the product of multiplying the Annual Budgeted General and Administrative Amount at the commencement of the immediately preceding Bond Year times the United States Bureau of Labor Statistics’ most recently published 12-month percent change for the Consumer Price Index for All Urban Consumers for the U.S. City Average for All Items, as certified to the Trustee by the Issuer at the beginning of each Bond Year. Beginning with the 2016-2017 Bond Year and for each subsequent Bond Year, the amount of the Annual Budgeted General and Administrative Amount will increase as provided in clause (ii) only if, on the first day of the Bond Year in which the increase would be effective, the balance of the Debt Repayment Account plus the balance of the National Insured Bonds Debt Service Reserve Account, plus the aggregate amount of the Debt Repayment Account used to pay Bonds or Third Lien Bonds during the Bond Year is greater than \$10,000,000. If at the beginning of any future Bond Year the compound annual growth rate of Revenues as measured from calendar year 2013 Revenues of \$52,708,722 is 1.5% or less, then the Annual Budgeted General and Administrative Amount for the next Bond Year, as calculated pursuant to the foregoing provisions of this definition, will be reduced by \$300,000, provided that such amount will never be reduced below \$3,595,000.

*“Appreciated Value”* means, with respect to any Bond that is a Deferred Interest Bond until the Interest Commencement Date thereon, as of any Valuation Date, the amount set forth for such date in the Supplemental Indenture authorizing such Deferred Interest Bond and as of any date other than a Valuation Date, the sum of (i) the Appreciated Value on the preceding Valuation Date (or the initial reoffering price if there is no preceding Valuation Date) and (ii) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Appreciated Values for such Valuation

Dates. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee,

“*Approved Venue Project*” means a sports and community project that has been approved as provided in the Enabling Act.

“*Assured Guaranty Municipal Corp.*” or “*AGM*” means Assured Guaranty Municipal Corp. or any successor thereto as the Credit Provider for the Series 2014A Bonds, Series 2014B Bonds, Series 2014C Bonds, and with National for the Series 2001A Bonds.

“*Astros Payments*” or “*Team Payments*” means the Basic Rentals received by the Issuer pursuant to and as defined in that certain Stadium Lease Agreement dated June 17, 1998, as amended through the date of the Twenty-Seventh Supplemental Indenture of Trust, between the Issuer and Houston Astros LLC, formerly Houston McLane Company, Inc. (the “Astros”), and the Royalty Payment received by the Issuer pursuant to and as defined in the License Agreement dated June 17, 1998, as amended through the date of the Twenty-Seventh Supplemental Indenture of Trust, between the Issuer and the Astros.

“*Astros Payments Subaccount*” means the Subaccount of that name established by **Section 5.1(b)(2)**.

“*Available Revenues*” means all receipts by the Trustee from the Hotel Occupancy Tax, Vehicle Rental Tax, and Astros Payments, and such additional amounts as may be pledged in writing as part of the Trust Estate, provided that inclusion of such additional amounts as Available Revenues must be approved in writing by each Designated Credit Provider.

“*Bond Closing*” means the date on which there is delivery by the Issuer of, and payment by the initial purchasers thereof for, a Series of Bonds.

“*Bond Counsel*” means any qualified firm of lawyers which in the absence of specific direction in the Indenture as to selection is selected by the Issuer and whose expertise in matters relating to the issuance of obligations by states and their political subdivisions, the interest on which is excludable from gross income for purposes of federal income taxation, is nationally recognized.

“*Bond Register*” means the register maintained by the Bond Registrar pursuant to **Section 2.6**.

“*Bond Registrar*” means the Trustee or any successor trustee appointed as Bond Registrar pursuant to **Section 2.3**.

“*Bond Related Costs*” means (a) all costs, fees and expenses of the Issuer incurred or reasonably related to any Liquidity Facility, Credit Facility, and any remarketing or other secondary market transactions, (b) any fees of Bond Counsel, attorneys, feasibility consultants, engineers, financial advisors, remarketing agents, rebate consultants, accountants and other advisors retained by the Issuer in connection with a Series of Bonds, other than Costs of Issuance, (c) any Hotel Occupancy Tax collection costs, including legal fees for collection of delinquent taxes, (d) any Vehicle Rental Tax collection costs, (e) any investment management costs, including the costs related to Harris County Financial Services, the costs of quarterly investment reviews by the financial advisor, and any other investment related costs, and (f) any other fees, charges and expenses that may be lawfully incurred by the Issuer relating to Bonds, including, without limitation, any obligation of the Issuer to a Credit Provider for a Series of Bonds to repay or reimburse any amounts paid by such Credit Provider due to payment under such Credit Facility and any interest on such repayment obligation unless any such amount constitutes a Bond Service Charge for such Series, or to a Credit Provider for amounts otherwise due and owing under a Credit Agreement.

“*Bond Service Charges*” means, for any applicable time period or date, the scheduled principal of and premium, if any, and interest (excluding accrued interest paid on the Issue Date) and the fees, expenses and costs of the Trustee, Bond Registrar, Paying Agent, and Computation Agent, if any, on any of the Bonds accruing for that period or due and payable on that date (including principal and premium payable on the next November 15 and excluding principal and premium payable on the November 15 of that Bond Year, and including interest required to

be paid on the Interest Payment Date ending any Interest Payment Period commencing during the current Bond Year but excluding interest payable on the Interest Payment Date ending any Interest Payment Period commencing during the previous Bond Year). In determining Bond Service Charges accruing for any period or due and payable on any date, Mandatory Sinking Fund Requirements accruing for that period or due on that date shall be included together with any amount required to be paid for the replenishment of any Debt Service Reserve Account, and any amounts due with respect to Crossover Refunding Bonds prior to the Crossover Refunding Bonds Break Date shall be excluded if and to the extent that such amounts are payable out of Defeasance Securities. For purposes of this definition, unless, with the consent of each Designated Credit Provider, provided to the contrary in the applicable Supplemental Indenture authorizing the issuance of Capital Appreciation Bonds and Deferred Interest Bonds, the scheduled principal and interest portions of the Accreted Value of Capital Appreciation Bonds and the Appreciated Value of Deferred Interest Bonds becoming due at maturity or by virtue of Mandatory Sinking Fund Requirements shall be included in the calculations of accrued and unpaid and accruing interest or principal payments in the year in which such payments are required to be made.

“*Bond Year*” means for each Series of Bonds, the period ending on the first November 14 following the Bond Closing for such Series of Bonds and each twelve-month calendar period thereafter ending on November 14; provided that, for the purposes of section 148 of the Code, the Issuer may elect a different “Bond Year” as permitted thereby.

“*Bondowner*” or “*Owner*” means the person in whose name a Bond is registered in the Bond Register.

“*Bonds*” means bonds to be issued by the Issuer pursuant to this Indenture and any Supplemental Indenture, and may include notes, commercial paper, or other obligations, and shall include Senior Lien Bonds, Second Lien Bonds, and Junior Lien Bonds, but in no event shall Bonds include Third Lien Bonds.

“*Business Day*” means any day other than a Saturday, Sunday, legal holiday or a day on which banking institutions in Denver, Colorado and any other city in which is located the corporate trust office of the Trustee primarily responsible for administering this Indenture or, with respect to any Series of Bonds with respect to which a Credit Facility is outstanding, the principal office of any Credit Provider is located are authorized to close by law or executive order of a regulatory or administrative issuer having jurisdiction in connection therewith.

“*Capital Appreciation Bonds*” means any Bonds as to which interest is payable as principal only at the maturity or prior redemption thereof. For the purposes of (i) receiving payment of the redemption price, if any, of a Capital Appreciation Bond that is redeemed prior to maturity, and (ii) computing the principal amount of Capital Appreciation Bonds held by the Owner thereof in giving any notice, consent, request, or demand pursuant to the applicable Supplemental Indenture for any purpose whatsoever, the principal amount of a Capital Appreciation Bond as of a specific date shall be deemed to be its Accreted Value as of such date.

“*Capitalized Interest*” means that portion of the proceeds of any Series of Bonds together that are restricted to be used to pay interest due or to become due on any Series of Bonds.

“*Capitalized Interest Period*” for any Series of Bonds means the period during which interest accruing on the Bonds is to be paid from Capitalized Interest and for which Capitalized Interest is deposited to the Capitalized Interest Account.

“*Certified Interest Rate*” means a rate of interest calculated and certified by the Computation Agent to the Issuer and the Trustee as the lesser of (1) (A) the most recently published Bond Buyer Revenue Bond Index rate as of the date of calculation, or if such rate is no longer published then the rate estimated and certified by the Issuer’s financial advisor as the rate that would be borne by a Variable Rate Bond or Adjustable Rate Bond, as applicable, if on the date of such certification such Bond were issued as a Bond bearing interest at a fixed rate to its stated maturity plus (B) 0.50%, or (2) the Maximum Interest Rate.

“*Chair*” means the Chair of the Governing Body of the Issuer or, in the absence of the Chair, the Vice Chair or Secretary/Treasurer of the Governing Body of the Issuer.

“*City*” means the City of Houston, Texas, a Texas municipal corporation and home rule city.

“Code” or “Internal Revenue Code” means the Internal Revenue Code of 1986, as amended by all legislation, if any, enacted on or before the Issue Date, and all applicable Treasury Regulations.

“Computation Agent” means a member firm of the National Association of Securities Dealers, Inc. or Independent Accountants, appointed by the Issuer and, in the reasonable judgment of the Issuer, possessing sufficient expertise in the field of public finance to make the financial computations called for by this Indenture or any Supplemental Indenture issued hereunder. The initial Computation Agent shall be First Southwest Company of Houston, Texas.

“Construction Account” means the Account of that name established by **Section 5.1**.

“Cost of Issuance Account” means the Account of that name established by **Section 5.1**.

“Cost” or “Cost of a Venue Project” or “Project Development Cost” means all costs to reimburse or pay the costs of planning, acquiring, establishing, developing, constructing, or renovating one or more Approved Venue Projects in the City of Houston, Texas, or Harris County, Texas, to pay the Costs of Issuance relating to Bonds, including Capitalized Interest, and to pay the costs of operating or maintaining one or more Approved Venue Projects.

“Costs of Issuance” means the items of expense payable or reimbursable directly or indirectly by the Issuer and related to the authorization, sale and issuance of Bonds which items of expense shall include without limiting the generality of the foregoing: travel expenses; printing costs; costs of reproducing documents; computer fees and expenses; filing and recording fees; initial fees and charges of the Trustee and its counsel; initial fees and charges of Credit Providers or other parties (including specifically providers of bond insurance policies and surety policies) pursuant to remarketing, indexing or similar agreements; legal fees and charges; auditing fees and expense; financial advisor’s fees and charges; Computation Agent’s fees and charges; costs of credit ratings; insurance premiums; fees and charges for execution, transportation and safekeeping of Bonds; and other administrative or other costs of issuing, carrying and repaying such Bonds and investing the proceeds thereof.

“County Repayment Account” means the Account of that name created by **Section 5.1** hereof.

“Credit Agreement” means any reimbursement agreement, revolving credit agreement, or similar instrument between the Issuer (and, if so drafted, the Trustee) and a Credit Provider with respect to a Credit Facility.

“Credit Facility” means a letter of credit, surety bond, liquidity facility, insurance policy or comparable instrument furnished by a Credit Provider with respect to all or a specific portion of one or more Series of Bonds to satisfy in whole or in part the Issuer’s obligation to maintain a Reserve Requirement with respect thereto or to secure (a) the payment of debt service (which may include the premium due on payment of a Bond) on Bonds of a specified Series, or a specific portion thereof, (b) the payment of the purchase price (which may include accrued interest to the date of purchase) of Bonds of a specified Series, or a specific portion thereof, on the applicable purchase dates or tender dates, or (c) both the payment of debt service on a specified Series of Bonds, or a specific portion thereof, and the payment of the purchase price of Bonds of a specified Series, or a specific portion thereof, but only if (1), if the Credit Facility is a Debt Service Reserve Account Credit Facility with respect to one or more Series of Bonds, the debt obligations of the Credit Provider providing the Debt Service Reserve Account Credit Facility are, if such Credit Facility is issued at the time of issuance of the Series of Bonds, rated in one of the three highest Rating Categories by S&P and Moody’s, and by Fitch, but only if Fitch is then rating such obligations and is also a Rating Agency with respect to the Bonds secured by such Credit Facility, and if such Credit Facility is issued subsequent to such Series of Bonds such debt obligations are rated by such Rating Agencies in the same or a higher rating category as the highest rated of such Series of Bonds, and (2) in every other case the debt obligations of the Credit Provider providing the Credit Facility when the Credit Facility is provided are rated in one of the three highest Rating Categories by S&P and Moody’s, and by Fitch, but only if Fitch is then rating such obligations is also a Rating Agency with respect to the Bonds secured by such Credit Facility.

“Credit Provider” means the bank, insurance company, financial institution or other entity providing a Credit Facility or Liquidity Facility pursuant to a Credit Agreement.

“*Credit Provider Reimbursement*” means an amount sufficient, determined by the Credit Provider and certified to the Trustee by the Credit Provider, to reimburse all amounts then owing to a Credit Provider under the applicable Credit Agreement by reason of any drawing under the related Credit Facility for the payment of principal of or interest on, or purchase price of, any Bonds (but excluding reimbursements of purchase price), or with respect to any Debt Service Reserve Account Credit Facility, the amount required to reimburse the Credit Provider for any draw on the Debt Service Reserve Account Credit Facility.

“*Crossover Refunding Bonds*” means any Additional Bonds the proceeds of which: (i) are deposited in an escrow account with a Fiduciary, (ii) cannot be applied to the purpose for which such Crossover Refunding Bonds are to be issued until the Crossover Refunding Bonds Break Date, (iii) must be certified by the Issuer to be sufficient, together with the investment income thereon, after the payment of Costs of Issuance and Bond Related Costs, if any, to pay the Bond Service Charges on such Series on and prior to such Crossover Refunding Bonds Break Date and (iv) other than paying or providing for the payment of Costs of Issuance and Bond Related Costs, if any, cannot be used for any purpose (subject to lien and other requirements of the Indenture) other than the payment of Bond Service Charges on such Crossover Refunding Bonds on and prior to the Crossover Refunding Bonds Break Date.

“*Crossover Refunding Bonds Break Date*” means the date specified in the Supplemental Indenture authorizing a Series of Crossover Refunding Bonds as the date upon which the proceeds of such Crossover Refunding Bonds can be applied to the purpose for which such Crossover Refunding Bonds are to be issued upon the satisfaction of certain conditions, which conditions shall be set forth in such Supplemental Indenture.

“*Cumulative Payment Credit*” for any Bond Year (i) for each Senior Lien Interest Subaccount and Senior Lien Principal Subaccount, means the amount by which (a) the current Bond Year’s total deposits to such Subaccount (including interest paid to such Subaccounts during such Bond Year) as of the day immediately preceding the next scheduled monthly deposit to such Subaccount, exceeds (b) the total deposits which would have been required to be made to such Subaccount during the current Bond Year as of each such day had all required deposits been made; (ii) for the Second Lien Debt Service Revenue Holding Account, means the amount by which (a) the current Bond Year’s total deposits to the Second Lien Debt Service Revenue Holding Account (including interest paid to such Account during such Bond Year) as of the day immediately preceding the next scheduled monthly deposit to such Account, plus the total deposits of Special Revenues or other amounts to each Second Lien Interest Subaccount and each Second Lien Principal Subaccount (including interest paid to such Subaccounts during such Bond Year, but not deposits from the Second Lien Debt Service Revenue Holding Account) as of the day immediately preceding the next scheduled monthly deposit, exceeds (b) the total deposits which would have been required to be made to such Second Lien Debt Service Revenue Holding Account as of each such date had all required deposits been made; and (iii) for the Junior Lien Debt Service Revenue Holding Account, means the amount by which (a) the current Bond Year’s total deposits to the Junior Lien Debt Service Revenue Holding Account (including interest paid to such Account during such Bond Year) as of the day immediately preceding the next scheduled monthly deposit to such Account, plus the total deposits of Special Revenues or other amounts to each Junior Lien Interest Subaccount and each Junior Lien Principal Subaccount (including interest paid to such Subaccounts during such Bond Year, but not deposits from the Junior Lien Debt Service Revenue Holding Account) as of the day immediately preceding the next scheduled monthly deposit, exceeds (b) the total deposits which would have been required to be made to such Junior Lien Debt Service Revenue Holding Account as of each such date had all required deposits been made. For Variable Rate Bonds, the amount that would have been required to be made through any date will be calculated based on actual interest accrued on the Variable Rate Bonds. Notwithstanding anything in this definition, “Cumulative Payment Credit” excludes for any period amounts deposited to Accounts or Subaccounts created for Second Lien Bonds or Junior Lien Bonds and applied to Accounts or Subaccounts for a separate lien of Bonds or to the Pledged Revenue Account pursuant to **Sections 5.6, 5.9, 5.12, 5.28, or 5.31.**

“*Cumulative Payment Deficit*” for any Bond Year means (i) for each Senior Lien Interest Subaccount and Senior Lien Principal Subaccount, means the amount by which (a) the current Bond Year’s total deposits to such Subaccount (including interest paid to such Subaccount during such Bond Year) as of the day immediately preceding the next scheduled monthly deposit to such Subaccount, is less than (b) the total deposits which would have been required to be made to such Subaccount during the current Bond Year as of each such day had all required deposits been made; (ii) for the Second Lien Debt Service Revenue Holding Account, means the amount by which (a) the current Bond Year’s total deposits to such Second Lien Debt Service Revenue Holding Account (including interest paid to such Account during such Bond Year), as adjusted for replacement deposits of Special Revenues, as of the day

immediately preceding the next scheduled monthly deposit to such Account, plus the total deposits of Special Revenues or other amounts to each Second Lien Interest Subaccount and each Second Lien Principal Subaccount (including interest paid to such Subaccounts during such Bond Year, but not deposits from the Second Lien Debt Service Revenue Holding Account) as of the day immediately preceding the next scheduled monthly deposit, is less than (b) the total deposits which would have been required to be made to such Account as of each such day had all required deposits been made; and (iii) for the Junior Lien Debt Service Revenue Holding Account, means the amount by which (a) the current Bond Year's total deposits to such Junior Lien Debt Service Revenue Holding Account (including interest paid to such Account during such Bond Year), as adjusted for replacement deposits of Special Revenues, as of the day immediately preceding the next scheduled monthly deposit to such Account, plus the total deposits of Special Revenues or other amounts to each Junior Lien Interest Subaccount and each Junior Lien Principal Subaccount (including interest paid to such Subaccounts during such Bond Year, but not deposits from the Junior Lien Debt Service Revenue Holding Account) as of the day immediately preceding the next scheduled monthly deposit, is less than (b) the total deposits which would have been required to be made to such Account as of each such day had all required deposits been made. For Variable Rate Bonds, the amount that would have been required to be deposited through any calendar date will be calculated based on actual interest accrued on the Variable Rate Bonds. Notwithstanding anything in this definition, "Cumulative Payment Deficit" excludes for any period amounts withdrawn from Accounts or Subaccounts created for Second Lien Bonds or Junior Lien Bonds and applied to Accounts or Subaccounts for a separate lien of Bonds or to the Pledged Revenue Account pursuant to **Sections 5.6, 5.9, 5.12, 5.28, or 5.31**.

"*Current Interest Bonds*" means all Bonds which are not (a) Capital Appreciation Bonds or (b) prior to the Interest Commencement Date, Deferred Interest Bonds.

"*Debt Repayment Account*" means the Account of that name created by **Section 5.1** hereof.

"*Debt Service Account*" means the Senior Lien Debt Service Account, the Second Lien Debt Service Account, or the Junior Lien Debt Service Account, as applicable.

"*Debt Service Requirements*" means during the applicable period and as of any date of calculation with respect to any Series of Outstanding Bonds, the aggregate of the Bond Service Charges on such Series, excluding fees and expenses of the Trustee, Bond Registrar, Paying Agent and Computation Agent fees for Junior Lien Bonds for purposes of **Section 6.4**.

"*Debt Service Reserve Account*" means the Senior Lien Debt Service Reserve Account, Second Lien Debt Service Reserve Account, or the Junior Lien Debt Service Reserve Account, as applicable.

"*Debt Service Reserve Account Credit Facility*" means a Credit Facility provided to satisfy all or any portion of a Debt Service Reserve Requirement.

"*Debt Service Reserve Requirement*" means as of any date of calculation, and with respect to any Series of Bonds, the sum of the Reserve Requirements applicable to that Series of Bonds then Outstanding.

"*Defeasance Securities*" means:

- (i) direct and general obligations of, or obligations which as to principal and interest are unconditionally guaranteed as to full and timely payment by, the United States of America, to the payment of which the full faith and credit of the United States of America is irrevocably and unconditionally pledged. The obligations described in this paragraph are hereinafter called "United States Government Obligations";
- (ii) if accompanied by an opinion of Bond Counsel licensed to practice law in the State of Texas to the effect that such obligations are authorized by Texas law as an investment of the funds under consideration, pre-refunded municipal obligations meeting the following conditions:
  - (a) the municipal obligations (1) are not subject to redemption prior to maturity or (2) the trustee has been given irrevocable instructions concerning their calling and redemption and

- the issuer of such municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;
- (b) the municipal obligations are secured by cash or non-callable United States Government Obligations that may be applied only to interest, principal and premium payments of such municipal obligations;
  - (c) the principal of and interest on such securities (plus any cash in the escrow fund) are sufficient to meet the liabilities of the municipal obligations;
  - (d) the cash and securities serving as security for the municipal obligations are held by an escrow agent or trustee;
  - (e) the securities are not available to satisfy any other claims, including those against the trustee or escrow agent; and
  - (f) the municipal obligations have received a Aaa rating from Moody's or AAA from S&P; and
- (iii) for Outstanding Bonds other than the Series 2001A Bonds, Series 2001G Bonds, Series 2001H Bonds and Series 2004A Bonds, any obligations authorized by Texas law, if accompanied by an opinion of Bond Counsel licensed to practice law in the State of Texas to the effect that such obligations are authorized by Texas law.

“*Deferred Interest Bonds*” means any Bonds as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Indenture authorizing such Series and the Appreciated Value for such Series is compounded on the Valuation Date for such Series.

“*Depository*” means a trust company or other fiduciary acting as a depository pursuant to a Depository Letter Agreement.

“*Depository Letter Agreement*” means with respect to a Series of Bonds immobilized with a Depository, the Depository Letter Agreement by and between the Issuer and the Depository and may include a blanket letter issued for more than one Series of Bonds and other obligations of the Issuer.

“*Designated Credit Provider*” means (a) National, so long as National is a Credit Provider for any Series of Junior Lien or Third Lien Bonds which are Outstanding as of the date this Fourth Amended and Restated Indenture of Trust is initially effective, or any Credit Provider Reimbursement with respect thereto is owing to such Credit Provider, and (b) AGM, for so long as AGM is a Credit Provider for Outstanding Bonds.

“*Directing Party*” has the meaning stated in **Section 11.16**.

“*Discharge Date*” means the date on which all Outstanding Bonds are discharged under **Article Nine**.

“*Dispute*” has the meaning stated in **Section 10.12** hereof.

“*Eighteenth Supplemental Indenture*” means the Eighteenth Supplemental Indenture of Trust dated as of November 1, 2003, between the Issuer and the predecessor to the Trustee, as such Eighteenth Supplemental Indenture may have been amended or supplemented,

“*Eighth Supplemental Indenture*” means the Eighth Supplemental Indenture of Trust dated as of May 1, 2001, as amended and restated as of December 1, 2014, between the Issuer and the Trustee, as such Eighth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Eleventh Supplemental Indenture*” means the Second Amended and Restated Eleventh Supplemental Indenture of Trust dated as of May 1, 2001, and Amended and Restated as of November 1, 2003 and June 1, 2004,



between the Issuer and the predecessor to the Trustee, as such Eleventh Supplemental Indenture may have been amended or supplemented.

“*Enabling Act*” means Act of May 20, 1997, 75th Leg., R.S., ch.551, 1997 Tex. Gen. & Spec. Laws 1929, including specifically those provisions thereof codified as chapters 334 and 335, Texas Local Government Code, as now or hereafter amended, and Texas Local Government Code chapter 1371, as now or hereafter amended.

“*Event of Default*” means any of the events set forth in **Section 10.1** hereof.

“*Excess Revenues*” has the meaning stated in **Section 5.4(a)(30)** hereof.

“*Fiduciary*” means any bank or other organization acting in a fiduciary capacity with respect to any Bonds, whether as Trustee, Paying Agent, Bond Registrar, tender agent, or escrow agent, or in a similar function; provided that a Depository shall not be considered a Fiduciary hereunder.

“*Fifteenth Supplemental Indenture*” means the Fifteenth Supplemental Indenture of Trust dated as of December 15, 2001, as amended and restated as of December 1, 2014, between the Issuer and the Trustee, as such Fifteenth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Fifth Supplemental Indenture*” means the Fifth Supplemental Indenture of Trust dated as of December 1, 2000, between the Issuer and the predecessor to the Trustee, as such Fifth Supplemental Indenture may have been amended or supplemented.

“*Final Payment Date*” means the Maturity Date, Discharge Date or Purchase Date on which all Outstanding Bonds of a specific Series either mature, are to be redeemed, are discharged under **Article Nine**, or are purchased and cancelled under **Section 2.15**, whichever date is earlier.

“*First and Second Lien Accounts*” means the Accounts and Subaccounts funded from the Revenue flow of funds under **Section 5.4(a)(1)** through **(16)**, and including any future Accounts or Subaccounts funded on or before **Section 5.4(a)(16)**.

“*First Supplemental Indenture*” means the First Supplemental Indenture of Trust dated as of August 15, 1998, between the Issuer and the predecessor to the Trustee, as such First Supplemental Indenture may have been amended or supplemented.

“*Fiscal Year*” means the fiscal year of the Issuer which currently is the twelve month period ending December 31 of each calendar year.

“*Fitch*” means Fitch Investors Service, Inc., or any successor thereof which qualifies as a “Rating Agency” hereunder.

“*Fixed Interest Rate Bond*” means (a) a Bond, the interest rate on which is established (with no right to vary) at the time of calculation at a single numerical rate for the remaining term of such Bond, or (b) all of those Bonds of a specific maturity described in clause (B)(1) and (2) of paragraph (i) of the definition of Adjusted Debt Service Requirements herein.

“*Fourteenth Supplemental Indenture*” means the Fourteenth Supplemental Indenture of Trust dated as of November 1, 2001, between the Issuer and the predecessor to the Trustee, as such Fourteenth Supplemental Indenture may have been amended or supplemented.

“*Fourth Supplemental Indenture*” means the Fourth Supplemental Indenture of Trust dated as of December 1, 2000, between the Issuer and the predecessor to the Trustee, as such Fourth Supplemental Indenture may have been amended or supplemented.

“*General and Administrative Account*” means the Account of the Issuer established by **Section 5.23**.

“*Governing Body*” means the Board of Directors of the Issuer.

“*Hotel Occupancy Tax*” means the hotel occupancy tax imposed by the Issuer by the Issuer Tax Resolutions.

“*Increasing Revenues*” has the meaning stated in **Section 6.3(b)**.

“*Indenture*” means this Fourth Amended and Restated Indenture of Trust by and between the Issuer and the Trustee, and, as to each Series of Bonds, the Supplemental Indenture pertaining thereto, as the Indenture or any Supplemental Indenture may from time to time be amended or supplemented as herein or therein provided.

“*Independent Accountant*” means a certified public accountant or firm of certified public accountants selected by the Issuer, and not a full-time employee or officer of the Issuer.

“*Independent Counsel*” means any attorney designated by the Trustee, duly admitted to practice law before the highest court of any state, who may be counsel to the Issuer but who may not be a full-time employee of the Issuer.

“*Interest Commencement Date*” means, with respect to any particular Deferred Interest Bonds, the date specified in the applicable Supplemental Indenture authorizing such Deferred Interest Bonds (which date must be prior to the maturity date for such Deferred Interest Bonds), after which interest accruing on such Deferred Interest Bonds shall be payable with the first such payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

“*Interest Payment Date*” means each date specified in a Supplemental Indenture as a date for the payment of interest to Owners of Bonds of a specific Series.

“*Interest Payment Period*” with respect to any Bond or Series of Bonds, means, if prior to the first Interest Payment Date, the period from and including the date specified in each Supplemental Indenture as the date for commencement of accrual of interest for such Bond or Series and after the first regularly scheduled Interest Payment Date means the period from and including a regularly scheduled Interest Payment Date, in each case to but not including the next regularly scheduled Interest Payment Date, provided that any Supplemental Indenture may adjust this definition of the term “Interest Payment Period” with respect to any Bond or Series of Bonds authorized to be issued thereunder in order to provide for the proper computation of or the timely transfer of amounts payable with respect to interest borne by such Bond or Series of Bonds on any Interest Payment Date.

“*Issue Date*” for the Bonds of a particular Series is the date on which the Bonds of such Series are delivered against payment therefor.

“*Issuer*” means Harris County-Houston Sports Authority, a political subdivision of Harris County, Texas, The City of Houston, Texas, and the State of Texas, or any successor to its functions.

“*Issuer Representative*” means one or more of the Chair, Vice Chair, Secretary-Treasurer or such other officer identified by resolution of the Governing Body as being the “Issuer Representative” for purposes of this Indenture or any Supplemental Indenture.

“*Issuer Tax Resolutions*” means that certain Resolution entitled “Resolution Imposing Hotel Occupancy Tax” adopted by the Issuer on September 10, 1997, as now or hereafter amended, and that certain Resolution entitled “Resolution Imposing Short-Term Motor Vehicle Rental Tax” adopted by the Issuer on September 17, 1997, as now or hereafter amended, and any other further resolution adopted by the board of the Issuer under or pursuant to the Enabling Act for the express purpose of raising amounts thereunder to be pledged pursuant to this Indenture or any Supplemental Indenture.

“*Junior Lien Bonds*” means obligations of the Issuer issued pursuant to any Supplemental Indenture as Junior Lien Bonds.

“*Junior Lien Capitalized Interest Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Junior Lien Credit Subaccount*” means a Subaccount of that name in the Junior Lien Debt Service Account or Junior Lien Debt Service Reserve Account, as applicable, established by **Section 5.1**.

“*Junior Lien Debt Service Account*” means the fund by the name created by **Section 5.1**.

“*Junior Lien Debt Service Reserve Account*” means the fund of that name established by **Section 5.1**.

“*Junior Lien Debt Service Revenue Holding Account*” means the Account of the Issuer established by **Section 5.1**.

“*Junior Lien Expense Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Junior Lien Interest Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Junior Lien Principal Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Junior Lien Purchase Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Junior Lien Redemption Subaccount*” means the Subaccount of that name in the Junior Lien Debt Service Account established by **Section 5.1**.

“*Junior Monthly Interest Payment (Fixed)*” for any Series of Fixed Interest Rate Junior Lien Bonds means an amount equal to the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Fixed Interest Rate Junior Lien Bonds, plus for any month the Cumulative Payment Deficit, until each Junior Lien Interest Subaccount has on deposit with respect to such Bonds payable from a Junior Lien Interest Subaccount an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds during such Bond Year (such transfers to be subject to the credits provided for in **Section 5.4(a)(17)(B)**). At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Junior Monthly Interest Payment (Non-Fixed)*” for any Series of Variable Interest Rate Junior Lien Bonds means an amount equal to the interest accruing or to accrue with respect to all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Variable Interest Rate Junior Lien Bonds, plus for any month the Cumulative Payment Deficit, until each Junior Lien Interest Subaccount has on deposit with respect to such Bonds an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds payable from a Junior Lien Interest Subaccount for all such Interest Payment Periods which commence during such Bond Year (such transfers to be subject to the credits provided for in **Section 5.4(a)(17)(B)**). The interest accruing on Variable Interest Rate Junior Lien Bonds may be calculated initially based on the Certified Interest Rate but may be adjusted from time to time by the Trustee upon consultation with the Issuer to account for the actual rates borne by the Variable Interest Rate Junior Lien Bonds. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Junior Monthly Principal Payment*” for any Series of Junior Lien Bonds means an amount, equal to the principal due on the next succeeding November 15 on such Bonds whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements divided by twelve, plus for any month the Cumulative Payment Deficit, until each Junior Lien Principal Subaccount has on deposit an amount equal to the aggregate principal of such Junior Lien Bonds payable therefrom on such November 15, subject to any credit for any amount required or authorized under a

Supplemental Indenture to be deposited on a specific Series of Junior Lien Bonds and deposited to the Junior Lien Principal Subaccount of such Series. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Liquidity Facility*” means any agreement with a Credit Provider under or pursuant to which it agrees to purchase Optional Tender Bonds provided that the debt obligations of such Credit Provider are rated in one of the two highest Rating Categories by S&P and Moody’s (but only if such Rating Agencies are a Rating Agency with respect to the Optional Tender Bonds) and Fitch (if Fitch is a Rating Agency with respect to the Optional Tender Bonds and if Fitch then rates the Credit Provider).

“*Mandatory Sinking Fund Payments*” means the amounts of principal scheduled to be paid on account of Term Bonds on any specific Principal Payment Date or Principal Payment Dates prior to maturity.

“*Mandatory Sinking Fund Requirements*” means the principal amount of Term Bonds which are required to be redeemed by mandatory sinking fund redemption, in the principal amounts, at the prices and on the dates as set forth in the applicable Supplemental Indenture.

“*Mandatory Tender Date*” means a date on which a Series of Bonds, or specific Bonds included in such Series, are required to be purchased by, or on behalf of, the Issuer as provided herein or in the Supplemental Indenture authorizing such Series of Bonds.

“*Maturity Date*” means a Principal Payment Date, whether occurring by reason of a scheduled maturity of principal or by reason of Mandatory Sinking Fund Requirements.

“*Maximum Interest Rate*” means during any applicable period and as of any date of calculation with respect to any particular Bonds, Series of Bonds or other obligations which are Adjustable Rate Bonds or which bear interest at a Variable Interest Rate, a numerical rate of interest, which is set forth in the Supplemental Indenture authorizing such Bonds, that shall be the maximum rate of interest such Bonds may bear at any time during such applicable period; provided, however, the net effective interest rate for any Series of Bonds shall never exceed the maximum rate permitted by chapter 1204, Texas Government Code, as now or hereafter amended.

“*Moody’s*” means Moody’s Investors Services or any successor thereof which qualifies as a “Rating Agency” hereunder.

“*National Insured Bonds*” means the Outstanding Series 2001G Bonds, Series 2001H Bonds, Series 2004A Bonds, and if National is the Credit Provider for the Series 2001A Bonds under the Eighth Supplemental Indenture, the Series 2001A Bonds.

“*National Insured Bonds Debt Service Reserve Account*” means the Account of that name created by **Section 5.1** hereof.

“*National Public Finance Guarantee Corp.*” or “*National*” means National Public Finance Guarantee Corporation, as successor to MBIA Insurance Corporation, or any successor thereto as the Credit Provider for National Insured Bonds.

“*National System*” means the computerized national securities clearance and settlement system to register transfer of ownership interests in debt securities by making book entries on the books of a Depository, and through which payments are distributed to Participants as shown on the books of the Depository as the owners of such interests.

“*Nineteenth Supplemental Indenture*” means the Nineteenth Supplemental Indenture of Trust dated as of March 1, 2004, between the Issuer and the predecessor to the Trustee, as such Nineteenth Supplemental Indenture may have been amended or supplemented.

“*Ninth Supplemental Indenture*” means the Ninth Supplemental Indenture of Trust dated as of May 1, 2001, between the Issuer and the predecessor to the Trustee, as such Ninth Supplemental Indenture may have been amended or supplemented.

“*NFL Club*” means Houston NFL Holdings, L.P., or any successor in interest thereto.

“*Notice of Negotiation*” has the meaning stated in **Section 10.12** hereof.

“*Optional Tender Bonds*” means any Bonds which by their terms may be tendered by and at the option of, or required to be tendered by, the Owner thereof for payment or purchase by the Issuer or another party prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the Owner thereof, provided, however, a Supplemental Indenture may expressly provide that specific Bonds are not “Optional Tender Bonds” if, in the reasonable judgment of the Issuer, the tender requirements of such Bonds are not of the character intended to be included within this definition.

“*Original Indenture*” as used in each Supplemental Indenture means this Fourth Amended and Restated Indenture dated as of August 15, 1998, as amended and restated on May 1, 2001, November 1, 2003, June 1, 2004, and December 1, 2014, in the form attached as Exhibit A to the Twenty-Seventh Supplemental Indenture.

“*Original Purchaser*” means the investment banker(s), broker-dealer(s), financial institution(s) or other person(s) which purchase a specific Series of Bonds from the Issuer upon the initial offering and sale of such Series of Bonds; an investment banker or broker-dealer acting in the capacity of a placement agent shall not be deemed an “Original Purchaser”.

“*Outstanding Bonds*,” “*Bonds Outstanding*” and “*Bonds then Outstanding*” means as of the date of determination, all Bonds theretofore issued and delivered under this Indenture as from time to time supplemented except:

- (a) Bonds theretofore cancelled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent cancelled or for cancellation;
- (b) Bonds for which payment or redemption moneys or securities (as provided in **Article Nine**) shall have been theretofore deposited with the Trustee or Paying Agent in trust for the Owners of such Bonds; provided, however, that if such Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Indenture or irrevocable action shall have been taken to call such Bonds for redemption at a stated redemption date;
- (c) Bonds in exchange for or in lieu of which other Bonds shall have been issued and delivered pursuant to this Indenture; and
- (d) Optional Tender Bonds deemed tendered in accordance with the provisions of the Supplemental Indenture authorizing such Bonds on the applicable tender, adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payments as provided therein.

In determining requisite percentages of the Owners of aggregate principal amount of Bonds Outstanding for the purposes of direction, consent, approval or waiver under the terms and provision of this Indenture and any Supplemental Indenture: (i) the aggregate “principal amount” of any Bonds that are Capital Appreciation Bonds shall be determined by their Accreted Value as of the date of such determination, and (ii) the aggregate “principal amount” of any Bonds that are Deferred Interest Bonds shall be determined by their Appreciated Value as of the date of such determination and provided, however, that in determining whether the Owners of the requisite principal amount of Outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds the ownership or beneficial ownership of which is owned by the Issuer, the Harris County Sports & Convention Corporation, the Rodeo, or the NFL Club shall be disregarded and deemed not to be Outstanding Bonds, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization,

direction, notice, consent, or waiver, only Bonds which the Trustee knows or reasonably believes to be so owned shall be disregarded.

Each Supplemental Indenture may further specify the conditions under which a Credit Provider will be deemed the Owner of Outstanding Bonds for purposes of consents hereto.

“*Participants*” means the financial institutions or securities dealers for whom the Depository effects book-entry transfers.

“*Paying Agent*” means the Trustee or any other entity designated hereby or pursuant to a Supplemental Indenture as the agent of the Issuer and the Trustee to receive and disburse to the Bondowners the principal or the premium, if any, and interest on the Bonds.

“*Payment Date*” means a Maturity Date, an Interest Payment Date, a Purchase Date or the Discharge Date, as the case may be.

“*Permitted Investments*” means and include any security, if and to the extent the same is at the time legal for investment of the Issuer’s funds pursuant to the Public Funds Investment Act, Texas Government Code section 2256, as from time to time in effect, or any successor statute thereto.

“*Permitted Money Market Funds*” means money market funds which are Permitted Investments and which are either rated in the highest investment grade category by S&P or Moody’s or are comprised entirely of U.S. Treasury obligations. Permitted Money Market Funds may include funds for which the Trustee or any of its affiliates serves as sponsor, custodian, or investment advisor, or for which the Trustee or any of its affiliates receive compensation.

“*Pledge Agreement*” means a Pledge Agreement entered into with respect to a specific Series of Bonds or specific Bonds within a Series of Variable Rate Bonds or Adjustable Rate Bonds and related to the Credit Facility for such Series of Bonds or a portion thereof.

“*Pledged Accounts*” includes the Senior Lien Debt Service Account (for the Senior Lien Bonds), Second Lien Debt Service Account (for the Second Lien Bonds), the Junior Lien Debt Service Account (for the Junior Lien Bonds), the Pledged Revenue Account, the Special Revenue Account, the Senior Lien Debt Service Reserve Account (for the Senior Lien Bonds), the Second Lien Debt Service Reserve Account (for the Second Lien Bonds), the Second Lien Debt Service Revenue Holding Account (for the Second Lien Bonds), the Junior Lien Debt Service Reserve Account (for the Junior Lien Bonds), the Junior Lien Debt Service Revenue Holding Account (for the Junior Lien Bonds), the Costs of Issuance Account, the Construction Account to the extent not required for payment of the Costs of an Authorized Venue Project and any other Account hereafter so designated in a Supplemental Indenture.

“*Pledged Revenue Account*” means the fund of that name created by **Section 5.1** hereof.

“*Principal Payment Date*” means any date on which an installment of principal is scheduled to become due on Bonds, whether by scheduled maturity or Mandatory Sinking Fund Requirements or otherwise.

“*Project*” means an Approved Venue Project and any improvements thereto and other costs to be financed in connection with a Series of Bonds.

“*Proportionate Basis*” means, when used with respect to the redemption of Bonds of a specific Series, that the aggregate principal amount of such Bonds of each maturity of such Series to be redeemed shall be determined as nearly as practicable by multiplying the total amount of funds available for redemption by the ratio which the principal amount of Bonds of that Series to be redeemed bears to the principal amount of all Bonds of that Series then Outstanding; provided that if the amount available for redemption of Bonds of any maturity is insufficient to redeem a multiple of \$5,000 principal amount of such maturity, such amount shall be applied to the redemption of the highest possible integral multiple of \$5,000 principal amount of such maturity. For purposes of the foregoing, Term Bonds shall be deemed to mature in the years and in the amounts of the Mandatory Sinking Fund Requirements set forth in the applicable Supplemental Indenture. Any Bonds purchased with moneys which would otherwise be applied to redemption on a Proportionate Basis on the next succeeding Payment Date shall be taken into account in determining

“Proportionate Basis” with respect to such redemption. When used with respect to the purchase of Bonds, “Proportionate Basis” shall have the same meaning as set forth above, substituting “purchase” for “redemption,” and “purchased” for “redeemed.”

“*Purchase Date*” means the date on which any Outstanding Bonds of any Series are purchased pursuant to **Section 2.15** and any applicable Supplemental Indenture relating to such Series.

“*Purchaser*” means the person or entity specified in a Supplemental Indenture as the original purchaser or purchasers of a Series of Bonds.

“*Rating Agency*” or “*Rating Agencies*,” as applicable, means with respect to any specific Series of Bonds, S&P, Moody’s and Fitch, or any other recognized national credit rating agency, to the extent that any of them then has in effect a rating for such specific Series of Bonds.

“*Rating Category*” means one of the generic rating categories of the applicable Rating Agency, without regard to any refinements or gradation of such generic rating category by numerical or other modifier.

“*RCM*” means RCM Financial Services, L.P., or any successor in interest thereto.

“*RCM Obligation*” means that certain Amended and Restated Reimbursement Agreement by and between the Authority and the Sports Corporation and assigned by the Sports Corporation to Harris County, dated as of September 18, 2006.

“*Reasonable Basis of Collection*” means (i) the normal administrative costs and statutory and regulatory costs of collecting and applying Revenues and Special Revenues, and (ii) additional enforcement costs, but, provided that if a Designated Credit Provider is not otherwise in default in its payment obligations under any Credit Facility, only with the consent of such Designated Credit Provider.

“*Rebate Account*” means the account of that name established by **Section 5.1** hereof and the applicable Supplemental Indenture.

“*Rebate Amount*” means the amount required to be paid to the United States Treasury pursuant to section 148(f) of the Code and the Treasury Regulations thereunder.

“*Rebate Expert*” means such firm of accountants, lawyers or other persons experienced in matters relating to compliance with the rebate requirements under section 148(f) of the Code, selected by the Issuer and not unacceptable to the Trustee or, upon failure of the Issuer to designate a Rebate Expert, the person designated by the Trustee pursuant to **Section 5.15**.

“*Redemption Date*” means with respect to any Bond the date on which such Bond may be redeemed by mandatory or optional redemption pursuant to the terms of a Supplemental Indenture.

“*Regular Record Date*” means with respect to any Interest Payment Date on a Series of Bonds, the day specified as the Regular Record Date for such Series in the Supplemental Indenture relating thereto.

“*Related Agreements*” or “*Related Documents*” means any Credit Facility, Credit Agreement or Pledge Agreement related to a Series of Bonds or a specific portion thereof, including security agreements or instruments heretofore or hereafter made for the benefit of the Trustee or a Credit Provider as creditor to secure payment of any Series of Bonds or a specific portion thereof or any amount due to a Credit Provider, of which the Trustee is in possession or is notified in writing by the Issuer; but excluding this Indenture and all Supplemental Indentures; provided, that the term “Related Agreements” or “Related Documents”, when used in relation to a specific Series of Bonds or a specific portion thereof, shall include only such Related Documents as have been entered into for such Series of Bonds or a specific portion thereof, and shall not include documents, agreements or other items entered into only for the purposes of a different Series of Bonds or a specific portion thereof.

“*Relevant Funds and Accounts*” has the meaning stated in **Section 11.16**.

“*Relevant Parties*” has the meaning stated in **Section 10.12** hereof.

“*Remarketing Agent*” means the broker-dealer appointed as Remarketing Agent for a specific Series of Bonds pursuant to **Section 12.4** hereof and the applicable Supplemental Indenture.

“*Remarketing Agreement*” means the Remarketing Agreement for a Series of Bonds or a specific portion thereof, including any amendments and supplements hereto, between the Remarketing Agent and the Issuer.

“*Replacement Bonds*” means Bonds which replace Bonds immobilized with a Depository.

“*Representative*” means, the Chair, the Vice Chair or the Secretary-Treasurer of the Issuer, or an officer of a Credit Provider, or any other person at any time designated to act on behalf of the Issuer, Credit Provider, or other entity as the case may be, as evidenced by a written certificate furnished to the other party and the Trustee containing the specimen signature of such person and signed for the Issuer by its Chair or Secretary- Treasurer or for a Credit Provider or other entity by an officer thereof.

“*Reserve Requirement*,” for any Series of Bonds shall be established in the Supplemental Indenture providing for the issuance of the Bonds of such Series. The Debt Service Reserve Requirement may be satisfied by cash, Permitted Investments or a Debt Service Reserve Account Credit Facility, or any combination thereof.

“*Responsible Agent*” means any person duly authorized and designated by the Trustee to act on its behalf in carrying out the applicable duties and powers of the Trustee as set forth in this Indenture as from time to time supplemented. Any action required by the Trustee under the Indenture may be taken by a Responsible Agent.

“*Revenue*” or “*Revenues*” means all amounts received from time to time by the Issuer or the Trustee which are (a) receipts from the Hotel Occupancy Tax or Vehicle Rental Tax; (b) proceeds of a Credit Facility, if any, received by the Trustee to pay the principal of, premium, if any, purchase price and interest on any Series of Bonds or a specific portion thereof; (c) other amounts (including, without limitation, earnings on the Pledged Accounts) required by this Indenture or Related Agreements to be deposited in a Pledged Account established hereby and (d) other amounts, funds, accounts, revenues, receivables, or other security irrevocably pledged or assigned as part of the Trust Estate for any Series of Bonds pursuant to a Supplemental Indenture in connection with the issuance of one or more Series of Bonds; provided however, notwithstanding any other provision of this Indenture or any Supplemental Indenture to the contrary, the Issuer may provide in any Supplemental Indenture authorizing any Series of Bonds that the payments to be made under and the amounts to be received with respect to any Credit Facility, Liquidity Facility or Related Agreements shall constitute Revenues which are only available to secure the specific Bonds or specific Series of Bonds authorized by such Supplemental Indenture.

“*Rodeo*” means the Houston Livestock Show and Rodeo, Inc., or any successor thereto under the Rodeo Lease.

“*Rules*” has the meaning stated in **Section 10.12** hereof.

“*S&P*” means Standard & Poor’s Ratings Services or any successor thereof which qualifies as a “Rating Agency” hereunder.

“*Second Lien Bonds*” means obligations of the Issuer issued pursuant to any Supplemental Indenture as Second Lien Bonds.

“*Second Lien Capitalized Interest Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Second Lien Credit Subaccount*” means a Subaccount of that name in the Second Lien Debt Service Account or Second Lien Debt Service Reserve Account, as applicable, established by **Section 5.1**.



“*Second Lien Debt Service Account*” means the fund of that name created by **Section 5.1**.

“*Second Lien Debt Service Reserve Account*” means the fund of that name established by **Section 5.1**.

“*Second Lien Debt Service Revenue Holding Account*” means the Account of the Issuer established by **Section 5.1**.

“*Second Lien Expense Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Second Lien Interest Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Second Lien Monthly Interest Payment (Fixed)*” for any Series of Fixed Interest Rate Second Lien Bonds means an amount equal to the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Fixed Interest Rate Second Lien Bonds, plus for any month the Cumulative Payment Deficit until each Second Lien Interest Subaccount has on deposit with respect to such Bonds payable from such Second Lien Interest Subaccount an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds during such Bond Year (such transfers to be subject to the credits provided for in **Section 5.4(a)(9)(B)**). At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Second Lien Monthly Interest Payment (Non-Fixed)*” for any Series of Variable Interest Rate Second Lien Bonds means an amount equal to the interest accruing or to accrue with respect to all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Variable Interest Rate Second Lien Bonds, plus for any month the Cumulative Payment Deficit until each Second Lien Interest Subaccount has on deposit with respect to such Bonds an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds payable from such Second Lien Interest Subaccount for all such Interest Payment Periods which commence during such Bond Year (such transfers to be subject to the credits provided for in **Section 5.4(a)(9)(B)**). The interest accruing on Variable Interest Rate Second Lien Bonds may be calculated initially based on the Certified Interest Rate but may be adjusted from time to time by the Trustee upon consultation with the Issuer to account for the actual rates borne by the Variable Interest Rate Second Lien Bonds. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Second Lien Monthly Principal Payment*” for any Series of Second Lien Bonds means an amount, equal to the principal due on the next succeeding November 15 on such Bonds, whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements divided by twelve, plus for any month the Cumulative Payment Deficit, until each Second Lien Principal Subaccount has on deposit an amount equal to the aggregate principal of such Second Lien Bonds payable therefrom on such November 15, subject to any credit for any amount required or authorized under a Supplemental Indenture to be deposited on a specific Series of Second Lien Bonds and deposited to the Second Lien Principal Subaccount of such Series. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Second Lien Principal Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Second Lien Purchase Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Second Lien Redemption Subaccount*” means the Subaccount of that name in the Second Lien Debt Service Account established by **Section 5.1**.

“*Second Supplemental Indenture*” means the Second Supplemental Indenture of Trust dated as of August 15, 1998, between the Issuer and the predecessor to the Trustee as such Second Supplemental Indenture may have been amended or supplemented.

“*Secretary*” or “*Secretary-Treasurer*” means the Secretary-Treasurer of the Governing Body of the Issuer or in the absence of the Secretary-Treasurer, a member of the Governing Body designated to act for the Secretary-Treasurer.

“*Senior Lien Bonds*” means obligations of the Issuer issued pursuant to any Supplemental Indenture as Senior Lien Bonds.

“*Senior Lien Capitalized Interest Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Senior Lien Credit Subaccount*” means a Subaccount of that name in the Senior Lien Debt Service Account or Senior Lien Debt Service Reserve Account, as applicable, established by **Section 5.1**.

“*Senior Lien Debt Service Account*” means the fund by the name created by **Section 5.1**.

“*Senior Lien Debt Service Reserve Account*” means the fund of that name established by **Section 5.1**.

“*Senior Lien Expense Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Senior Lien Interest Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Senior Lien Principal Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Senior Lien Purchase Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1** and the applicable Supplemental Indenture.

“*Senior Lien Redemption Subaccount*” means the Subaccount of that name in the Senior Lien Debt Service Account established by **Section 5.1**.

“*Senior Monthly Interest Payment (Fixed)*” for any Series of Fixed Interest Rate Senior Lien Bonds means an amount equal to the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Fixed Interest Rate Senior Lien Bonds, plus for any month the Cumulative Payment Deficit, until each Senior Lien Interest Subaccount has on deposit with respect to such Bonds payable from such Senior Lien Interest Subaccount an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds during such Bond Year (such transfers to be subject to the credits provided for in **Section 5.4(a)(l)(B)**). At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Senior Monthly Interest Payment (Non-Fixed)*” for any Series of Variable Interest Rate Senior Lien Bonds means an amount equal to the interest accruing or to accrue with respect to all Interest Payment Periods which commence during the current Bond Year (whether or not any such Interest Payment Period ends within such current Bond Year), divided by the number of months occurring within such Bond Year with respect to such Variable Interest Rate Senior Lien Bonds, plus for any month the Cumulative Payment Deficit, until each Senior Lien Interest Subaccount has on deposit with respect to such Bonds an amount equal to the aggregate interest accruing or to accrue with respect to such Bonds payable from such Senior Lien Interest Subaccount for all such Interest Payment Periods which commence during such Bond Year (such transfers to be subject to the credits provided for in **Section**

**5.4(a)(l)(B)**). The interest accruing on Variable Interest Rate Senior Lien Bonds may be calculated initially based on the Certified Interest Rate but may be adjusted from time to time by the Trustee upon consultation with the Issuer to account for the actual rates borne by the Variable Interest Rate Senior Lien Bonds. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Senior Monthly Principal Payment*” for any Series of Senior Lien Bonds means an amount, equal to the principal due on the next succeeding November 15 on such Bonds whether by stated maturity or pursuant to Mandatory Sinking Fund Requirements divided by twelve, plus for any month the Cumulative Payment Deficit, until each Senior Lien Principal Subaccount has on deposit an amount equal to the aggregate principal of such Senior Lien Bonds payable therefrom on such November 15, subject to any credit for any amount required or authorized under a Supplemental Indenture to be deposited on a specific Series of Senior Lien Bonds and deposited to the Senior Lien Principal Subaccount of such Series. At the request of the Trustee, the Computation Agent shall make all computations with respect to this definition as may be required by this Indenture or any Supplemental Indenture and shall provide the result of its computations to the Trustee.

“*Separate Trustee*” has the meaning stated in **Section 11.16**.

“*Series*” means Bonds identified as a separate Series and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to this Indenture or any Supplemental Indenture.

“*Series 1998A Bonds*” means those Bonds which are issued under the First Supplemental Indenture.

“*Series 1998B Bonds*” means those Bonds which are issued under the Second Supplemental Indenture.

“*Series 1998C Bonds*” means those Bonds which are issued under the Third Supplemental Indenture.

“*Series 2000A-1 Bonds*” means those Bonds which are issued under the Fourth Supplemental Indenture.

“*Series 2000A-2 Bonds*” means those Bonds which are issued under the Fifth Supplemental Indenture.

“*Series 2000A-3 Bonds*” means those Bonds which are issued under the Sixth Supplemental Indenture

“*Series 2001 Reserve and Replacement Account*” means the fund by the name created by the Twelfth Supplemental Indenture.

“*Series 2001A Bonds*” means those Bonds which are issued under the Eighth Supplemental Indenture.

“*Series 2001B Bonds*” means those Bonds which are issued under the Ninth Supplemental Indenture.

“*Series 2001C-1 Note*” means the Harris County-Houston Sports Authority Subordinate Lien Note, Series 2001C-1 Note, as amended.

“*Series 2001C-2 Note*” means the Harris County-Houston Sports Authority Subordinate Lien Note, Series 2001C-2 Note, as amended.

“*Series 2001G Bonds*” means those Bonds which are issued under the Fifteenth Supplemental Indenture.

“*Series 2001H Bonds*” means those Bonds which are issued under the Sixteenth Supplemental Indenture.

“*Series 2001I Bonds*” means those Bonds which are issued under the Seventeenth Supplemental Indenture.

“*Series 2004 Bonds*” means those Third Lien Bonds which are issued under the Twentieth Supplemental Indenture.

“*Series 2014A Bonds*” means those Bonds which are issued under the Twenty-Fourth Supplemental Indenture.

“*Series 2014B Bonds*” means those Bonds which are issued under the Twenty-Fifth Supplemental Indenture.

“*Series 2014C Bonds*” means those Bonds which are issued under the Twenty-Sixth Supplemental Indenture.

“*Series 2020A Bonds*” means those Bonds which are issued under the Twenty-Eighth Supplemental Indenture.

“*Series 2020B Bonds*” means those Bonds which are issued under the Twenty-Ninth Supplemental Indenture.

“*Series 2020C Bonds*” means those Bonds which are issued under the Thirtieth Supplemental Indenture.

“*Seventh Supplemental Indenture*” means the Seventh Supplemental Indenture of Trust dated as of May 1, 2001, between the Issuer and the predecessor to the Trustee as such Seventh Supplemental Indenture may have been amended or supplemented.

“*Seventeenth Supplemental Indenture*” means the Seventeenth Supplemental Indenture of Trust dated as of December 15, 2001, between the Issuer and the predecessor to the Trustee as such Seventeenth Supplemental Indenture may have been amended or supplemented.

“*Sixth Supplemental Indenture*” means the Sixth Supplemental Indenture of Trust dated as of December 1, 2000, between the Issuer and the predecessor to the Trustee, as such Sixth Supplemental Indenture may have been amended or supplemented.

“*Sixteenth Supplemental Indenture*” means the Sixteenth Supplemental Indenture of Trust dated as of December 15, 2001, as amended and restated as of December 1, 2014, between the Issuer and the Trustee, as such Sixteenth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*SLGS*” means United States Treasury Obligations - State and Local Government Series, as provided for in the United States Treasury Regulation 31 CFR 344.

“*Special Record Date*” means if the Issuer shall be in default in payment of interest due on an Interest Payment Date, a Special Record Date for the payment of such defaulted interest established by notice mailed by the Trustee on behalf of the Issuer; notice of such Special Record Date shall be mailed to the then Owners of the Bonds not less than 10 days preceding such Special Record Date, to the Owner at the close of business on the fifth Business Day preceding the date of mailing.

“*Special Revenue Account*” means the Account of that name established pursuant to **Section 5.1**.

“*Special Revenues*” means any Astros Payments or such additional amounts as hereafter may be pledged under any Supplemental Indenture as Special Revenues in connection with the issuance of one or more Series of Bonds.

“*Sports Corporation*” means the Harris County Sports & Convention Corporation or any successor thereto.

“*State*” means the State of Texas.

“*Substitute Depository*” means a trust company or other fiduciary which replaces a Depository.

“*Supplemental Indenture*” means any supplemental indenture supplementing or amending the terms hereof and entered into by the Issuer and the Trustee pursuant to **Article Six** or **Sections 12.1** or **12.2**.

“*Surplus Account*” means the Account of that name in **Section 5.20** of this Indenture.

“*Taxable Bonds*” means any Bonds which are not Tax-Exempt Bonds on the date of original issue thereof, and which the Issuer designates as “Taxable Bonds” in the Supplemental Indenture authorizing such Bonds.

“*Tax Covenants*” means the covenants of the Issuer expressed in or incorporated by reference into *Article Seven* of this Indenture, or in the corresponding section of a Supplemental Indenture providing for assurance of the preservation of the tax-exempt status of the interest on a Series of Tax-Exempt Bonds.

“*Tax-Exempt Bonds*” means Bonds issued pursuant to this Indenture for which the Issuer receives, on the date of the Bond Closing therefor, an opinion of Bond Counsel to the effect that interest on such Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under section 103 of the Code.

“*Tenth Supplemental Indenture*” means the Amended and Restated Tenth Supplemental Indenture of Trust dated as of May 1, 2001, and Amended and Restated as of November 1, 2003, between the Issuer and the predecessor to the Trustee, as such Tenth Supplemental Indenture may have been amended or supplemented.

“*Term Bonds*” means Bonds which are subject to scheduled Mandatory Sinking Fund Requirements prior to maturity.

“*Third Lien Bonds*” means the Series 2004 Bonds and any other obligations of the Issuer issued under a Supplemental Indenture or other instrument authorizing one or more Series of Third Lien Bonds pursuant to *Section 6.7* hereof.

“*Third Lien Bonds Account*” means one or more accounts and subaccounts of that name created by a Supplemental Indenture or other instrument authorizing issuance of one or more Series of Third Lien Bonds.

“*Third Supplemental Indenture*” means the Third Supplemental Indenture of Trust dated as of August 15, 1998, between the Issuer and the predecessor to the Trustee, as such Third Supplemental Indenture may have been amended or supplemented.

“*Thirteenth Supplemental Indenture*” means the Thirteenth Supplemental Indenture of Trust dated as of November 1, 2001, between the Issuer and the predecessor to the Trustee, as such Thirteenth Supplemental Indenture may have been amended or supplemented.

“*Thirtieth Supplemental Indenture*” means the Thirtieth Supplemental Indenture of Trust dated as of October 1, 2020, between the Issuer and the trustee, as such Thirtieth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented. “*Thirty-First Supplemental Indenture*” means the Thirty-First Supplemental Indenture of Trust dated as of October 1, 2020, between the Issuer and the trustee, as such Thirty-First Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Treasury Regulations*” means all final, temporary or proposed Income Tax Regulations issued or amended with respect to the Code by the Treasury or Internal Revenue Service and applicable to the Bonds. Any reference to a section of the Treasury Regulations shall also refer to any successor provision to such section hereafter promulgated by the Internal Revenue Service pursuant to the Code and applicable to the Bonds.

“*Trustee*” means UMB Bank, National Association, located in Denver, Colorado, in its capacity as Trustee under this Indenture, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of this Indenture.

“*Trust Estate*” means the Revenues, Special Revenues, Trust Moneys, the tangible and intangible properties, rights and other assets described in the Granting Clauses of this Indenture (including the Pledged Accounts) as from time to time supplemented, and (with respect to a specific Series of Bonds or specific Bonds within a Series) such funds, rights, properties and assets pledged to secure a Series of Bonds or specific Bonds within a Series pursuant to a Supplemental Indenture.

“*Trust Moneys*” shall have the meaning assigned thereto in *Section 5.1(c)* hereof.

“*Twelfth Supplemental Indenture*” means the Second Amended and Restated Twelfth Supplemental Indenture of Trust dated as of May 1, 2001, and Amended and Restated as of November 1, 2003 and June 1, 2004, between the Issuer and the predecessor to the Trustee, as such Twelfth Supplemental Indenture may have been amended or supplemented.

“*Twentieth Supplemental Indenture*” means the Twentieth Supplemental Indenture of Trust dated as of June 1, 2004, as amended and restated as of December 1, 2014, between the Issuer and the Trustee, as such Twentieth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-Eighth Supplemental Indenture*” means the Twenty-Eighth Supplemental Indenture of Trust dated as of October 1, 2020, between the Issuer and the trustee, as such Twenty-Eighth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-Fifth Supplemental Indenture*” means the Twenty-Fifth Supplemental Indenture of Trust dated as of December 1, 2014, between the Issuer and the Trustee, as such Twenty-Fifth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-First Supplemental Indenture*” means the Twenty-first Supplemental Indenture of Trust dated as of June 1, 2004, between the Issuer and the predecessor to the Trustee, as such Twenty-First Supplemental Indenture may have been amended or supplemented.

“*Twenty-Fourth Supplemental Indenture*” means the Twenty-Fourth Supplemental Indenture of Trust dated as of December 1, 2014, between the Issuer and the trustee, as such Twenty-Fourth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-Ninth Supplemental Indenture*” means the Twenty-Ninth Supplemental Indenture of Trust dated as of October 1, 2020, between the Issuer and the trustee, as such Twenty-Ninth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-Second Supplemental Indenture*” means the Twenty-Second Supplemental Indenture of Trust dated as of September 1, 2005, between the Issuer and the predecessor to the Trustee, as such Twenty-Second Supplemental Indenture may have been amended or supplemented.

“*Twenty-Sixth Supplemental Indenture*” means the Twenty-Sixth Supplemental Indenture of Trust dated as of December 1, 2014, between the Issuer and the Trustee, as such Twenty-Sixth Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

“*Twenty-Third Supplemental Indenture*” means the Twenty-Third Supplemental Indenture of Trust dated as of May 1, 2008, between the Issuer and the predecessor to the Trustee, as such Twenty-Third Supplemental Indenture may have been amended or supplemented.

“*Unpaid Bonds*” shall mean all Outstanding Bonds and any other Bonds which have neither matured nor been redeemed or purchased and cancelled under this Indenture.

“*Valuation Date*” means with respect to any Bonds that are Capital Appreciation Bonds, the date or dates set forth in the Supplemental Indenture authorizing such Bonds on which specific Accreted Values are assigned to such Bonds and with respect to any Bonds that are Deferred Interest Bonds, the date or dates set forth in the Supplemental Indenture authorizing such Bonds on which specific Appreciated Values are assigned to such Bonds.

“*Variable Interest Rate*” means a variable interest rate or rates to be borne by a Series of Bonds or other obligations or by any Bond within a Series of Bonds. The method of computing such variable interest rate shall be specified in the Supplemental Indenture authorizing such Bonds or Related Agreements approved thereby.

“*Variable Rate Bond*” means any Bond which bears a Variable Interest Rate which rate is not established at the time of calculation at a single numerical rate for the remaining term of such Bond and for which the period from the most recent determination of the rate to the next such date for redetermination of the rate is two years or less.

“*Vehicle Rental Tax*” means the short-term motor vehicle rental tax imposed by the Issuer Tax Resolutions.

“*Venue Project Fund*” means the Venue Project Fund of the Issuer, the creation of which is confirmed by **Section 5.1**, and all Accounts and subaccounts thereof.

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Section 2.2. Redemption; Purchase.

The Bonds of any Series issued pursuant to this Indenture and a Supplemental Indenture may be subject to optional redemption, or to mandatory redemption and prepayment on a scheduled or other basis, provided that the Mandatory Sinking Fund Requirements of Bonds of a particular Series and maturity shall be reduced, as provided herein or in the applicable Supplemental Indenture, if and to the extent the Bonds of that Series and maturity have been or will be optionally or mandatorily redeemed, in whole or part, prior to or on the date scheduled for payment of the specified principal amount on the dates and at the redemption prices specified in the applicable Supplemental Indenture. Redemption may be in whole or in part of the Bonds subject to prepayment; provided that there shall be no reduction of the amount scheduled for redemption on a mandatory redemption date except to the extent Bonds of the maturity to be redeemed have been optionally or mandatorily redeemed or will be optionally or mandatorily redeemed on the scheduled redemption date as provided above, and except that the Issuer may, at its option, purchase Bonds of the maturity to be redeemed and upon surrender of such purchased Bonds to the Trustee and cancellation thereof apply the principal amount purchased and cancelled as a credit against the principal amount to be redeemed.

Unless otherwise specified herein or in a Supplemental Indenture, if an optional redemption is in part, Bonds of a Series shall be prepaid and redeemed in any order as the Issuer shall direct the Trustee in writing. Any redemption in whole or part from the proceeds of a specific Series of Bonds shall be a redemption only of that Series; in all other cases, the Issuer shall direct the Trustee in writing as to which Series of Bonds are to be redeemed, in what amounts and, if permitted by the applicable Supplemental Indenture, the maturities or specific Bonds within a maturity to be redeemed. If only part of the Bonds having a common maturity date are called for prepayment, the Bonds may be prepaid in \$5,000 increments of principal (or, in the case of Capital Appreciation Bonds or Deferred Interest Bonds which are subject to redemption prior to maturity or the Interest Commencement Date, as applicable, in \$5,000 increments of Accreted Value at maturity or Appreciated Value at the Interest Commencement Date, as applicable) and the specific Bonds to be prepaid shall be chosen by lot by the Bond Registrar as hereinafter provided. Bonds or portions thereof called for redemption shall be due and payable on the redemption date. On or before the redemption date, the Issuer shall deposit or cause to be deposited with the Trustee money sufficient and available to pay the redemption price of and accrued interest on all Bonds to be redeemed on that date, and from and after such date, notice having been given and deposit having been made in accordance with **Articles Two and Five** respectively, then, notwithstanding that any Bonds called for redemption have not been surrendered, no further interest shall accrue on any such Bonds. From and after such redemption date (such notice having been given and such deposit having been made) the Bonds to be redeemed shall not be deemed to be Outstanding hereunder.

If and to the extent that Bonds of the same Series and stated maturity are not all entitled to the benefit of the same Credit Facility or Bonds of the same Series and maturity date provide for interest or principal to be computed or paid differently than with respect to other Bonds of the same Series and stated maturity, then each portion of such Series of Bonds having the same stated maturity but not secured by the same Credit Facility or providing for different computation or payment of principal and interest shall be treated as if such portion of such Series of Bonds have a separate and distinct “maturity” for purposes of selection for redemption as may be further provided for in the Supplemental Indenture authorizing the same.

The Trustee shall call Bonds for optional redemption and payment as herein provided upon receipt by the Trustee at least 45 days prior to the redemption date of a request of the Issuer, in written form. Such request shall specify the principal amount and Series of Bonds to be called for optional redemption, the redemption date and the redemption price. In all other cases, the Trustee shall call Bonds for redemption as directed for the applicable Series of Bonds by this Indenture or a Supplemental Indenture.

Published notice of redemption, if required in a Supplemental Indenture, shall in each case be given, and mailed notice of redemption shall be given to the Paying Agent (if other than the Trustee) and to each affected Owner. If and when any of the Bonds shall be called for redemption and payment prior to the stated maturity thereof, the Trustee shall give written notice in the name of the Issuer that such Bonds will be redeemed and paid at the office of the Trustee or the Paying Agent. Mailed notice of redemption shall be given by first class mail, postage prepaid for all other Owners of Bonds to be redeemed, mailed not less than 30 days prior to the redemption date, to each Owner of Bonds to be redeemed, at the address appearing in the Bond Register; provided that if a Depository Letter Agreement contains other or different requirements for delivery to a Depository, then the provisions of the Depository Letter Agreement shall be followed for that Owner. All notices of redemption shall state:

- (a) The official name of the issue with applicable Series designation and date of original issue;
- (b) The redemption date;
- (c) The redemption price;
- (d) The CUSIP numbers assigned to the Bonds to be redeemed, the maturity date of such Bonds and any applicable certificate numbers if Bonds are redeemed in part;
- (e) If less than all Outstanding Bonds of the applicable Series are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts, Accreted Values or Appreciated Values as applicable) of the Bonds to be redeemed;
- (f) That on the redemption date, the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date; and
- (g) The place where such Bonds are to be surrendered for payment of the redemption price (which shall be the designated office of the Trustee or Paying Agent) and a telephone number and person at such office who may be contacted with questions relating to such redemption.

Failure to provide written notice to any Owner of Bonds to be redeemed or any defect therein shall not affect the validity of the proceedings for the redemption of any Bonds for which no such failure or defect has occurred.

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### **ARTICLE THREE PARTICULAR COVENANTS OF THE ISSUER**

#### **Section 3.1. Compliance with Requirements of the Act.**

The Issuer covenants and agrees that it will faithfully and diligently observe and comply with the requirements of all laws, and in particular the Enabling Act, applicable to the Bonds.

#### **Section 3.2. Extension of Payment of Bonds.**

The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of interest. Nothing herein shall be deemed to limit the right of the Issuer to issue refunding bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds refunded thereby.

#### **Section 3.3. Offices for Servicing Bonds.**

The Issuer shall at all times cause the Trustee to maintain one or more offices where Bonds may be presented for payment and where Bonds may be presented for registration, transfer or exchange.

#### **Section 3.4. Power to Issue Bonds and to Pledge and Collaterally Assign Revenues, Special Revenue, and Other Accounts.**



The Issuer is duly authorized under all applicable laws, including but not limited to the Enabling Act, to authorize and issue the Bonds and to execute and deliver the Indenture and to pledge and collaterally assign and grant liens and security interests in the Revenues, Special Revenues and other monies, securities and funds comprising the Trust Estate (including the Pledged Accounts) as contemplated by this Indenture in the manner and to the extent provided in this Indenture. The Revenues, Special Revenues, and other money, securities and funds so pledged and collaterally assigned as part of the Trust Estate are and will be free and clear of any pledge, lien, security interest, charge or encumbrance thereon or with respect thereto, other than the pledge, collateral assignment, lien and security interest created or otherwise permitted by this Indenture, and all necessary action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Issuer in accordance with their terms. For so long as any Bonds secured thereby are Outstanding or any Bond Related Costs or any Bond Service Charges are unpaid, the Issuer shall at all times impose and collect the taxes and other fees and charges which constitute the Revenues, Special Revenues, and other money, securities, and funds pledged and granted as part of the Trust Estate in an amount sufficient to pay amounts owing or to be owed on the Bonds and all other Bond Related Costs and Bond Service Charges. The Issuer shall at all times defend, preserve and protect the pledge, collateral assignment, lien and security interest in and on the Revenues, Special Revenues, and other money, securities and funds pledged and granted as part of the Trust Estate under this Indenture and all the rights of the Bondowners under this Indenture against all claims and demands of all persons whomsoever.

Section 3.5. Creation of Liens.

Except as provided in this Indenture, unless the pledge, assignment, lien and security interest created in this Indenture is discharged and satisfied as provided in **Section 9.1**, the Issuer shall not issue any bonds, notes, debentures, or other evidences of indebtedness of similar nature, other than Additional Bonds, payable out of or secured by a pledge or assignment of or lien or security interest in any of the items of security established under the Granting Clauses of this Indenture as a part of the Trust Estate, or create or cause to be created any other pledge or assignment of, or lien, charge or encumbrance on, any of said items, which pledge or assignment, lien, charge, or encumbrance is prior or superior to or on a parity with the pledge or assignment of, or lien, charge or encumbrance to the lien of this Indenture. The Issuer reserves the right to issue such other bonds or other indebtedness payable from and secured by its operating revenues or other funds or sources other than Revenues, Special Revenues, or money securities or funds pledged or collaterally assigned as part of the Trust Estate under this Indenture.

Section 3.6. Transfer of Vehicle Rental Tax and Hotel Occupancy Taxes.

The Issuer covenants to direct the Office of the Texas Comptroller of Public Accounts and any successor thereto, as collector of the Vehicle Rental Tax, to pay to the Trustee as soon as practicable after collection, or shall pay to the Trustee as soon as practicable after receipt, less Reasonable Costs of Collection, the Vehicle Rental Tax. The Issuer covenants to direct Han-is County, Texas, or any successor thereto, as collector of the Hotel Occupancy Tax, to pay to the Trustee as soon as practicable after collection, less Reasonable Costs of Collection, the Hotel Occupancy Tax. To the extent that revenues of the Vehicle Rental Tax or the Hotel Occupancy Tax are received by the Issuer, the Issuer shall immediately transfer such revenues less the Reasonable Costs of Collection to the Trustee.

Section 3.7. Transfer of Special Revenues. Compliance with Terms of Lease or Other Agreements.

The Issuer covenants to enforce and collect payment of any Special Revenues owed to the Issuer pursuant to any lease or other agreement, and to comply with the terms of any such agreement as necessary to prevent the declaration of a material event of default against the Issuer. The Issuer will deposit any Special Revenues when and as received, less any Reasonable Costs of Collection, to the Special Revenue Account held by the Trustee.

Section 3.8. Completion of Approved Venue Projects.

To the extent that the Issuer has covenanted in any agreement pursuant to which it will receive Special Revenues to complete or maintain an Approved Venue Project as a condition of receipt of Special Revenues, then the Issuer hereby covenants to so complete and maintain such Approved Venue Project in the manner required by such agreement for the payment to or on behalf of the Issuer of the Special Revenues to be paid thereunder.

## ARTICLE FOUR BOND COVENANTS

### Section 4.1. Payment of Principal, Premium and Interest.

Solely from the moneys derived from amounts available from the Revenues, Special Revenues, and the Trust Estate, the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the Bonds in accordance with the terms of the Bonds and the Indenture. The moneys and other assets pledged hereby shall include all moneys derived from the sources identified in the Granting Clauses set forth herein and in each Supplemental Indenture, including, but not limited to, trust funds deposited in the Accounts established under *Article Five* herein to the extent and in the manner provided in said Article. Nothing in the Bonds or in the Indenture shall be considered as assigning or pledging funds or assets of the Issuer other than those covered by the Granting Clauses set forth herein and in each Supplemental Indenture. Except as specifically provided for herein, no Special Revenues shall be available for payment of Tax-Exempt Bonds.

### Section 4.2. Performance of and Authority for Covenants.

The Issuer represents and covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of its Governing Body pertaining thereto; that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Enabling Act, to issue the Bonds authorized hereby, to execute the Indenture, to assign and pledge the Revenues, Special Revenues, and the Trust Estate in the manner and to the extent herein set forth; that any action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been or will be duly and effectively taken; and that the Bonds in the hands of the Owners thereof are and will be valid and enforceable special limited obligations of the Issuer according to the terms thereof.

### Section 4.3. Instruments of Further Assurance.

The Issuer represents and covenants that it has not made, done, executed or suffered, and will not make, do, execute or suffer, any act or thing whereby its interest in the Revenues, Special Revenues, or Trust Estate or any part thereof is now or at any time hereafter impaired, changed or encumbered in any manner whatsoever, except as may be expressly permitted herein; and that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such instruments supplemental hereto and such farther acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the sums assigned and pledged hereby to the payment of the principal of and interest on the Bonds.

### Section 4.4. Recording and Filing.

The Trustee agrees that to the extent it has been provided Uniform Commercial Code filing statements filed to preserve and protect the security of the Owners of the Bonds and the rights of the Trustee hereunder, the Trustee shall, not less often than on or before the fifth anniversary of the filing of such statements, file continuation statements in the same place as the original filing. The Trustee shall have no liability with respect to any errors in any continuation statement so filed, and makes no representations as to the effectiveness of any such filing.

### Section 4.5. Books and Records.

The Trustee covenants that so long as any Outstanding Bonds issued hereunder and secured by the Indenture shall be unpaid, the Trustee will keep records and accounts in accordance with accepted industry practice in relation to the Projects, this Indenture, and the Related Agreements. At reasonable times and under reasonable regulations established by the Trustee and to the extent permitted by applicable law, such records shall be open to the inspection of the Original Purchaser(s), the Owners (subject to the provisions of *Section 4.6*), the Issuer, each Credit Provider, and such accountants or other agents as the Trustee may from time to time designate. All costs and expenses of the Trustee relating to any such inspection or production of documents and records shall be reimbursed by the Issuer.

Section 4.6. Bondowners' and Issuer's Access to Bond Register.

At reasonable times and under reasonable regulations established by the Trustee and to the extent permitted by applicable law, the Bond Register or a copy thereof may be inspected and copied by Owners (or a designated representative thereof) of 25% or more in principal amount of the then Outstanding Bonds, such authorization of any such designated representative to be evidenced to the reasonable satisfaction of the Trustee and the Issuer. Except as otherwise may be provided by law, the Bond Registrar shall not make the Bond Register available for inspection by the public, unless and until notice to the contrary is given to the Trustee by the Issuer.

Section 4.7. Rights of Credit Providers.

This Indenture contemplates that Credit Facilities or Liquidity Facilities may secure all or some Series of Bonds, or portions thereof, and that the Issuer will accept and deposit with the Trustee the related Credit Facilities or Liquidity Facilities and will enter into related Credit Agreements and Related Agreements. The Issuer hereby covenants to keep and abide by and comply with all agreements on its part expressed therein, and to pay to each Credit Provider, but only to the extent provided herein from Revenues, Special Revenues, and the Trust Estate or as otherwise provided in a Supplemental Indenture, all amounts due to such Credit Provider in accordance with the terms of the applicable Credit Agreement and Related Agreements related thereto. The Trustee similarly covenants to disburse from Account held hereunder to the extent of amounts therein, amounts owed by the Issuer to such Credit Provider, as set forth herein or in any Supplemental Indenture.

Notwithstanding anything to the contrary contained herein or in any Supplemental Indenture or in any Credit Facility, Liquidity Facility, or Credit Agreement, the lien on and security interest in the Revenues, Special Revenues, and Trust Estate in favor of Credit Providers shall be subordinate and junior to the lien on and interest in the Revenues, Special Revenues, and Trust Estate in favor of the Owners except and to the extent that any such Credit Provider honors any drawing or other demand properly submitted for payment in the manner and subject to the conditions set forth in the applicable Supplemental Indenture and Credit Facility or Liquidity Facility, in which case such Credit Provider shall have such rights as shall be provided for in the Supplemental Indenture pursuant to which any Bonds secured by the related Credit Facility or Liquidity Facility were issued.

## ARTICLE FIVE FUNDS AND ACCOUNTS

Section 5.1. Pledge of Revenues; Confirmation of Venue Project Fund: Creation or Accounts; "Trust Moneys" Defined.

- (a) The proceeds of each Series of Bonds (other than refunding Bonds the proceeds of which are applied to discharge and satisfy Bonds under *Article Nine* of this Indenture) and all Revenues and Special Revenues and other sums pledged and assigned by this Indenture or any Supplemental Indenture to the Trustee for the benefit of the Bondowners are to be deposited in the Accounts and Subaccounts of the Venue Project Fund described in this Article and hereby established, and, upon deposit with the Trustee in said Accounts and Subaccounts, shall not be subject to any lien other than the lien of this Indenture or attachment by any creditor of the Issuer or any Credit Provider or any other person. The Revenues, Special Revenues, and other sums so pledged and collaterally assigned to the Trustee for the benefit of the Bondowners (as may be further limited herein) and the Credit Provider shall include all of the following:
- (1) Amounts received which are Hotel Occupancy Taxes or Vehicle Rental Taxes;
  - (2) Special Revenues (but, except as expressly provided herein for the Allowed Special Revenue Amount, solely for the Taxable Bonds);
  - (3) Bond proceeds to the extent not required to pay Costs of a Venue Project;

- (4) Proceeds of a Credit Facility, if any, drawn to pay the principal of, premium, if any, and interest on any Series of Bonds or a specific portion thereof;
  - (5) Other amounts (including, without limitation, earnings on the Pledged Accounts) required by this Indenture or Related Agreements to be deposited in any Pledged Accounts (other than any Rebate Amount and other than any amounts in the Rebate Account); and any other amounts, funds, accounts, revenues, receivables, or other security pledged or assigned to the Trustee pursuant to a Supplemental Indenture in connection with the issuance of one or more Series of Bonds.
- (b) The Issuer hereby confirms creation of the Venue Project Fund, and hereby creates and shall maintain or cause to be maintained the following Accounts and Subaccounts therein to be held by the Trustee, to be held and administered as trust funds under and pursuant to the terms of the Indenture, as hereafter provided:
- (1) The Pledged Revenue Account, to be held by the Trustee;
  - (2) The Special Revenue Account, and the Astros Payments Subaccount therein, to be held by the Trustee;
  - (3) The Senior Lien Debt Service Account, to be held by the Trustee with such separate Subaccounts therein as shall be provided herein or in the Supplemental Indenture creating each Series of Senior Lien Bonds, including, as applicable, any of the following accounts therein:
    - (A) A Senior Lien Interest Subaccount;
    - (B) A Senior Lien Principal Subaccount;
    - (C) A Senior Lien Redemption Subaccount;
    - (D) A Senior Lien Credit Subaccount with respect to each Credit Facility which is not a Debt Service Reserve Account Credit Facility;
    - (E) A Senior Lien Expense Subaccount;
    - (F) A Senior Lien Purchase Subaccount;
    - (G) A Senior Lien Capitalized Interest Subaccount;
  - (4) The Senior Lien Debt Service Reserve Account, to be held by the Trustee, with such separate Series Senior Lien Debt Service Reserve Subaccounts and Senior Lien Credit Subaccounts therein as the Issuer shall determine in any Supplemental Indenture authorizing a Series of Senior Lien Bonds;
  - (5) A Second Lien Debt Service Revenue Holding Account;
  - (6) The Second Lien Debt Service Account, to be held by the Trustee with such separate Subaccounts therein as shall be provided herein or in the Supplemental Indenture creating each Series of Second Lien Bonds, including, as applicable, any of the following accounts therein:
    - (A) A Second Lien Interest Subaccount;
    - (B) A Second Lien Principal Subaccount;

- (C) A Second Lien Redemption Subaccount;
  - (D) A Second Lien Credit Subaccount with respect to each Credit Facility which is not a Debt Service Reserve Account Credit Facility;
  - (E) A Second Lien Expense Subaccount;
  - (F) A Second Lien Purchase Subaccount;
  - (G) A Second Lien Capitalized Interest Subaccount;
- (7) The Second Lien Debt Service Reserve Account, to be held by the Trustee, with such separate Series Second Lien Debt Service Reserve Subaccounts and Second Lien Credit Subaccounts therein as the Issuer shall determine in any Supplemental Indenture authorizing a Series of Second Lien Bonds;
- (8) A Junior Lien Debt Service Revenue Holding Account;
- (9) The Junior Lien Debt Service Account, to be held by the Trustee with such separate Subaccounts therein as shall be provided herein or in the Supplemental Indenture creating each Series of Junior Lien Bonds, including, as applicable, any of the following accounts therein:
- (A) A Junior Lien Interest Subaccount;
  - (B) A Junior Lien Principal Subaccount;
  - (C) A Junior Lien Redemption Subaccount;
  - (D) A Junior Lien Credit Subaccount with respect to each Credit Facility which is not a Debt Service Reserve Account Credit Facility;
  - (E) A Junior Lien Expense Subaccount;
  - (F) A Junior Lien Purchase Subaccount;
  - (G) A Junior Lien Capitalized Interest Subaccount;
  - (H) Any other Account or Subaccount established by the applicable Supplemental Indenture.
- (10) The Junior Lien Debt Service Reserve Account, to be held by the Trustee, with such separate Series Junior Lien Debt Service Reserve Subaccounts and Junior Lien Credit Subaccounts therein as the Issuer shall determine in any Supplemental Indenture authorizing a Series of Junior Lien Bonds;
- (11) The Construction Account, to be held by the Trustee with such separate Subaccounts therein to be held in accordance with **Section 5.3** as the Issuer shall determine in any Supplemental Indenture;
- (12) The Cost of Issuance Account and such accounts therein as the Issuer shall determine in any Supplemental Indenture, to be held by the Trustee; and
- (13) A General and Administrative Account;
- (14) A Rebate Account, to be held by the Trustee;

- (15) the National Insured Bonds Debt Service Reserve Account;
- (16) the Debt Repayment Account; and
- (17) the County Repayment Account.

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Section 5.2. Pledged Revenue Account and Special Revenue Account; Astros Payments Subaccount.

- (a) The Trustee shall deposit to the Pledged Revenue Account if, as, and when received, all Vehicle Rental Taxes and Hotel Occupancy Taxes directed to the Trustee pursuant to **Section 3.6**, other amounts required by this Article, and such other revenues as may hereafter be received by the Trustee which are designated for deposit to the Pledged Revenue Account under a Supplemental Indenture. The Pledged Revenue Account shall be applied as provided in this Article.
- (b) The Trustee shall deposit to the Special Revenue Account if, as, and when received all Special Revenues directed to the Trustee pursuant to **Section 3.7**, other amounts required by this Article, and such other revenues as may hereafter be received by the Trustee which are designated for deposit to the Special Revenue Account under a Supplemental Indenture. The Special Revenue Account shall be applied as provided in this Article.
- (c) Prior to application of amounts deposited to the Pledged Revenue Account or the Special Revenue Account as provided herein, the Trustee shall, at the written direction of the Issuer, invest amounts in either such Account in a Permitted Money Market Fund, and any earnings thereon shall be treated as additional Revenues or Special Revenues, as applicable, deposited to the Account in which the investment is held.
- (d) There is hereby created and established with the Trustee the Astros Payments Subaccount of the Special Revenue Account. The Trustee shall deposit to the Astros Payments Subaccount if, as, and when received, all Astros Payments directed to the Trustee, and other amounts hereafter required by Supplemental Indentures or this Indenture, and such other revenues as may hereafter be received by the Trustee which are designated for deposit to the Astros Payments Subaccount under a Supplemental Indenture.
- (e) If there are amounts in the Astros Payments Subaccount, the Trustee shall apply such amounts in the Astros Payments Subaccount monthly on the same date and immediately before application of the Pledged Revenue Account as follows:

*First*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Senior Lien Bonds, there shall be deposited (i) to the Senior Lien Interest Subaccounts for the Taxable Senior Lien Bonds an amount equal to the total amount of the Senior Monthly Interest Payments (Fixed), or Senior Monthly Interest Payments (non-Fixed), required for any Taxable Senior Lien Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Senior Lien Interest Subaccounts for such Taxable Senior Lien Bonds, and (ii) to the Senior Lien Interest Subaccounts for the Tax Exempt Senior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Senior Monthly Interest Payment (Fixed), or Senior Monthly Interest Payment (non-Fixed), required for any Tax Exempt Senior Lien Bonds for the month of the deposit, giving full credit for any Revenues previously deposited for such Tax Exempt Senior Lien Bonds; and then

*Second*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Senior Lien Bonds, there shall be deposited (i) to the Senior Lien Principal Subaccounts for the Taxable Senior Lien Bonds an amount equal to the total amount of the Senior Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Senior Lien Principal Subaccounts for such Taxable Senior Lien Bonds, and (ii) to the Senior Lien Principal Subaccounts for the Tax Exempt Senior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Senior Monthly Principal Payment, required to be deposited for any Tax Exempt Senior Lien Bonds for the month of the deposit, giving full credit for any Revenues previously deposited for such Tax Exempt Senior Lien Bonds; and then

*Third*, in the order and to the extent required for Revenues for the month of the deposit under **Sections 5.4(a)(3)-(8)**, to the other Subaccounts, and to each Senior Lien Debt Service Reserve Account, but only to the extent of the Allowed Special Revenue Amount with respect to Tax-Exempt Bonds; and then

*Fourth*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Second Lien Bonds, there shall be deposited (i) to the Second Lien Interest Subaccounts for the Taxable Second Lien Bonds an amount equal to the total amount of the Second Lien Monthly Interest Payments (Fixed), or Second Lien Monthly Interest Payments (non-Fixed), required for any Taxable Second Lien Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Second Lien Debt Service Revenue Holding Account for such Taxable Bonds, and (ii) to the Second Lien Interest Subaccounts for the Tax Exempt Second Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Second Lien Monthly Interest Payment (Fixed), or Second Lien Monthly Interest Payment (non-Fixed), required for any Tax Exempt Second Lien Bonds for the month of the deposit, giving full credit for any Revenues previously deposited to the Second Lien Debt Service Revenue Holding Account for such Tax-Exempt Second Lien Bonds; and then

*Fifth*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Second Lien Bonds, there shall be deposited (i) to the Second Lien Principal Subaccounts for the Taxable Second Lien Bonds an amount equal to the total amount of the Second Lien Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Second Lien Debt Service Revenue Holding Account for such Taxable Bonds, and (ii) to the Second Lien Principal Subaccounts for the Tax Exempt Second Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Second Lien Monthly Principal Payment required to be deposited for any Tax Exempt Second Lien Bonds for the month of such deposit, giving full credit for any Revenues previously deposited to the Second Lien Debt Service Revenue Holding Account for such Tax-Exempt Second Lien Bonds; and then

*Sixth*, in the order and to the extent required for Revenues for the month of the deposit under **Sections 5.4(a)(11)-(16)**, to the other Subaccounts, and to the Second Lien Debt Service Reserve Account, but only to the extent of the Allowed Special Revenue Amount with respect to Tax-Exempt Bonds; and then

*Seventh*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Junior

Lien Bonds, there shall be deposited (i) to the Junior Lien Interest Subaccounts for the Taxable Junior Lien Bonds an amount equal to the total amount of the Junior Monthly Interest Payments (Fixed), or Junior Monthly Interest Payments (non-Fixed), required for any Taxable Junior Lien Bonds for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Junior Lien Debt Service Revenue Holding Account for such Taxable Bonds, and (ii) to the Junior Lien Interest Subaccounts for the Tax Exempt Junior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Junior Monthly Interest Payment (Fixed), or Junior Monthly Interest Payment (non-Fixed), required for any Tax Exempt Junior Lien Bond for the month of the deposit, giving full credit for any Revenues previously deposited to the Junior Lien Debt Service Revenue Holding Account for such Tax-Exempt Junior Lien Bonds; and then

*Eighth*, until in any Bond Year there has been deposited to the applicable Subaccounts of the Debt Service Account the entire Adjusted Debt Service Requirement for that Bond Year for the Junior Lien Bonds, there shall be deposited (i) to the Junior Lien Principal Subaccounts for the Taxable Junior Lien Bonds an amount equal to the total amount of the Junior Monthly Principal Payments required to be deposited to such Subaccounts for the period commencing on the last day on which interest was due and provided for through the earlier of the next May 15 or November 15, as applicable, calculated without regard to prior deposits of Revenues to the Junior Lien Debt Service Revenue Holding Account for such Taxable Bonds, and (ii) to the Junior Lien Principal Subaccounts for the Tax Exempt Junior Lien Bonds (but only to the extent of the Allowed Special Revenue Amount with respect to such Bonds) an amount equal to the amount of the Junior Monthly Principal Payment required to be deposited for any Tax-Exempt Junior Lien Bonds for the month of the deposit, giving full credit for any Revenues previously deposited to the Junior Lien Debt Service Revenue Holding Account for such Tax- Exempt Junior Lien Bonds; and then

*Ninth*, in the order and to the extent required for Revenues for the month of the deposit under **Sections 5.4(a)(19)-(24)**, to the other Subaccounts, and to each Junior Lien Debt Service Reserve Account, but only to the extent of the Allowed Special Revenue Amount with respect to Tax-Exempt Bonds; and then

*Tenth*, after satisfying each of the preceding requirements for Senior Lien Bonds, Second Lien Bonds, and Junior Lien Bonds, all additional Astros Payments shall be reapplied for Tax-Exempt Bonds (but only in the amount of the Allowed Special Revenue Amount for Tax-Exempt Bonds), (i) first to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Tax-Exempt Senior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited before the earlier of the next May 15 or November 15 (including all the principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15); second to each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Tax-Exempt Second Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited through the earlier of the next May 15 or November 15 (including all principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15); and third to each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Tax-Exempt Junior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year required to be deposited through the earlier of the next May 15 or November 15 ( including all principal required to be deposited on or before the earlier of the next succeeding May 15 or November 15); and then

*Eleventh*, after satisfying each of the preceding requirements for Senior Lien Bonds, Second Lien Bonds, and Junior Lien Bonds, all additional Astros Payments shall be reapplied for both Taxable Bonds and Tax-Exempt Bonds (but only to the extent of the Allowed Special Revenue Amount for Tax-Exempt Bonds) (i) first to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Senior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing



or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); second to each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Second Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); and third to each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Junior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); and then

*Twelfth*, at the written direction of the Issuer.

- (f) If Astros Payments are deposited to the credit of any of the Senior Lien Principal Subaccounts, Senior Lien Interest Subaccounts, Second Lien Principal Subaccounts, Second Lien Interest Subaccounts, Junior Lien Interest Subaccounts, or Junior Lien Principal Subaccounts for a corresponding Series of the Taxable Senior Lien Bonds, Taxable Second Lien Bonds, or Taxable Junior Lien Bonds, and corresponding amounts of Revenues and amounts from the Revenue Recycling Account in such amounts have previously been deposited to the Senior Lien Principal Subaccounts, Senior Lien Interest Subaccounts, Second Lien Debt Service Revenue Holding Account, or Junior Lien Debt Service Revenue Holding Account for such Series of Bonds, and if such Accounts or Subaccounts are otherwise fully funded as of the date of the deposit of Astros Payments under subsection (e), then the Trustee shall release such previously deposited amounts from such Accounts or Subaccounts for deposit to the Pledged Revenue Account immediately upon deposit of the Astros Payments.
- (g) Solely for administering *Section 5.2(e)*, any interest which is payable from Astros Payments on Capital Appreciation Bonds or, prior to the Interest Commencement Date, any interest accruing on Deferred Interest Bonds, is deemed “due” in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts are deemed “principal” under *Section 5.2(e)*.

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Section 5.4. Application of Pledged Revenue Account and Special Revenue Account.

- (a) Amounts in the Pledged Revenue Account shall be transferred one time per month on or before the tenth day of the month to the other Accounts and Subaccounts hereunder (and must be so transferred if received not less than five Business Days prior to the monthly transfer date established by the Trustee) so long as any Bonds remain Outstanding hereunder, in the following amounts in the following order of priority:
  - (1) to each Senior Lien Interest Subaccount,
    - (A) subject to *paragraph (B)* below, to the Senior Lien Interest Subaccount, (i) for any Senior Lien Bonds which are Fixed Interest Rate Bonds, beginning with the first month of each Bond Year, an amount equal to the Senior Monthly Interest Payment (Fixed), and (ii) for any Senior Lien Bonds which are not Fixed Interest Rate Bonds, beginning in the first month of each Bond Year, an amount equal to the Senior Monthly Interest Payment (Non- Fixed);
    - (B) subject
      - (i) to any credit with respect to any amounts on deposit in the Senior Lien Capitalized Interest Subaccount to be used for Capitalized Interest and any

earnings thereon to the extent required to be used and available for payment of interest on specific Senior Lien Bonds as provided in any applicable Supplemental Indenture,

(ii) as of each Interest Payment Date for Senior Lien Bonds which are described in *paragraph (a)(l)(A)(ii)* of this *Section 5.4*, if the actual interest payable with respect to such Senior Lien Bonds in any Interest Payment Period is less than the amount deposited into the Senior Lien Interest Subaccount, then to the extent of any excess amount so deposited, which excess amount shall be applied as a credit to reduce the amount otherwise required to be deposited in the next succeeding month or months pursuant to *paragraph (a)(l)(A)(ii)* of this *Section 5.4*,

(iii) to any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay interest on a specific Series of Senior Lien Bonds and deposited to the Senior Lien Interest Subaccount for such Series, and

(iv) in each case to the Cumulative Payment Credit then on deposit in the Senior Lien Interest Subaccount, which shall be credited against the amount of the next due Senior Monthly Interest Payment (Fixed) or Senior Monthly Interest Payment (Non-Fixed) for the Subaccount to which the Cumulative Payment Credit applies by its amount; and then

(2) to each Senior Lien Principal Subaccount,

(A) subject to paragraph (B) below, beginning in the first month of each Bond Year, an amount equal to the Senior Monthly Principal Payment and, following the transfer of amounts for interest and principal under this Section but prior to any further transfers required hereunder, Revenues shall be transferred at the written direction of the Issuer to each Rebate Account in the amount required to comply with *Section 7.1* for Senior Lien Bonds, and such amount shall be applied as provided in *Section 5.15*;

(B) subject to (i) any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay principal on a specific Series of Senior Lien Bonds and deposited to the Senior Lien Principal Subaccount for such Series, and (ii) to the Cumulative Payment Credit then on deposit in the Senior Lien Principal Subaccount, which shall be credited against the amount of the next due Senior Monthly Principal Payment for the Subaccount to which the Cumulative Payment Credit applies; and then

(3) to each Senior Lien Credit Subaccount in the Senior Lien Debt Service Account, (i) an amount equal to the Credit Provider Reimbursement with respect to any Senior Lien Bonds, provided that the amount transferred pursuant to this Subsection shall in no event be greater than the sum of (A) amounts received by the Trustee under the related Credit Facility for payment of amounts to or for the benefit of Owners of Senior Lien Bonds secured by such Credit Facility and (B) interest thereon at the lesser of (I) the rate specified in the Credit Agreement or (II) the applicable rate of interest on the Senior Lien Bond or Bonds paid out of the proceeds of such Credit Facility, and (ii) such additional amount as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required;

*provided*, that the amounts of the transfers described in the immediately preceding *paragraphs (1), (2) and (3)* of this *Section 5.4(a)* shall be reduced to the extent of moneys previously transferred or required to be transferred to said Accounts under other provisions hereof or of a Supplemental Indenture; and then

- (4) to each Senior Lien Redemption Subaccount, the amount of Revenues required to redeem Senior Lien Bonds subject to redemption, other than as a Mandatory Sinking Fund Requirement; and then
- (5) to each Senior Lien Expense Subaccount, the amount then due and owing to the Trustee, any Paying Agent, Bond Registrar or other Fiduciary or the Computation Agent as Bond Service Charges for Senior Lien Bonds which have not otherwise been provided for, and such additional amount as specified by the Issuer in writing as may be required to have available any portion of the Bond Service Charges which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (6) to the Senior Lien Debt Service Reserve Account and ratably to each Subaccount therein (if any), the amount of any transfer required by **Section 5.7(a)(1)** or **Section 5.7(a)(2)** hereof to restore any deficiency in the Senior Lien Debt Service Reserve Account and any Series Subaccount therein (or to pay any Credit Provider Reimbursement relating to a Senior Lien Debt Service Reserve Account Credit Facility), and such additional amount as specified by the Issuer in writing as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (7) to each Senior Lien Expense Subaccount, any amounts as specified by the Issuer in writing which are Bond Related Costs for Senior Lien Bonds then due and owing relating to the administration (including remarketing) of the Senior Lien Bonds of the related Series, any unfunded Bond Related Costs then due and owing to the Credit Provider, and such additional amount as specified by the Issuer in writing as may be required to have available for administrative Bond Related Costs which may have been included as a part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (8) except as may be provided in one or more Supplemental Indentures to the contrary, to each Senior Lien Credit Subaccount (and ratably to each Subaccount therein, if any) in the Senior Lien Debt Service Account, the Credit Provider Reimbursement then owing to the Credit Provider(s) under the applicable Credit Agreement(s) and not otherwise paid or provided for pursuant to **Subparagraph (a)(3)** of this Section and such additional amount as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (9) to the Second Lien Debt Service Revenue Holding Account,
  - (A) subject to **paragraph (B)** below of this **Section 5.4(a)(9)**, (i) for any Second Lien Bonds which are Fixed Interest Rate Bonds, beginning in the first month of each Bond Year (but excluding any Series of such Bonds with respect to which a Capitalized Interest Period is in effect), an amount equal to the Second Lien Monthly Interest Payment (Fixed) and (ii) for any Second Lien Bonds which are not Fixed Interest Rate Bonds (but excluding any Series of such Bonds with respect to which a Capitalized Interest Period is in effect), beginning in the first month of each Bond Year, an amount equal to the Second Lien Monthly Interest Payment (Non-Fixed);
  - (B) subject
    - (i) to any credit with respect to any amounts on deposit in the Second Lien Capitalized Interest Subaccount to be used for Capitalized Interest and any earnings thereon to the extent required to be used and available for payment of interest on specific Second Lien Bonds as contemplated in any applicable Supplemental Indenture,

(ii) as of each Interest Payment Date for Second Lien Bonds which are described in *paragraph (9)(A)(ii)* above of this *Section 5.4(a)*, the actual interest payable with respect to such Second Lien Bonds in any Interest Payment Period is less than the amount deposited into the Second Lien Interest Subaccount, then to the extent of any excess amount so deposited, which excess amount shall be applied as a credit to reduce the amount otherwise required to be deposited in the next succeeding month or months pursuant to *paragraph (9)(A)(ii)* of this *Section 5.4(a)*,

(iii) to any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay interest on a specific Series of Second Lien Bonds and deposited to the Second Lien Interest Subaccount for such Series, and

(iv) in each case to the Cumulative Payment Credit then on deposit in the Second Lien Debt Service Revenue Holding Account, which shall be credited against the amount of the Second Lien Monthly Interest Payment (Fixed) or Second Lien Monthly Interest Payment (Non-Fixed) next to be deposited to the Second Lien Debt Service Revenue Holding Account; and then

(10) to the Second Lien Debt Service Revenue Holding Account,

(A) subject to *paragraph (B)* below of this *Section 5.4(a)(10)*, beginning in the first month of each Bond Year, an amount equal to the Second Lien Monthly Principal Payment for each Series of Second Lien Bonds; and, following the transfer of amounts for interest and principal under this Section but prior to any further transfer required hereunder, Revenues shall be transferred at the written direction of the Issuer to each Rebate Account in the amount required to comply with *Section 7.1* for Second Lien Bonds, and such amount shall be applied as provided in *Section 5.15*;

(B) subject to (i) any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay principal on a specific Series of Second Lien Bonds and deposited to the Second Lien Principal Subaccount for such Series, and (ii) to the Cumulative Payment Credit then on deposit in the Second Lien Debt Service Revenue Holding Account and not credited against the payment of interest, which shall be credited against the amount of the Second Lien Monthly Principal Payment next to be deposited to the Second Lien Debt Service Revenue Holding Account; and then

(11) to each Second Lien Credit Subaccount in the Second Lien Debt Service Account, (i) an amount equal to the Credit Provider Reimbursement with respect to any Second Lien Bonds, provided that the amount transferred pursuant to this Subsection shall in no event be greater than the sum of (A) amounts received by the Trustee under the related Credit Facility for payment of amounts to or for the benefit of Owners of Second Lien Bonds secured by such Credit Facility and (B) interest thereon at the lesser of (I) the rate specified in the Credit Agreement or (II) the applicable rate of interest on the Second Lien Bond or Bonds paid out of the proceeds of such Credit Facility, and (ii) such additional amount as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required;

*provided*, that the amounts of the transfers described in the immediately *preceding paragraphs (9), (10) and (11)* of this *Section 5.4(a)* shall be reduced to the extent of moneys previously transferred or required to be transferred to said Accounts under other provisions hereof or of a Supplemental Indenture; and then

(12) to each Second Lien Redemption Subaccount, the amount of Revenues required to redeem Second Lien Bonds subject to redemption, other than as a Mandatory Sinking Fund Requirement; and then

- (13) to each Second Lien Expense Subaccount, the amount then due and owing to the Trustee, any Paying Agent, Bond Registrar or other Fiduciary or the Computation Agent as Bond Service Charges for Second Lien Bonds which have not otherwise been provided for, and such additional amount specified by the Issuer in writing as may be required to have available any portion of the Bond Service Charges which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (14) to the Second Lien Debt Service Reserve Account and ratably to each Subaccount therein (if any), the amount of any transfer required by **Section 5.10(a)(1)** or **Section 5.10(a)(2)** hereof to restore any deficiency in the Second Lien Debt Service Reserve Account and any Series Subaccount therein (or to pay any Credit Provider Reimbursement relating to a Second Lien Debt Service Reserve Account Credit Facility), and such additional amount specified by the Issuer in writing as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (15) to each Second Lien Expense Subaccount, any amounts specified by the Issuer in writing which are Bond Related Costs for Second Lien Bonds then due and owing relating to the administration (including remarketing) of the Second Lien Bonds of the related Series, any unfunded Bond Related Costs then due and owing to the Credit Provider, and such additional amount specified by the Issuer in writing as may be required to have available for administrative Bond Related Costs which may have been included as a part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (16) except as may be provided in one or more Supplemental Indentures to the contrary, to each Second Lien Credit Subaccount (and ratably to each Subaccount therein, if any) in the Second Lien Debt Service Account, the Credit Provider Reimbursement then owing to the Credit Provider(s) under the applicable Credit Agreement(s) and not otherwise paid or provided for pursuant to **Subparagraph (a)(11)** of **this Section 5.4** and such additional amount as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (17) to the Junior Lien Debt Service Revenue Holding Account,
- (A) subject to **paragraph (B)** below of this **Section 5.4(a)(17)**, (i) for any Junior Lien Bonds which are Fixed Interest Rate Bonds, beginning in the first month of each Bond Year (but excluding any Series of such Bonds with respect to which a Capitalized Interest Period is in effect), an amount equal to the Junior Monthly Interest Payment (Fixed) and (ii) for any Junior Lien Bonds which are not Fixed Interest Rate Bonds (but excluding any Series of such Bonds with respect to which a Capitalized Interest Period is in effect), beginning in the first month of each Bond Year, an amount equal to the Junior Monthly Interest Payment (Non-Fixed);
- (B) subject
- (i) to any credit with respect to any amounts on deposit in the Junior Lien Capitalized Interest Subaccount to be used for Capitalized Interest and any earnings thereon to the extent required to be used and available for payment of interest on specific Junior Lien Bonds as contemplated in any applicable Supplemental Indenture,
- (ii) as of each Interest Payment Date for Junior Lien Bonds which are described in **paragraph (17)(A)(ii)** above, if the actual interest payable with respect to such Junior Lien Bonds in any Interest Payment Period is less than the amount deposited into

the Junior Lien Interest Subaccount, then to the extent of any excess amount so deposited, which excess amount shall be applied as a credit to reduce the amount otherwise required to be deposited in the next succeeding month or months pursuant to **paragraph (17)(A)(ii)** of this **Section 5.4(a)**,

(iii) in each case to any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay interest on a specific Series of Junior Lien Bonds and deposited to the Junior Lien Interest Subaccount for such Series, and

(iv) in each case to the Cumulative Payment Credit then on deposit in the Junior Lien Debt Service Revenue Holding Account, which shall be credited against the amount of the Junior Monthly Interest Payment (Fixed) or Junior Monthly Interest Payment (Non-Fixed) next to be deposited to the Junior Lien Debt Service Revenue Holding Account; and then

(18) to the Junior Lien Debt Service Revenue Holding Account,

(A) subject to paragraph (B) below of this **Section 5.4(a)(18)**, beginning in the first month of each Bond Year, an amount equal to the Junior Monthly Principal Payment for each Series of Junior Lien Bonds; and, following the transfer of amounts for interest and principal under this Section but prior to any further transfer required hereunder, Revenues shall be transferred at the written direction of the Issuer to each Rebate Account in the amount required to comply with **Section 7.1** for Junior Lien Bonds, and such amount shall be applied as provided in **Section 5.15**;

(B) subject to (i) any credit for any amount required or authorized under a Supplemental Indenture to be deposited to pay principal on a specific Series of Junior Lien Bonds and deposited to the Junior Lien Principal Subaccount for such Series, and (ii) to the Cumulative Payment Credit then on deposit in the Junior Lien Debt Service Revenue Holding Account and not credited against the payment of interest, which shall be credited against the amount of the Junior Monthly Principal Payment next to be deposited to the Junior Lien Debt Service Revenue Holding Account; and then

(19) to each Junior Lien Credit Subaccount, (i) an amount equal to the Credit Provider Reimbursement with respect to Junior Lien Bonds, provided that the amount transferred pursuant to this Subsection shall in no event be greater than the sum of (A) amounts received by the Trustee under the related Credit Facility for payment of amounts to or for the benefit of Owners of Junior Lien Bonds secured by such Credit Facility and (B) interest thereon at the lesser of (I) the rate specified in the Credit Agreement or (II) the applicable rate of interest on the Junior Lien Bond or Bonds paid out of the proceeds of such Credit Facility, and (ii) such additional amount as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required;

**provided**, that the amounts of the transfers described in **(17)**, **(18)** and **(19)** of this **Section 5.4(a)** shall be reduced to the extent of moneys previously transferred or required to be transferred to said Accounts under other provisions hereof or of a Supplemental Indenture; and then

(20) to each Junior Lien Redemption Subaccount, the amount of Revenues required to redeem Junior Lien Bonds subject to redemption, other than as a Mandatory Sinking Fund Requirement; and then

(21) to each Junior Lien Expense Subaccount, the amount then due and owing to the Trustee, any Paying Agent, Bond Registrar or other Fiduciary or the Computation Agent as Bond Service Charges for Junior Lien Bonds which have not otherwise been provided for above, and such additional amount specified by the Issuer in writing as may be required to have

available any portion of the Bond Service Charges which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then

- (22) to the Junior Lien Debt Service Reserve Account and ratably to each Subaccount therein (if any), the amount of any transfer required by *Section 5.13(a)(1)(ii)* or *Section 5.13(a)(2)* to restore any deficiency in the Junior Lien Debt Service Reserve Account and any Series Subaccount therein (or to pay any Credit Provider Reimbursement relating to a Junior Lien Debt Service Reserve Account Credit Facility), and such additional amount specified by the Issuer in writing as may be required to have available any portion of such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (23) to each Junior Lien Expense Subaccount, any amounts specified by the Issuer in writing which are Bond Related Costs for Junior Lien Bonds then due and owing relating to the administration (including remarketing) of the Junior Lien Bonds of the related Series, and such additional amount specified by the Issuer in writing as may be required to have available the Bond Related Costs which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (24) except as may be provided in one or more Supplemental Indentures to the contrary, to each Junior Lien Credit Subaccount (and ratably to each Subaccount therein, if any), the Credit Provider Reimbursement then owing to the Credit Provider(s) under the applicable Credit Agreement(s) and not otherwise paid or provided for pursuant to *Subparagraph (a)(19)* of this *Section 5.4*, any unfunded Bond Related Costs then due and owing the Credit Provider, and such additional amount as may be required to have available any such Credit Provider Reimbursement which may have been included as part of the Annual Budgeted Expense Amount payable from such Subaccount when required; and then
- (25) to the Rebate Account, at the written direction of the Issuer to the extent of any deficiency therein; and then
- (26) after satisfying each of the preceding requirements for Senior Lien Bonds, Second Lien Bonds, and Junior Lien Bonds, all remaining Revenues shall be reapplied *first* to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Senior Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal required to be deposited into such Subaccounts on or before the earlier of the next May 15 or November 15); *second* to the Second Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Second Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal required to be deposited into such Subaccounts on or before the earlier of the next May 15 or November 15); and *third* to the Junior Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Junior Lien Bonds the Adjusted Debt Service Requirement through the earlier of the next May 15 or November 15 for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal required to be deposited into such Subaccounts on or before the earlier of the next May 15 or November 15); and then

- (27) after satisfying each of the preceding requirements for Senior Lien Bonds, Second Lien Bonds, and Junior Lien Bonds, all remaining Revenues shall be reapplied (i) first to each Subaccount of the Senior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Senior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); second to the Second Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Second Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Second Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); and third to the Junior Lien Debt Service Revenue Holding Account for the credit of each Subaccount of the Junior Lien Debt Service Account until there has been deposited to such Subaccounts for all Outstanding Series of Junior Lien Bonds the Adjusted Debt Service Requirement for the current Bond Year (including all of the interest accruing or to accrue for all Interest Payment Periods which commence during the current Bond Year and all the principal due on or before the next succeeding November 15); and then
- (28) quarterly in advance commencing on December 1 of each year (with the first quarterly distribution on June 1, 2001), to the General and Administrative Account in an amount equal to one-quarter of the Annual Budgeted General and Administrative Amount in each Bond Year until equal to the Annual Budgeted General and Administrative Amount, or monthly to the extent of any shortfall in such payments; provided, however that if the Series 2004 Bonds maturing in the year 2032 are then outstanding, for the Bond Year ending in 2032, Revenues shall be deposited monthly to any Third Lien Bonds Subaccount or other debt service account established with respect to any Third Lien Bond until there has been deposited therein the amount required to pay the principal, interest, and other amounts to be due on such Series 2004 Bonds maturing in 2032, and that only after such amount is deposited to such Third Lien Bond accounts are Revenues available for deposit to the General and Administrative Account pursuant to this **Section 5.4(a)(28)**.
- (29) to any Third Lien Bonds Subaccount or other debt service account established with respect to any Third Lien Bonds, but only in amounts and at the times required to pay principal, interest and other amounts thereon as and when due, all as more further provided in any instrument authorizing the series of Third Lien Bonds as permitted; and then
- (30) of the remaining Revenues after the above deposits (the "Excess Revenues"), 75% to the National Insured Bonds Debt Service Reserve Account until the balance of such Account is equal to \$10,000,000 and thereafter to make up any deficiency in such Account if the balance falls below \$10,000,000 while the balance of such Account is less than \$10,000,000; and then
- (31) Unless (a) the Series 2001H Bonds and the Series 2004A Bonds have been repaid, or, at the election of the Issuer, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) all Credit Provider Reimbursements with respect thereto have been paid, and (c) the 200 IC-2 Note has been paid or provided for, to the Debt Repayment Account, at any time when the balance of the National Insured Bonds Debt Service Reserve Account is \$10,000,000 or more, 50% of Excess Revenues; and then
- (32) while the Series 2001 C-1 Note remains Outstanding, to the County Repayment Account, 100% of Excess Revenues not deposited to the National Insured Bonds Debt Service Reserve Account or the Debt Repayment Account as provided above; and then



- (33) Unless (a) the Series 2001 H Bonds and the Series 2004A Bonds have been repaid, or, at the election of the Issuer, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) all Credit Provider Reimbursements with respect thereto have been paid, and (c) the 2001C-2 Note has been repaid, to the Debt Repayment Account, 100% of any remaining Excess Revenues; and then
- (34) except as may be provided in one or more Supplemental Indentures to the contrary, any remaining Revenues to the Surplus Account for application pursuant to **Section 5.20**.

**provided**, that the amounts of any transfer required by this Section in order to achieve a specified balance shall be reduced to the extent of money previously transferred or required to be transferred (and which are in the custody of the Trustee and available to the Trustee to be so transferred) to any Account or Subaccount described herein under other provisions hereof or of a Supplemental Indenture; and then

- (b) Solely for the purpose of administering this Section, any interest which is payable on Capital Appreciation Bonds or, prior to the Interest Commencement Date, any interest accruing on Deferred Interest Bonds, shall be deemed to be “due” in the Bond Year in which payment is scheduled to be made thereon and, for such purposes, such amounts shall be deemed to be “principal” under **subsection (a)(2), (a)(10), or (a)(18)** of this **Section 5.4** above rather than “interest” under **subsection (a)(1), (a)(9) or (a)(17)** above of this **Section 5.4**.
- (c) Notwithstanding anything in this Section, and subject to the application of Astros Payments under **Section 5.2(e)**, with respect to any Series of Taxable Bonds to which Special Revenues other than Astros Payments are pledged, prior to the application of any amounts from the Pledged Revenue Account, the Second Lien Debt Service Revenue Holding Account, or the Junior Lien Debt Service Revenue Holding Account with respect to such Bonds, the Trustee shall first apply all amounts from the Special Revenue Account and the application of such amounts shall be credited against amounts required to be applied from the Pledged Revenue Account, the Second Lien Debt Service Revenue Holding Account, or the Junior Lien Debt Service Revenue Holding Account. With respect to one or more Series of Taxable Bonds to which Special Revenues other than Astros Payments are pledged, the Trustee shall, subject to the provisions of Supplemental Indentures, apply such Special Revenues when received first to the applicable Subaccounts of the Senior Lien Debt Service Account and the Senior Lien Debt Service Reserve Account, second to the applicable Subaccounts of the Second Lien Debt Service Account and the Second Lien Debt Service Reserve Account, and third to the applicable Subaccounts of the Junior Lien Debt Service Account and Junior Lien Debt Service Reserve Account, in each case pro rata based on the ratio of the Adjusted Debt Service Requirements for the current Bond Year for each Series of such similarly secured Taxable Senior Lien Bonds, Taxable Second Lien Bonds, or Taxable Junior Lien Bonds, as applicable, to the aggregate Adjusted Debt Service Requirements for the current Bond Year for all such Taxable Senior Lien Bonds, Taxable Second Lien Bonds, or Taxable Junior Lien Bonds, as applicable.
- (d) For any Series of Tax-Exempt Bonds, and subject to the application of Astros Payments under **Section 5.2(e)**, the Trustee shall apply Special Revenues in an amount not exceeding the Allowed Special Revenues Amount from the Special Revenue Account prior to the application of any amounts from the Pledged Revenue Account, and in the event of any deficiency in the Pledged Revenue Account shall apply the Special Revenues in an amount not exceeding the Allowed Special Revenue Amount to the extent required to cure such deficiency. With respect to one or more Series of Tax- Exempt Bonds to which particular Special Revenues other than Astros Payments are pledged, the Trustee shall deposit such Special Revenues when received in an amount not exceeding the Allowed Special Revenue Amount first to the applicable Subaccounts of the Senior Lien Debt Service Account and the Senior Lien Debt Service Reserve Account, second to the applicable Subaccounts of the Second Lien Debt Service Account and the Second Lien Debt Service Reserve Account, and third to the applicable Subaccounts of the Junior Lien Debt Service Account and Junior Lien Debt Service Reserve Account, in each case pro rata based on the ratio of the Allowed Special Revenue Amount for the current Bond Year for each Series of such Tax Exempt Senior Lien

Bonds, Tax Exempt Second Lien Bonds, or Tax Exempt Junior Lien Bonds, as applicable, to the aggregate Allowed Special Revenue Amount for the current Bond Year for all such similarly secured Tax Exempt Senior Lien Bonds, Tax Exempt Second Lien Bonds, or Tax Exempt Junior Lien Bonds, as applicable.

- (e) Notwithstanding anything in this Section, and subject to *Article Seven*, the Issuer shall be credited against any amounts required to be applied from the Pledged Revenue Account or Special Revenue Account to any Account or Subaccount hereunder for amounts that the Issuer has deposited to such Account or Subaccount from any other source.
- (f) For purposes of administration of this Section, if in any month there is a shortfall in the amount required to be deposited to two or more Subaccounts which would otherwise have a parity claim to such deposit, the Trustee shall apply the available amounts for deposit to such Subaccounts on a proportionate basis.

Section 5.5. Senior Lien Debt Service Accounts and Subaccounts Therein.

- (a) There shall be deposited into the Senior Lien Debt Service Account all amounts required to be remitted, transferred or otherwise deposited therein as provided in *Sections 5.2(e), 5.4(a), 5.4(c), and 5.4(d)*, together with such additional amounts to be deposited into various specified Subaccounts within the Senior Lien Debt Service Account, pursuant to this Section.

- (b) Senior Lien interest Subaccount.

- (1) There shall be deposited in each Senior Lien Interest Subaccount, upon issuance of each Series of Senior Lien Bonds, the amount of accrued interest received from the Original Purchaser thereof and there shall be deposited monthly any amounts required by *Sections 5.2(e), 5.4(a)(1), 5.4(c)* (but only for Taxable Bonds) or *5.4(d)*. If on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Lien Interest Subaccount to pay the total amount of interest coming due with respect to the Senior Lien Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Senior Lien Interest Subaccount from other Accounts or Subaccounts, in the order listed in *Section 5.6*, an amount equal to the deficiency. Interest income derived from the investment of amounts on deposit in the Senior Lien Interest Subaccount of the Senior Lien Debt Service Account shall remain in the applicable Senior Lien Interest Subaccount and shall be credited against the amount next due to be transferred to such Senior Lien Interest Subaccount from the Pledged Revenue Account pursuant to *Section 5.4(a)(1)* and the Astros Payments Subaccount pursuant to *Section 5.2(e)*, and from the Special Revenue Account pursuant to *Sections 5.4(c)* (but only for Taxable Bonds) or *Section 5.4(d)*. Notwithstanding the foregoing, any Rebate Amount on deposit in the Senior Lien Interest Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
- (2) On each Interest Payment Date for Senior Lien Bonds the Trustee shall withdraw from the Senior Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Senior Lien Bonds, and shall use such amounts to pay, or make provision with the Paying Agent for the payment of interest on the Senior Lien Bonds on such Interest Payment Date; provided however, that if and to the extent payment of interest on the Senior Lien Bonds, or any Series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer from the Senior Lien Interest Subaccount to the Subaccount in the Senior Lien Credit Subaccount relating to such a Series of Senior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Senior Lien Credit Subaccount, on the Interest Payment Date, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to each such Subaccount, and thereafter, to the extent that all such payments are made, the Trustee shall apply amounts in the Senior Lien Interest Subaccounts as provided first in *Section*

**5.6(a)(6)**, which application shall be credited pro rata among all of the Outstanding Senior Lien Bonds regardless of the Subaccount from which such amounts are applied, second in **Section 5.9(a)(9)**, which application shall be applied pro rata among all of the Outstanding Second Lien Bonds, and then in **Section 5.12(a)(10)**, which application shall be applied pro rata among all of the Outstanding Junior Lien Bonds.

- (3) On each Redemption Date for Senior Lien Bonds other than an Interest Payment Date, the Trustee shall withdraw from the applicable Senior Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Senior Lien Bonds on such Redemption Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of interest on such Senior Lien Bonds on such Redemption Date; provided however, that if and to the extent payment of interest on such Senior Lien Bonds shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer to the Subaccount in the Senior Lien Credit Subaccount relating to such a Series of Senior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Senior Lien Credit Subaccount, on the Redemption Date, the lesser of the Credit Provider Reimbursement or the amount of money credited to such Subaccount.
- (4) On each deposit of Astros Payments under **Section 5.2(e)**, the Trustee shall transfer Revenues from the applicable Senior Lien Interest Subaccount to the Pledged Revenue Account as provided in **Section 5.2(f)**.

(c) Senior Lien Principal Subaccount.

- (1) There shall be transferred to each Senior Lien Principal Subaccount, monthly, any amount required to be transferred from the Pledged Revenue Account pursuant to **Section 5.4(a)(2)**, from the Astros Payments Subaccount pursuant to **Section 5.2(e)**, and from the Special Revenue Account as required by **Sections 5.4(c)** (but only for Taxable Bonds) and **Section 5.4(d)**. If on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Lien Principal Subaccount to pay the total amount of principal coming due on the Senior Lien Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Senior Lien Principal Subaccount from other Accounts, in the order listed in **Section 5.6**, an amount equal to the deficiency. All interest income derived from the investment of amounts on deposit in the Senior Lien Principal Subaccount shall remain in the Senior Lien Principal Subaccount in which the amount is earned and be credited against the amount next due to be transferred to the Senior Lien Principal Subaccount from the Pledged Revenue Account pursuant to **Section 5.4(a)(2)**, from Astros Payments Subaccount pursuant to **Section 5.2(e)**, and from the Special Revenue Account as required by **Section 5.4(c)** (but only for Taxable Bonds) and **Section 5.4(d)**. Notwithstanding the foregoing, any Rebate Amount on deposit in the Senior Lien Principal Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
- (2) Amounts on deposit from time to time in the Senior Lien Principal Subaccount shall be used on any Interest Payment Date to provide sums equal to any deficiency in the Senior Lien Interest Subaccount as provided in **Section 5.6(a)(5)**.
- (3) On or before each Principal Payment Date for Senior Lien Bonds, the Trustee shall withdraw from the Senior Lien Principal Subaccount an amount sufficient to pay the scheduled principal coming due on the Senior Lien Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Principal Payment Date, whether by reason of stated maturity or by reason of Mandatory Sinking Fund Requirements applicable to any Tenn Bonds which are Senior Lien Bonds; provided, however, that if and to the extent payment of principal coming due on the Senior Lien Bonds, or any Series thereof or specific portion thereof, shall be made from monies drawn under a Credit Facility (other

than a Debt Service Reserve Account Facility), the Trustee shall transfer from the Senior Lien Principal Subaccount to the Subaccount within the Senior Lien Credit Subaccount related to such Series of Senior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount within the Senior Lien Credit Subaccount, on the Principal Payment Date on which payment is made, the lesser of the Credit Reimbursement Amount arising with respect to such drawing or the amount of money debited to such Subaccount, and thereafter, to the extent that all such payments are made, the Trustee shall apply amounts in the Senior Lien Principal Subaccounts as provided first in **Section 5.6(a)(5)**, which application shall be credited pro rata among all of the Outstanding Senior Lien Bonds regardless of Subaccount from which such amounts are applied, second in **Section 5.9(a)(8)**, which application shall be credited pro rata among all of the Outstanding Second Lien Bonds and then in **Section 5.12(a)(10)**, which application shall be credited pro rata among all of the Outstanding Junior Lien Bonds.

- (4) On or before each Redemption Date for Senior Lien Bonds for the payment of principal of which amounts have been deposited to the Senior Lien Principal Subaccount, the Trustee shall withdraw from the Senior Lien Principal Subaccount such amounts deposited with respect to the Senior Lien Bonds called for redemption on such Redemption Date, and shall use such amounts, together with amounts available in the Senior Lien Redemption Subaccount, to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Redemption Date; provided, however, that if and to the extent payment of principal coming due on such Senior Lien Bonds or part thereof shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Account Facility), the Trustee shall transfer to the subaccount within the Senior Lien Credit Subaccount related to such Senior Lien Bonds or part thereof and remit to the Credit Provider from said Subaccount within the Senior Lien Credit Subaccount, on the Redemption Date on which payment is made, the lesser of the Credit Provider Reimbursement or the amount of money credited into such Subaccount.
- (5) On each deposit of Astros Payments under **Section 5.2(e)**, the Trustee shall transfer Revenues from the applicable Senior Lien Principal Subaccount to the Pledged Revenue Account as provided in **Section 5.2(f)**.

(d) Senior Lien Redemption Subaccount.

- (1) Except for amounts required to be deposited to the Senior Lien Interest Subaccount or Senior Lien Principal Subaccount, any amounts to be used to prepay Senior Lien Bonds by the Issuer shall be deposited in the Senior Lien Redemption Subaccount and applied to redeem or purchase and cancel Senior Lien Bonds as provided by the applicable Supplemental Indenture or, if no provision is made by the applicable Supplemental Indenture such amounts at the written direction of the Issuer shall be applied to purchase Senior Lien Bonds to be surrendered to the Trustee and canceled as a credit against Debt Service Requirements when due or otherwise, or to pay the principal of and premium, if any, of the Senior Lien Bonds then subject to and called for redemption.
- (2) If the Series of Senior Lien Bonds to be redeemed (or any specific Senior Lien Bonds within such Series) is secured by a Credit Facility, and the related Credit Facility or Credit Agreement provides that payment of principal of such Series of Senior Lien Bonds (or specific Senior Lien Bonds within such Series) will be made from such Credit Facility, the Trustee shall transfer from the Senior Lien Redemption Subaccount to the Subaccount within the Senior Lien Credit Subaccount related to such Series of Senior Lien Bonds and remit to the Credit Provider from such Subaccount within the Senior Lien Credit Subaccount, on the redemption date, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to such Subaccount.

- (3) Any funds transferred to the Senior Lien Redemption Subaccount from a Construction Account as excess proceeds shall be applied at the written direction of the Issuer to the Trustee only to redeem or purchase and cancel Senior Lien Bonds of the Series from which such Construction Account proceeds were derived, if any such Senior Lien Bonds are Outstanding. Other funds transferred to the Senior Lien Redemption Subaccount shall be applied to redeem Senior Lien Bonds then subject to redemption as provided in the applicable Supplemental Indenture or, if the Supplemental Indenture does not specifically so provide, as the Issuer shall direct in writing to the Trustee.
  - (4) All income derived from the investment of amounts on deposit in the Senior Lien Redemption Subaccount shall be transferred to the Senior Lien Interest Subaccount and applied as a credit against the amounts next due to be transferred to the Senior Lien Interest Subaccount from the Pledged Revenue Account provided in **Section 5.4(a)(1)**, except that income derived from the investment of amounts transferred from the Special Revenue Account or from the Astros Payments Subaccount shall be transferred to the Special Revenue Account or Astros Payments Subaccount, as applicable. Notwithstanding the foregoing, any Rebate Amount on deposit in the Senior Lien Redemption Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
  - (5) Notwithstanding any other provisions of this Indenture, moneys on deposit in the Senior Lien Redemption Subaccount may be withdrawn therefrom upon written direction of the Issuer delivered to the Trustee only to the extent that such moneys have not theretofore been committed to the purchase or redemption of Senior Lien Bonds for which proper notice has been given.
- (e) Senior Lien Expense Subaccount.
- (1) The Trustee shall create a separate Senior Lien Expense Subaccount for each Series of Senior Lien Bonds with such Subaccounts therein as the Issuer shall from time to time provide, and with Subaccounts for each Series of Taxable Bonds, unless the Issuer provides in a Supplemental Indenture or otherwise directs in writing that one such Account shall relate to Senior Lien Bonds of more than one Series.
  - (2) The Trustee shall transfer from the Pledged Revenue Account and the Special Revenue Account to the Senior Lien Expense Subaccount the amounts directed by **Sections 5.2(e), 5.4(a)(5) and (7), 5.4(c)** (for Taxable Bonds) and **5.4(d)** for the payment of amounts therein specified. The Trustee may rely in good faith upon written directions of the Issuer as to the amount to be transferred to the Senior Lien Expense Subaccount, or disbursed therefrom to any payee. The amount disbursed from the Senior Lien Expense Subaccount to the Trustee (as Trustee, Paying Agent, Bond Registrar, or in any other capacity) shall not exceed the amount agreed to by the Issuer as the compensation due to the Trustee for its services.
  - (3) All income derived from the investment of amounts on deposit in the Senior Lien Expense Subaccount shall be retained therein and applied as a credit against the amounts next due to be transferred to the Senior Lien Expense Subaccount from the Pledged Revenue Account and the Special Revenue Account as provided in **Sections 5.2(e), 5.4(a)(5) and (7), 5.4(c), and 5.4(d)**.
- (f) Senior Lien Purchase Subaccount.
- (1) The Trustee shall deposit funds in the Senior Lien Purchase Subaccount as follows and as provided in any Supplemental Indenture:
    - (A) the proceeds of remarketing of Senior Lien Bonds, except to the extent such proceeds are required by the terms of a Supplemental Indenture and related

Remarketing Agreement to be paid to Bondowners selling such Senior Lien Bonds or to a Credit Provider which has provided the funds required to purchase Senior Lien Bonds;

- (B) funds provided by a Credit Provider to purchase Senior Lien Bonds;
  - (C) other funds provided to the Trustee by the Issuer or any other person accompanied by a written direction to deposit such funds in the Senior Lien Purchase Subaccount; and
  - (D) any other funds required to be so deposited by a Supplemental Indenture.
- (2) Funds from time to time held in the Senior Lien Purchase Subaccount shall be disbursed therefrom as provided in the related Supplemental Indenture, or as directed in writing by the Issuer.
  - (3) Unless otherwise provided in the applicable Supplemental Indenture, all income derived from the investment of amounts on deposit in the Senior Lien Purchase Subaccount shall be transferred upon receipt to the Pledged Revenue Account, except for income derived from the investment of amounts held to purchase Taxable Bonds, which shall be deposited to the Special Revenue Account.

(g) Senior Lien Credit Subaccount.

- (1) To the extent so provided in any applicable Supplemental Indenture the Trustee shall create a separate Senior Lien Credit Subaccount within the Senior Lien Debt Service Account for each Series of Senior Lien Bonds (or specific Senior Lien Bonds within a Series) secured by a Credit Facility which is not a Debt Service Reserve Account Credit Facility. In addition, for any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Provider is entitled to subrogation rights as to amounts paid to Bond Owners secured thereby, the Supplemental Indenture relating thereto may provide for payment directly to such Credit Provider of available amounts in the Senior Lien Principal, Interest, Redemption and Purchase Subaccounts by reason of such subrogation rather than establishing a Senior Lien Credit Subaccount and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Provider.
- (2) Unless otherwise provided in a Supplemental Indenture, all amounts drawn under a Credit Facility for which a Senior Lien Credit Subaccount is established under this Section to pay the principal or redemption price of, purchase price of, premium, if any, and interest on any Series of Senior Lien Bonds or a specific portion thereof, shall be deposited in the related Senior Lien Principal Subaccount, Senior Lien Interest Subaccount, Senior Lien Redemption Subaccount, Senior Lien Purchase Subaccount or other Account or Subaccount created under the related Supplemental Indenture and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Supplemental Indenture. Promptly upon such deposit and application, the Trustee shall transfer from the appropriate Account or Subaccount to the applicable Senior Lien Credit Subaccount all Revenues or Special Revenues or other amounts replaced by Credit Facility proceeds in an amount not exceeding the Credit Provider Reimbursement. The Trustee shall then remit such amounts from the applicable Senior Lien Credit Subaccount to the applicable Credit Provider.
- (3) The proceeds of any Credit Facility (other than a Debt Service Reserve Account Credit Facility) issued in connection with and for the benefit of any Series of Senior Lien Bonds (or specific Senior Lien Bonds within a Series) shall be deposited as provided in this subsection and the Supplemental Indenture for the related Series of Senior Lien Bonds (or

specific Senior Lien Bonds within a Series) and shall be transferred and/or applied solely for the benefit of the Bondowners of the Series of Bonds (or specific Bonds within a Series) to which the Credit Facility relates; and accordingly, the Owners of the Bonds of any other Series shall not be entitled to the benefit of, or receive, the proceeds of a Credit Facility which does not secure the Bonds held by such Owners.

(h) Senior Lien Capitalized Interest Subaccount. Except as provided in a Supplemental Indenture with respect to a Series of Senior Lien Bonds, to the extent available therein, on each date Revenues or Special Revenues are transferred pursuant to **Sections 5.2(e), 5.4(a)(1), Section 5.4(c), or 5.4(d)** for the purpose of paying interest on any Series of Senior Lien Bonds, the Trustee shall transfer from the Senior Lien Capitalized Interest Subaccount for such Series of Bonds to any related Senior Lien Interest Subaccount, the amount of such interest required to be transferred pursuant to such **Sections 5.2(e), 5.4(a)(1), 5.4(c), or 5.4(d)**. Each transfer shall be made on or immediately prior to the day on which the Trustee transfers or otherwise remits Revenues as provided in **Section 5.4(a), 5.4(c), or 5.4(d)** and shall be credited against the amounts then required to be transferred or remitted from the Pledged Revenue Account or the Special Revenue Account. Investment income on amounts held in the Senior Lien Capitalized Interest Account (net of investment losses and amounts required to be transferred to the Rebate Account at the written direction of the Issuer) shall be credited to the Senior Lien Capitalized Interest Account.

(i) Pro Rata Payments.

In the event the amount then on deposit in the Senior Lien Debt Service Account on a Payment Date is not sufficient to pay to the Owners of the Senior Lien Bonds the full amount of interest on and principal of all Outstanding Senior Lien Bonds due on the Payment Date and such deficiency cannot be cured as provided in **Section 5.6**, the Trustee shall nonetheless pay out all moneys on deposit in the Senior Lien Interest Subaccounts and Senior Lien Principal Subaccounts to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Supplemental Indenture may pledge or otherwise provide for under procedures by which specific Revenues or Special Revenues thereunder are for the specific benefit of a Series of Senior Lien Bonds or specific Senior Lien Bonds within a Series, in which case such pro rata allocation shall be made net of the obligations owed on such Senior Lien Bonds to the extent of such specific Revenues or Special Revenues), and provided that Special Revenues shall be applied solely to Taxable Bonds to the extent such Special Revenues (and the obligation with respect to such Taxable Bonds shall be netted in the same manner as for specific Revenues or Special Revenues) are in an amount greater than Allowed Special Revenues Amount.

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Section 5.7. Senior Lien Debt Service Reserve Account.

(a) An initial deposit to the credit of a Series Subaccount of the Senior Lien Debt Service Reserve Account is to be made by the Trustee from the proceeds of each Series of Senior Lien Bonds in an amount equal to the Reserve Requirement (if any) for that Series established in the Supplemental Indenture or, in lieu thereof, the Issuer may cause a Debt Service Reserve Account Credit Facility to be delivered to the Trustee for such purpose with the prior written consent of the related Credit Provider and AGM, if AGM is not the related Credit Provider but is the Credit Provider for other Outstanding Bonds. Thereafter each Series Subaccount of the Senior Lien Debt Service Reserve Account shall be maintained at the Debt Service Reserve Requirement for the related Series by transfers to the Senior Lien Debt Service Reserve Account from the Pledged Revenue Account as provided in **Section 5.4(a)(6)** or the Special Revenue Account as provided in **Sections 5.2(e), 5.4(c)** (for Taxable Bonds) or **Section 5.4(d)** (for Tax-Exempt Bonds); provided, however, (1) in the event the amount on deposit in a Series Subaccount of the Senior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the related Series because of a transfer required by **Section 5.6(a)(7)**, then the Issuer shall be required to restore the deficiency caused thereby (i) to the extent there are any amounts on deposit in the Surplus Account, by the transfer to the Trustee for deposit into each Series Subaccount of the Senior Lien Debt Service Reserve Account of the full

amount on deposit in the Surplus Account or such lesser amount as will cure such deficiency in the Senior Lien Debt Service Reserve Account and, to the extent the full deficiency cannot be so cured, such amounts shall be applied ratably to each Series Subaccount within the Senior Lien Debt Service Reserve Account which has a deficiency, and (ii) to the extent any deficiency remains following application as provided in (1)(i) hereof, by transfer of Revenues pursuant to **Section 5.4(a)(6)** and Special Revenues pursuant to **Sections 5.2(e), 5.4(c), or 5.4(d)** (but solely to the extent authorized herein), in 24 substantially equal monthly deposits commencing on the first month such deficiency exists until such deficiency is remedied and all amounts owed under or in connection with a Debt Service Reserve Account Credit Facility, any related Credit Agreement and any Related Agreements have been paid in full, and (2) in the event the amount on deposit in the Series Subaccount of the Senior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the related Series because of any valuation of the investment securities as determined by application of **Section 8.2(b)** hereof, the Issuer shall be required to restore the deficiency caused thereby by transfers of Revenues pursuant to **Section 5.4(a)(6)** and in Special Revenues required by **Sections 5.2(e), 5.4(c), or 5.4(d)** (but solely to the extent authorized therein) in 24 substantially equal monthly deposits commencing on the first month following a determination that such deficiency exists.

- (b) If on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Lien Interest Subaccount to pay the total amount of interest coming due on any Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Lien Principal Subaccount to pay the total amount of principal coming due on any Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account on such Principal Payment Date, and after making the transfers required to be made from other Accounts as provided in **Section 5.6(a)** prior to a transfer from the Senior Lien Debt Service Reserve Account, the Trustee shall transfer sums on deposit in the Senior Lien Debt Service Reserve Account, as provided in **Section 5.6(a)(7)**, to the Senior Lien Interest Subaccount or Senior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any Senior Lien Bonds entitled to the benefit and security of the related Subaccount of the Senior Lien Debt Service Reserve Account. At the time of such transfer the Trustee shall notify the Issuer and the related Credit Provider of such transfer. In all such events, the Trustee shall not draw on any Debt Service Reserve Account Credit Facility until all cash and any investment securities in the related Subaccount of the Senior Lien Debt Service Reserve Account have been liquidated and applied as aforesaid unless all Credit Providers which have provided Debt Service Reserve Account Credit Facilities for the Series of Senior Lien Bond or Bonds with respect to which such Subaccount has been established have consented in writing to a different order of liquidation of investments. In the event that the amounts on deposit in the Senior Lien Debt Service Reserve Account are invested in one or more investment securities, the Trustee shall comply with timely written direction (if any) of Credit Providers for Senior Lien Bonds as to any required liquidation, sale or other disposition of any investment in connection with the provisions of this Section.
- (c) Except as provided in **Section 5.7(d)** below, following any transfer required by (b) of this Section the Trustee shall withdraw from the Senior Lien Debt Service Reserve Account and remit the Credit Provider Reimbursement to each Credit Provider (other than a Credit Provider which has provided a Debt Service Reserve Account Credit Facility) pursuant to **Section 5.2(e), Section 5.4(a)(3), Section 5.4(c), Section 5.4(d), and Section 5.5(g)**; and provided further, that if the amount then on deposit in the Senior Lien Debt Service Reserve Account is not sufficient to pay the Credit Provider Reimbursement when due to all Credit Providers, the Trustee shall pay to each Credit Provider' entitled to such payments from the amount available (pro rata according to the Credit Provider Reimbursement due to each Credit Provider) a portion of the Credit Provider Reimbursement then due until all funds in the Senior Lien Debt Service Reserve Account are exhausted.
- (d) Debt Service Reserve Account Credit Facility.



- (1) To the extent so provided in the applicable Supplemental Indenture, the Trustee shall create a separate Senior Lien Debt Service Reserve Subaccount for each Debt Service Reserve Account Credit Facility.
  - (2) The Trustee shall deposit in the related Senior Lien Debt Service Reserve Subaccount all amounts drawn under or in connection with a Debt Service Reserve Account Credit Facility required to pay the principal or redemption price of and interest on any Series of Senior Lien Bonds or a specific portion thereof and shall apply such amounts to the purpose for which they were drawn as provided in **Section 5.6(a)(7)**, and as may be further provided in the related Supplemental Indenture.
  - (3) If and to the extent that the amount on deposit in the Senior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement and Revenues or Special Revenues are transferred to the Senior Lien Debt Service Reserve Subaccount pursuant to **Sections 5.2(e), 5.4(a)(6), 5.4(c), or 5.4(d)**, such Revenues or Special Revenues shall be applied first to satisfy any Credit Provider Reimbursement which relates to a Debt Service Reserve Account Credit Facility, including interest or expenses relating to any repayment obligation of the Issuer which may arise by reason of a drawing on such Debt Service Reserve Account Credit Facility, with payment being made first to any amounts required to reinstate such Debt Service Reserve Account Credit Facility.
- (e) All income derived from the investment of amounts on deposit in the Senior Lien Debt Service Reserve Account and any Subaccount therein shall be retained therein at all times when the amount on deposit in the Senior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the Senior Lien Bonds, and at all other times shall be transferred to the Pledged Revenue Account (if held with respect to Tax-Exempt Bonds) or the Special Revenue Account (if held with respect to Taxable Bonds) and applied as provided in **Sections 5.2(e), 5.4(c) and 5.4(d)** and otherwise transferred to the Pledged Revenue Account and applied as otherwise required by **Section 5.4(a)**; provided that in all events, all Rebate Amounts allocable to amounts on deposit in the Senior Lien Debt Service Reserve Account shall be transferred at the written direction of the Issuer to the Rebate Account or to any applicable Subaccount thereof established by a Supplemental Indenture.
  - (f) No later than 13 months preceding the final Maturity Date of each Series of Senior Lien Bonds, the Issuer may elect in writing and direct the Trustee whether to apply amounts in the Subaccount of the Senior Lien Debt Service Reserve Account relating to such Series (other than Debt Service Reserve Account surety policies) to the payment of the amount due on such final maturity date. The amount so applied shall not exceed the lesser of (1) the Debt Service Reserve Requirement attributable to that Series of Senior Lien Bonds, or (2) the amount actually on deposit in the Senior Lien Debt Service Reserve Account and attributable to that Series of Senior Lien Bonds. If the Issuer elects to so apply amounts in the Senior Lien Debt Service Reserve Account, the amount to be so applied shall be transferred, in one-twelfth (1/12) installments, to the related Senior Lien Interest Subaccount and Senior Lien Principal Subaccount and each amount transferred shall be credited against the monthly amounts transferable from the Pledged Revenue Account or the Special Revenue Account to the related Senior Lien Interest Subaccount and Senior Lien Principal Subaccount under **Sections 5.2(e) or 5.4** on account of the Series of Senior Lien Bonds for which the election is made.

Section 5.8. Second Lien Debt Service Accounts and Subaccounts Therein.

- (a) There shall be deposited into the Second Lien Debt Service Account all amounts required to be remitted, transferred or otherwise deposited therein as provided in **Sections 5.2(e), 5.4(a), 5.4(c), and 5.4(d)**, together with such additional amounts to be deposited into various specified Subaccounts within the Second Lien Debt Service Account, pursuant to this Section.
- (b) Second Lien Interest Subaccount.

- (1) There shall be deposited in each Second Lien Interest Subaccount, upon issuance of each Series of Second Lien Bonds, the amount of accrued interest received from the Original Purchaser thereof, and there shall be deposited monthly any other amounts required by **Sections 5.2(e), 5.4(c)** (but only for Taxable Bonds), and **5.4(d)**. If on any Interest Payment Date there are not sufficient amounts on deposit in the Second Lien Interest Subaccount to pay the total amount of interest coming due with respect to the Second Lien Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Second Lien Interest Subaccount from other Accounts or Subaccounts, in the order listed in **Section 5.9**, an amount equal to the deficiency. Interest income derived from the investment of amounts on deposit in the Second Lien Interest Subaccount of the Second Lien Debt Service Account shall remain in the applicable Second Lien Interest Subaccount and shall be credited against any amount next due to be transferred to such Second Lien Interest Subaccount from the Second Lien Debt Service Revenue Holding Account pursuant to **Section 5.28** and from the Special Revenue Account pursuant to **Sections 5.2(e), 5.4(c)** (but only for Taxable Bonds), or **Section 5.4(d)**. Notwithstanding the foregoing, any Rebate Amount on deposit in the Second Lien Interest Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
- (2) On each Interest Payment Date for Second Lien Bonds the Trustee shall withdraw from the Second Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Second Lien Bonds, or shall withdraw from the Second Lien Interest Subaccount an amount sufficient to pay any, and shall use such amounts to pay, or make provision with the Paying Agent for the payment of, interest on the Second Lien Bonds on such Interest Payment Date; provided however, that if and to the extent payment of interest on the Second Lien Bonds, or any Series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer from the Second Lien Interest Subaccount to the Subaccount in the Second Lien Credit Subaccount relating to such a Series of Second Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Second Lien Credit Subaccount, on the Interest Payment Date, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to each such Subaccount, and thereafter, to the extent that all such payments are made, the Trustee shall apply amounts in the Second Lien Interest Subaccounts as provided first in **Section 5.9(a)(6)**, which application shall be credited pro rata among all of the Outstanding Second Lien Bonds regardless of the Subaccount from which such amounts are applied, and second as provided in **Section 5.12(a)(9)**, which application shall be credited pro rata among all of the Junior Lien Bonds.
- (3) On each Redemption Date for Second Lien Bonds other than an Interest Payment Date, the Trustee shall withdraw from the applicable Second Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Second Lien Bonds on such Redemption Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of interest on such Second Lien Bonds on such Redemption Date; provided however, that if and to the extent payment of interest on such Second Lien Bonds shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer to the Subaccount in the Second Lien Credit Subaccount relating to such a Series of Second Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Second Lien Credit Subaccount, on the Redemption Date, the lesser of the Credit Provider Reimbursement or the amount of money credited to such Subaccount.

(c) Second Lien Principal Subaccount.

- (1) There shall be transferred to each Second Lien Principal Subaccount, monthly, any amount then required to be transferred from the Special Revenue Account as required by **Sections**

**5.2(e), 5.4(c)** (but only for Taxable Bonds) and **Section 5.4(d)**. If on any Principal Payment Date there are not sufficient amounts on deposit in the Second Lien Principal Subaccount to pay the total amount of principal coming due on the Second Lien Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Second Lien Principal Subaccount from other Accounts, in the order listed in **Section 5.9**, an amount equal to the deficiency. All interest income derived from the investment of amounts on deposit in the Second Lien Principal Subaccount shall remain in the Second Lien Principal Subaccount in which the amount is earned and be credited against any amount next due to be transferred to the Second Lien Principal Subaccount from the Second Lien Debt Service Revenue Holding Account pursuant to **Section 5.28** and from the Special Revenue Account as required by **Sections 5.2(e), 5.4(c)** (but only for Taxable Bonds) and **Section 5.4(d)**. Notwithstanding the foregoing, any Rebate Amount on deposit in the Second Lien Principal Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.

- (2) Amounts on deposit from time to time in the Second Lien Principal Subaccount shall be used on any Interest Payment Date to provide sums equal to any deficiency in the Second Lien Interest Subaccount as provided in **Section 5.9(a)(6)**.
- (3) On or before each Principal Payment Date for Second Lien Bonds, the Trustee shall withdraw from the Second Lien Principal Subaccount an amount sufficient to pay the scheduled principal coming due on the Second Lien Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Principal Payment Date, whether by reason of stated maturity or by reason of Mandatory Sinking Fund Requirements applicable to any Tenn Bonds which are Second Lien Bonds; provided, however, that if and to the extent payment of principal coming due on the Second Lien Bonds, or any Series thereof or specific portion thereof, shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Account Facility), the Trustee shall transfer from the Second Lien Principal Subaccount to the Subaccount within the Second Lien Credit Subaccount related to such Series of Second Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount within the Second Lien Credit Subaccount, on the Principal Payment Date on which payment is made, the lesser of the Credit Reimbursement Amount arising with respect to such drawing or the amount of money debited to such Subaccount, and thereafter, to the extent that all such payments are made, the Trustee shall apply amounts in the Second Lien Principal Subaccounts as provided first in **Section 5.9(a)(5)**, which application shall be credited pro rata among all of the Outstanding Second Lien Bonds regardless of the Second Lien Principal Subaccount from which such amounts are applied, and second as provided in **Section 5.12(a)(8)**, which application shall be credited pro rata among all of the Outstanding Junior Lien Bonds.
- (4) On or before each Redemption Date for Second Lien Bonds for the payment of principal of which amounts have been deposited to the Second Lien Principal Subaccount, the Trustee shall withdraw from the Second Lien Principal Subaccount such amounts deposited with respect to the Second Lien Bonds called for redemption on such Redemption Date, and shall use such amounts, together with amounts available in the Second Lien Redemption Subaccount, to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Redemption Date; provided, however, that if and to the extent payment of principal coming due on such Second Lien Bonds or part thereof shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Account Facility), the Trustee shall transfer to the subaccount within the Second Lien Credit Subaccount related to such Second Lien Bonds or part thereof and remit to the Credit Provider from said Subaccount within the Second Lien Credit Subaccount, on the Redemption Date on which payment is made, the lesser of the Credit Provider Reimbursement or the amount of money credited into such Subaccount.

(d) Second Lien Redemption Subaccount.

- (1) Except for amounts required to be deposited to the Second Lien Interest Subaccount or Second Lien Principal Subaccount, any amounts to be used to prepay Second Lien Bonds by the Issuer shall be deposited in the Second Lien Redemption Subaccount and applied to redeem or purchase and cancel Second Lien Bonds as provided by the applicable Supplemental Indenture or, if no provision is made by the applicable Supplemental Indenture such amounts at the written direction of the Issuer shall be applied to purchase Second Lien Bonds to be surrendered to the Trustee and canceled as a credit against Debt Service Requirements when due or otherwise, or to pay the principal of and premium, if any, of the Second Lien Bonds then subject to and called for redemption.
- (2) If the Series of Second Lien Bonds to be redeemed (or any specific Second Lien Bonds within such Series) is secured by a Credit Facility, and the related Credit Facility or Credit Agreement provides that payment of principal of such Series of Second Lien Bonds (or specific Second Lien Bonds within such Series) will be made from such Credit Facility, the Trustee shall transfer from the Second Lien Redemption Subaccount to the Subaccount within the Second Lien Credit Subaccount related to such Series of Second Lien Bonds and remit to the Credit Provider from such Subaccount within the Second Lien Credit Subaccount, on the redemption date, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to such Subaccount.
- (3) Any funds transferred to the Second Lien Redemption Subaccount from a Construction Account as excess proceeds shall be applied at the written direction of the Issuer to the Trustee only to redeem or purchase and cancel Second Lien Bonds of the Series from which such Construction Account proceeds were derived, if any such Second Lien Bonds are Outstanding. Other funds transferred to the Second Lien Redemption Subaccount shall be applied to redeem Second Lien Bonds then subject to redemption as provided in the applicable Supplemental Indenture or, if the Supplemental Indenture does not specifically so provide, as the Issuer shall direct in writing to the Trustee.
- (4) All income derived from the investment of amounts on deposit in the Second Lien Redemption Subaccount shall be transferred to the Second Lien Interest Subaccount and applied as a credit against the amounts next due to be transferred to the Second Lien Interest Subaccount from the Second Lien Debt Service Revenue Holding Account provided in **Section 5.28**, except that income derived from the investment of amounts transferred from the Special Revenue Account or from the Astros Payments Subaccount shall be transferred to the Special Revenue Account or Astros Payments Subaccount, as applicable. Notwithstanding the foregoing, any Rebate Amount on deposit in the Second Lien Redemption Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
- (5) Notwithstanding any other provisions of this Indenture, moneys on deposit in the Second Lien Redemption Subaccount may be withdrawn therefrom upon written direction of the Issuer delivered to the Trustee only to the extent that such moneys have not theretofore been committed to the purchase or redemption of Second Lien Bonds for which proper notice has been given.

(e) Second Lien Expense Subaccount.

- (1) The Trustee shall create a separate Second Lien Expense Subaccount for each Series of Second Lien Bonds with such Subaccounts therein as the Issuer shall from time to time provide, and with Subaccounts for each Series of Taxable Bonds, unless the Issuer provides in a Supplemental Indenture or otherwise directs in writing that one such Account shall relate to Second Lien Bonds of more than one Series.

- (2) The Trustee shall transfer from the Pledged Revenue Account and the Special Revenue Account to the Second Lien Expense Subaccount the amounts directed by **Section 5.4(a)(13)** and **(15)**, **5.2(e)**, **5.4(c)** (for Taxable Bonds) and **5.4(d)** for the payment of amounts therein specified. The Trustee may rely in good faith upon written directions of the Issuer as to the amount to be transferred to the Second Lien Expense Subaccount, or disbursed therefrom to any payee. The amount disbursed from the Second Lien Expense Subaccount to the Trustee (as Trustee, Paying Agent, Bond Registrar, or in any other capacity) shall not exceed the amount agreed to by the Issuer as the compensation due to the Trustee for its services.
  - (3) All income derived from the investment of amounts on deposit in the Second Lien Expense Subaccount shall be retained therein and applied as a credit against the amounts next due to be transferred to the Second Lien Expense Subaccount from the Pledged Revenue Account and the Special Revenue Account as provided in **Sections 5.4(a)(13)** and **(15)**, **5.2(e)**, **5.4(c)**, and **5.4(d)**.
- (f) Second Lien Purchase Subaccount.
- (1) The Trustee shall deposit funds in the Second Lien Purchase Subaccount as follows and as provided in any Supplemental Indenture:
    - (A) the proceeds of remarketing of Second Lien Bonds, except to the extent such proceeds are required by the terms of a Supplemental Indenture and related Remarketing Agreement to be paid to Bondowners selling such Second Lien Bonds or to a Credit Provider which has provided the funds required to purchase Second Lien Bonds;
    - (B) funds provided by a Credit Provider to purchase Second Lien Bonds;
    - (C) other funds provided to the Trustee by the Issuer or any other person accompanied by a written direction to deposit such funds in the Second Lien Purchase Subaccount; and
    - (D) any other funds required to be so deposited by a Supplemental Indenture.
  - (2) Funds from time to time held in the Second Lien Purchase Subaccount shall be disbursed therefrom as provided in the related Supplemental Indenture, or as directed in writing by the Issuer.
  - (3) Unless otherwise provided in the applicable Supplemental Indenture, all income derived from the investment of amounts on deposit in the Second Lien Purchase Subaccount shall be transferred upon receipt to the Pledged Revenue Account, except for income derived from the investment of amounts held to purchase Taxable Bonds, which shall be deposited to the Special Revenue Account.
- (g) Second Lien Credit Subaccount.
- (1) To the extent so provided in any applicable Supplemental Indenture the Trustee shall create a separate Second Lien Credit Subaccount within the Second Lien Debt Service Account for each Series of Second Lien Bonds (or specific Second Lien Bonds within a Series) secured by a Credit Facility which is not a Debt Service Reserve Account Credit Facility. In addition, for any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Provider is entitled to subrogation rights as to amounts paid to Bond Owners secured thereby, the Supplemental Indenture relating thereto may provide for payment directly to such Credit Provider of available amounts in the Second Lien Principal, Interest, Redemption and Purchase Subaccounts by reason of such

subrogation rather than establishing a Second Lien Credit Subaccount and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Provider.

- (2) Unless otherwise provided in a Supplemental Indenture, all amounts drawn under a Credit Facility for which a Second Lien Credit Subaccount is established under this Section to pay the principal or redemption price of, purchase price of, premium, if any, and interest on any Series of Second Lien Bonds or a specific portion thereof, shall be deposited in the related Second Lien Principal Subaccount, Second Lien Interest Subaccount, Second Lien Redemption Subaccount, Second Lien Purchase Subaccount or other Account or Subaccount created under the related Supplemental Indenture and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Supplemental Indenture, Promptly upon such deposit and application, the Trustee shall transfer from the appropriate Account or Subaccount to the applicable Second Lien Credit Subaccount all Revenues or Special Revenues or other amounts replaced by Credit Facility proceeds in an amount not exceeding the Credit Provider Reimbursement. The Trustee shall then remit such amounts from the applicable Second Lien Credit Subaccount to the applicable Credit Provider.
  - (3) The proceeds of any Credit Facility (other than a Debt Service Reserve Account Credit Facility) issued in connection with and for the benefit of any Series of Second Lien Bonds (or specific Second Lien Bonds within a Series) shall be deposited as provided in this subsection and the Supplemental Indenture for the related Series of Second Lien Bonds (or specific Second Lien Bonds within a Series) and shall be transferred and/or applied solely for the benefit of the Bondowners of the Series of Bonds (or specific Bonds within a Series) to which the Credit Facility relates; and accordingly, the Owners of the Bonds of any other Series shall not be entitled to the benefit of, or receive, the proceeds of a Credit Facility which does not secure the Bonds held by such Owners.
- (h) Second Lien Capitalized Interest Subaccount. Except as provided in a Supplemental Indenture with respect to a Series of Second Lien Bonds, to the extent available therein, on each date Revenues or Special Revenues are transferred pursuant to **Sections 5.2(e), 5.4(a)(9), Section 5.4(c), or 5.4(d)** for the purpose of paying interest on any Series of Second Lien Bonds, the Trustee shall transfer from the Second Lien Capitalized Interest Subaccount for such Series of Bonds to any related Second Lien Interest Subaccount, the amount of such interest required to be transferred pursuant to such **Sections 5.2(e), 5.4(a)(9), 5.4(c) or 5.4(d)**, Each transfer shall be made on or immediately prior to the day on which the Trustee transfers or otherwise remits Revenues as provided in **Sections 5.2(e), 5.4(a), 5.4(c) or 5.4(d)** and shall be credited against the amounts then required to be transferred or remitted from the Pledged Revenue Account or the Special Revenue Account. Investment income on amounts held in the Second Lien Capitalized Interest Account (net of investment losses and amounts required to be transferred to the Rebate Account at the written direction of the Issuer) shall be credited to the Second Lien Capitalized Interest Account.
- (i) Pro Rata Payments.
- In the event the amount then on deposit in the Second Lien Debt Service Account on a Payment Date is not sufficient to pay to the Owners of the Second Lien Bonds the full amount of interest on and principal of all Outstanding Second Lien Bonds due on the Payment Date and such deficiency cannot be cured as provided in **Section 5.9**, the Trustee shall nonetheless pay out all moneys on deposit in the Second Lien Interest Subaccounts and Second Lien Principal Subaccounts to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Supplemental Indenture may pledge or otherwise provide for under procedures by which specific Revenues or Special Revenues thereunder are for the specific benefit of a Series of Second Lien Bonds or specific Second Lien Bonds within a Series, in which case such pro rata allocation shall be made net of the

obligations owed on such Second Lien Bonds to the extent of such specific Revenues or Special Revenues), and provided that Special Revenues shall be applied solely to Taxable Bonds to the extent such Special Revenues (and the obligation with respect to such Taxable Bonds shall be netted in the same manner as for specific Revenues or Special Revenues) are in an amount greater than Allowed Special Revenues Amount.

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Section 5.10. Second Lien Debt Service Reserve Account.

- (a) An initial deposit to the credit of a Series Subaccount of the Second Lien Debt Service Reserve Account is to be made by the Trustee from the proceeds of each Series of Second Lien Bonds in an amount equal to the Reserve Requirement (if any) for that Series established in the Supplemental Indenture or, in lieu thereof, the Issuer may cause a Debt Service Reserve Account Credit Facility to be delivered to the Trustee for such purpose with the prior written consent of the related Credit Provider and AGM, if AGM is not the related Credit Provider but is the Credit Provider for other Outstanding Bonds. Thereafter each Series Subaccount of the Second Lien Debt Service Reserve Account shall be maintained at the Debt Service Reserve Requirement for the related Series by transfers to the Second Lien Debt Service Reserve Account from the Pledged Revenue Account as provided in **Section 5.4(a)(14)** or the Special Revenue Account as provided in **Section 5.2(e), 5.4(c)** (for Taxable Bonds) or **Section 5.4(d)** (for Tax-Exempt Bonds); provided, however, (1) in the event the amount on deposit in a Series Subaccount of the Second Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the related Series because of a transfer required by **Section 5.9(a)(7)**, then the Issuer shall be required to restore the deficiency caused thereby (i) to the extent there are any amounts on deposit in the Surplus Account, by the transfer to the Trustee for deposit into each Series Subaccount of the Second Lien Debt Service Reserve Account of the full amount on deposit in the Surplus Account or such lesser amount as will cure such deficiency in the Second Lien Debt Service Reserve Account and, to the extent the full deficiency cannot be so cured, such amounts shall be applied ratably to each Series Subaccount within the Second Lien Debt Service Reserve Account which has a deficiency, and (ii) to the extent any deficiency remains following application as provided in (1)(i) hereof, by transfer of Revenues pursuant to **Section 5.4(a)(14)** and Special Revenues pursuant to **Section 5.2(e), 5.4(c), or 5.4(d)** (but solely to the extent authorized herein), in 24 substantially equal monthly deposits commencing on the first month such deficiency exists until such deficiency is remedied and all amounts owed under or in connection with a Debt Service Reserve Account Credit Facility, any related Credit Agreement and any Related Agreements have been paid in full, and (2) in the event the amount on deposit in the Series Subaccount of the Second Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the related Series because of any valuation of the investment securities as determined by application of **Section 8.2(b)** hereof, the Issuer shall be required to restore the deficiency caused thereby by transfers of Revenues pursuant to **Section 5.4(a)(14)** and in Special Revenues required by **Section 5.2(e), 5.4(c), or 5.4(d)** (but solely to the extent authorized therein) in 24 substantially equal monthly deposits commencing on the first month following a determination that such deficiency exists.
- (b) If on any Interest Payment Date there are not sufficient amounts on deposit in the Second Lien Interest Subaccount to pay the total amount of interest coming due on any Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Second Lien Principal Subaccount to pay the total amount of principal coming due on any Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Principal Payment Date, and after making the transfers required to be made from other Accounts as provided in **Section 5.9(a)** prior to a transfer from the Second Lien Debt Service Reserve Account, the Trustee shall transfer sums on deposit in the Second Lien Debt Service Reserve Account, as provided in **Section 5.9(a)(7)**, to the Second Lien Interest Subaccount or Second Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any Second Lien Bonds entitled to the benefit and

security of the related Subaccount of the Second Lien Debt Service Reserve Account. At the time of such transfer the Trustee shall notify the Issuer and the related Credit Provider of such transfer. In all such events, the Trustee shall not draw on any Debt Service Reserve Account Credit Facility until all cash and any investment securities in the related Subaccount of the Second Lien Debt Service Reserve Account have been liquidated and applied as aforesaid unless all Credit Providers which have provided Debt Service Reserve Account Credit Facilities for the Series of Second Lien Bond or Bonds with respect to which such Subaccount has been established have consented in writing to a different order of liquidation of investments. In the event that the amounts on deposit in the Second Lien Debt Service Reserve Account are invested in one or more investment securities, the Trustee shall comply with timely written direction (if any) of the Issuer as to any required liquidation, sale or other disposition of any investment in connection with the provisions of this Section.

- (c) Except as provided in **Section 5.10(d)** below, following any transfer required by (b) of this Section the Trustee shall withdraw from the Second Lien Debt Service Reserve Account and remit the Credit Provider Reimbursement to each Credit Provider (other than a Credit Provider which has provided a Debt Service Reserve Account Credit Facility) pursuant to **Section 5.4(a)(16)**, **Section 5.2(e)**, **Section 5.4(c)**, **Section 5.4(d)**, and **Section 5.8(g)**; and provided further, that if the amount then on deposit in the Second Lien Debt Service Reserve Account is not sufficient to pay the Credit Provider Reimbursement when due to all Credit Providers, the Trustee shall pay to each Credit Provider entitled to such payments from the amount available (pro rata according to the Credit Provider Reimbursement due to each Credit Provider) a portion of the Credit Provider Reimbursement then due until all funds in the Second Lien Debt Service Reserve Account are exhausted.
- (d) Debt Service Reserve Account Credit Facility.
- (1) To the extent so provided in the applicable Supplemental Indenture, the Trustee shall create a separate Second Lien Debt Service Reserve Subaccount for each Debt Service Reserve Account Credit Facility.
- (2) The Trustee shall deposit in the related Second Lien Debt Service Reserve Subaccount all amounts drawn under or in connection with a Debt Service Reserve Account Credit Facility required to pay the principal or redemption price of and interest on any Series of Second Lien Bonds or a specific portion thereof and shall apply such amounts to the purpose for which they were drawn as provided in **Section 5.9(a)(7)**, and as may be further provided in the related Supplemental Indenture.
- (3) If and to the extent that the amount on deposit in the Second Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement and Revenues or Special Revenues are transferred to the Second Lien Debt Service Reserve Subaccount pursuant to **Sections 5.2(e)**, **5.4(a)(14)**, **5.4(c)**, or **5.4(d)**, such Revenues or Special Revenues shall be applied first to satisfy any Credit Provider Reimbursement which relates to a Debt Service Reserve Account Credit Facility, including interest or expenses relating to any repayment obligation of the Issuer which may arise by reason of a drawing on such Debt Service Reserve Account Credit Facility, with payment being made first to any amounts required to reinstate such Debt Service Reserve Account Credit Facility.
- (e) All income derived from the investment of amounts on deposit in the Second Lien Debt Service Reserve Account and any Subaccount therein shall be retained therein at all times when the amount on deposit in the Second Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the Second Lien Bonds, and at all other times shall be transferred to the Pledged Revenue Account (if held with respect to Tax- Exempt Bonds) or the Special Revenue Account (if held with respect to Taxable Bonds) and applied as provided in **Sections 5.2(e)**, **5.4(c)** or **5.4(d)**, as applicable, and otherwise transferred to the Pledged Revenue Account and applied as otherwise required by **Section 5.4(a)**; provided that in all events, all Rebate Amounts allocable to amounts on deposit in the Second Lien Debt Service Reserve Account shall be transferred at the written direction



of the Issuer to the Rebate Account or to any applicable Subaccount thereof established by a Supplemental Indenture.

- (f) No later than 13 months preceding the final Maturity Date of each Series of Second Lien Bonds, the Issuer may elect in writing and direct the Trustee whether to apply amounts in the Subaccount of the Second Lien Debt Service Reserve Account relating to such Series (other than Debt Service Reserve Account surety policies) to the payment of the amount due on such final maturity date. The amount so applied shall not exceed the lesser of (1) the Debt Service Reserve Requirement attributable to that Series of Second Lien Bonds, or (2) the amount actually on deposit in the Second Lien Debt Service Reserve Account and attributable to that Series of Second Lien Bonds. If the Issuer elects to so apply amounts in the Second Lien Debt Service Reserve Account, the amount to be so applied shall be transferred, in one-twelfth (1/12) installments, to the related Second Lien Interest Subaccount and Second Lien Principal Subaccount and each amount transferred shall be credited against the monthly amounts transferrable from the Pledged Revenue Account or the Special Revenue Account to the related Second Lien Interest Subaccount and Second Lien Principal Subaccount under **Section 5.4** on account of the Series of Second Lien Bonds for which the election is made.

Section 5.11. Junior Lien Debt Service Accounts and Subaccounts Therein.

- (a) There shall be deposited into the Junior Lien Debt Service Account all amounts required to be remitted, transferred or otherwise deposited therein as provided in **Sections 5.2(e), 5.4(a), 5.4(c), and 5.4(d)**, together with such additional amounts to be deposited into various specified Subaccounts within the Junior Lien Debt Service Account as described in this Section.

(b) Junior Lien Interest Subaccount.

- (1) There shall be deposited in each Junior Lien Interest Subaccount, upon issuance of each Series of Junior Lien Bonds, the amount of accrued interest received from the Original Purchaser thereof, and shall be deposited monthly any other amounts required by **Sections 5.2(e), 5.4(c)** (but only for Taxable Bonds) or **5.4(d)**. If on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Lien Interest Subaccount to pay the total amount of interest coming due on the Junior Lien Bonds on such Interest Payment Date, the Trustee shall forthwith transfer to the Junior Lien Interest Subaccount from other Accounts or Subaccounts, in the order listed in **Section 5.12**, an amount equal to the deficiency. Interest income derived from the investment of amounts on deposit in the Junior Lien Interest Subaccount of the Junior Lien Debt Service Account shall remain in the applicable Junior Lien Interest Subaccount and shall be credited against the amount next due to be transferred to such Junior Lien Interest Subaccount from the Junior Lien Debt Service Reserve Holding Account pursuant to **Section 5.31** and from the Special Revenue Account pursuant to **Sections 5.2(e), Section 5.4(c)** (but only for Taxable Bonds), or **Section 5.4(d)**. Notwithstanding the foregoing, any Rebate Amount on deposit in Junior Lien Interest Account shall be transferred to the Rebate Account at the written direction of the Issuer.
- (2) On each Interest Payment Date for Junior Lien Bonds the Trustee shall withdraw from the Junior Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Junior Lien Bonds on such Interest Payment Date, and shall use such amounts to pay, or make provision with the Paying Agent for the payment of interest on the Junior Lien Bonds on such Interest Payment Date; provided however, that if and to the extent payment of interest on the Junior Lien Bonds, or any Series thereof or specific portion thereof, shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer from the Junior Lien Interest Subaccount to the Subaccount in the Junior Lien Credit Subaccount relating to such a Series of Junior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Junior Lien Credit Subaccount, on the Interest Payment Date

the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to such Subaccount.

- (3) On each Redemption Date for Junior Lien Bonds other than an Interest Payment Date, the Trustee shall withdraw from the Junior Lien Interest Subaccount an amount sufficient to pay the interest coming due on the Junior Lien Bonds on such Redemption Date and shall use such amounts to pay, or make provision with the Paying Agent for the payment of interest on such Junior Lien Bonds on such Redemption Date; provided however, that if and to the extent payment of interest on such Junior Lien Bonds shall be made from moneys drawn under a Credit Facility (other than a Debt Service Reserve Account Credit Facility), the Trustee shall transfer to the Subaccount in the Junior Lien Credit Subaccount relating to such a Series of Junior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount in such Junior Lien Credit Subaccount, on the Redemption Date, the lesser of the Credit Provider Reimbursement or the amount of money credited to such Subaccount.

(c) Junior Lien Principal Subaccount.

- (1) There shall be transferred to each Junior Lien Principal Subaccount, monthly, any amount required to be transferred from the Special Revenue Account as required by *Sections 5.2(e), 5.4(c)* (but only for Taxable Bonds), and *Section 5.4(d)*. If on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Lien Principal Subaccount to pay the total amount of principal coming due on the Junior Lien Bonds on such Principal Payment Date, the Trustee shall forthwith transfer to the Junior Lien Principal Subaccount from other Accounts, in the order listed in *Section 5.12*, an amount equal to the deficiency. All interest income derived from the investment of amounts on deposit in the Junior Lien Principal Subaccount shall remain in the Junior Lien Principal Subaccount in which the income is earned and be credited against the amount next due to be transferred to the Junior Lien Principal Subaccount from the Junior Lien Debt Service Revenue Holding Account pursuant to *Section 5.31* and from the Special Revenue Account as required by *Sections 5.2(e), Section 5.4(c)* (but only for Taxable Bonds), and *Section 5.4(d)*. Notwithstanding the foregoing, any Rebate Amount on deposit in the Junior Lien Principal Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.
- (2) Amounts on deposit from time to time in the Junior Lien Principal Subaccount shall be used on any Interest Payment Date to provide sums equal to any deficiency in the Junior Lien Interest Subaccount as provided in *Section 5.12(a)(7)*.
- (3) On or before each Principal Payment Date for Junior Lien Bonds, the Trustee shall withdraw from the Junior Lien Principal Subaccount an amount sufficient to pay the scheduled principal coming due on the Junior Lien Bonds on such Principal Payment Date, and shall use such amounts to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Principal Payment Date, whether by reason of stated maturity or by reason of Mandatory Sinking Fund Requirements applicable to any Tenn Bonds which are Junior Lien Bonds; provided, however, that if and to the extent payment of principal coming due on the Junior Lien Bonds, or any Series thereof or specific portion thereof, shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Account Facility), the Trustee shall transfer from the Junior Lien Principal Subaccount to the Subaccount within the Junior Lien Credit Subaccount related to such Series of Junior Lien Bonds or specific portion thereof and remit to the Credit Provider from said Subaccount within the Junior Lien Credit Subaccount, on the Principal Payment Date on which payment is made, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to such Subaccount.
- (4) On or before each Redemption Date for Junior Lien Bonds for the payment of principal of which amounts have been deposited to the Junior Lien Principal Subaccount, the Trustee

shall withdraw from the Junior Lien Principal Subaccount such amounts deposited with respect to the Junior Lien Bonds called for redemption on such Redemption Date, and shall use such amounts, together with amounts available in the Junior Lien Redemption Subaccount, to pay, or make provision with the Paying Agents for the payment of, principal of the Bonds on such Redemption Date; provided, however, that if and to the extent payment of principal coming due on such Junior Lien Bonds or part thereof, shall be made from monies drawn under a Credit Facility (other than a Debt Service Reserve Account Facility), the Trustee shall transfer to the subaccount within the Junior Lien Credit Subaccount related to such Junior Lien Bonds or part thereof and remit to the Credit Provider from said Subaccount within the Junior Lien Credit Subaccount, on the Redemption Date on which payment is made, the lesser of the Credit Provider Reimbursement or the amount of money credited to such Subaccount.

(d) Junior Lien Redemption Subaccount.

- (1) Except for amounts required to be deposited to the Junior Lien Interest Subaccount or Junior Lien Principal Subaccount, any amounts to be used to prepay Junior Lien Bonds by the Issuer shall be deposited in the Junior Lien Redemption Subaccount and applied to redeem or purchase and cancel Junior Lien Bonds as provided by the applicable Supplemental Indenture or, if no provision is made by the applicable Supplemental Indenture such amounts at the written direction of the Issuer shall be applied to purchase Junior Lien Bonds to be surrendered to the Trustee and canceled as a credit against Debt Service Requirements when due or otherwise, or to pay the principal of and premium, if any, of the Junior Lien Bonds then subject to and called for redemption.
- (2) If the Series of Junior Lien Bonds to be redeemed (or any specific Junior Lien Bonds within such Series) is secured by a Credit Facility, and the related Credit Facility or Credit Agreement provides that payment of principal of such Series of Junior Lien Bonds (or specific Junior Lien Bonds within such Series) will be made from such Credit Facility, the Trustee shall transfer from the Junior Lien Redemption Subaccount to the Subaccount within the Junior Lien Credit Subaccount related to such Series of Junior Lien Bonds and remit to the Credit Provider from such subaccount within the Junior Lien Credit Subaccount, on the redemption date, the lesser of the Credit Provider Reimbursement arising with respect to such drawing or the amount of money credited to such Subaccount.
- (3) Any funds transferred to the Junior Lien Redemption Subaccount from a Construction Account as excess proceeds shall be applied upon written direction of the Issuer to the Trustee only to redeem or purchase and cancel Junior Lien Bonds of the Series from which such Construction Account proceeds were derived, if any such Junior Lien Bonds are Outstanding. Other funds transferred to the Junior Lien Redemption Subaccount shall be applied to redeem Junior Lien Bonds then subject to redemption as provided in the applicable Supplemental Indenture or, if the Supplemental Indenture does not specifically so provide, as the Issuer shall direct in writing to the Trustee.
- (4) All income derived from the investment of amounts on deposit in the Junior Lien Redemption Subaccount shall be transferred to the Junior Lien Interest Subaccount and applied as a credit against the amounts next due to be transferred to the Junior Lien Interest Subaccount from the Junior Lien Debt Service Revenue Holding Account pursuant to **Section 5.31**, except that income derived from investment of amounts transferred from the Special Revenue Account or the Astros Payments Subaccount shall be transferred to the Special Revenue Account or the Astros Payments Subaccount, as applicable. Notwithstanding the foregoing, any Rebate Amount on deposit in the Junior Lien Redemption Subaccount shall be transferred to the Rebate Account at the written direction of the Issuer.

- (5) Notwithstanding any other provisions of this Indenture, moneys on deposit in the Junior Lien Redemption Subaccount may be withdrawn therefrom upon the written direction of the Issuer to the Trustee only to the extent that such moneys have not theretofore been committed to the purchase or redemption of Junior Lien Bonds for which proper notice has been given.

(e) Junior Lien Expense Subaccount.

- (1) The Trustee shall create a separate Junior Lien Expense Subaccount for each Series of Junior Lien Bonds with such Subaccounts therein as the Issuer shall from time to time provide, unless the Issuer provides in a Supplemental Indenture or otherwise directs in writing that one such Account shall relate to Junior Lien Bonds of more than one Series.
- (2) The Trustee shall transfer from the Pledged Revenue Account and the Special Revenue Account to the Junior Lien Expense Subaccount the amounts directed by *Sections 5.2(e), 5.4(a)(21) and (23), 5.4(c)* (for Taxable Bonds), and *5.4(d)* hereof for the payment of amounts therein specified. The Trustee may rely in good faith upon written directions of the Issuer as to the amount to be transferred to the Junior Lien Expense Subaccount, or disbursed therefrom to any payee. The amount disbursed from the Junior Lien Expense Subaccount to the Trustee (as Trustee, Paying Agent, Bond Registrar, or in any other capacity) shall not exceed the amount agreed to by the Issuer as the compensation due to the Trustee for its services.
- (3) All income derived from the investment of amounts on deposit in the Junior Lien Expense Subaccount shall be retained therein and applied as a credit against the amounts next due to be transferred to the Junior Lien Expense Subaccount from the Pledged Revenue Account or the Special Revenue Account as provided in *Sections 5.2(e), 5.4(a)(21) and (23), 5.4(c), and 5.4(d)*.

(f) Junior Lien Purchase Subaccount.

- (1) The Trustee shall deposit funds in the Junior Lien Purchase Subaccount as follows and as provided in any Supplemental Indenture:
  - (A) the proceeds of remarketing of Junior Lien Bonds, except to the extent such proceeds are required by the terms of a Supplemental Indenture and related Remarketing Agreement to be paid to Bondowners selling such Junior Lien Bonds or to a Credit Provider which has provided the funds required to purchase Junior Lien Bonds;
  - (B) funds provided by a Credit Provider to purchase Junior Lien Bonds;
  - (C) other funds provided to the Trustee by the Issuer or any other person accompanied by a written direction to deposit such funds in the Junior Lien Purchase Subaccount; and
  - (D) any other funds required to be so deposited by a Supplemental Indenture.
- (2) Funds from time to time held in the Junior Lien Purchase Subaccount shall be disbursed therefrom as provided in the related Supplemental Indenture, or as directed in writing by the Issuer.
- (3) Unless otherwise provided in the applicable Supplemental Indenture, all income derived from the investment of amounts on deposit in the Junior Lien Purchase Subaccount shall be transferred upon receipt to the Pledged Revenue Account, except for income derived

from the investment of amounts held to purchase Taxable Bonds, which shall be deposited to the Special Revenue Account.

(g) Junior Lien Credit Subaccount.

- (1) To the extent so provided in any applicable Supplemental Indenture the Trustee shall create a separate Junior Lien Credit Subaccount within the Junior Lien Debt Service Account for each Series of Junior Lien Bonds (or specific Junior Lien Bonds within a Series) secured by a Credit Facility which is not a Debt Service Reserve Account Credit Facility. In addition, for any Credit Facility which constitutes a bond insurance policy or similar instrument pursuant to which the Credit Provider is entitled to subrogation rights as to amounts paid to Bond Owners secured thereby, the Supplemental Indenture relating thereto may provide for payment directly to such Credit Provider of available amounts in the Junior Lien Principal, Interest, Redemption, and Purchase Subaccounts by reason of such subrogation rather than establishing a Junior Lien Credit Subaccount and requiring a transfer of such amounts thereto prior to payment of such amounts to such a Credit Provider.
- (2) Unless otherwise provided in a Supplemental Indenture, all amounts drawn under a Credit Facility for which a Junior Lien Credit Subaccount is established under this Section to pay the principal or redemption price of, purchase price of, premium, if any, and interest on any Series of Junior Lien Bonds or a specific portion thereof, shall be deposited in the related Junior Lien Principal Subaccount, Junior Lien Interest Subaccount, Junior Lien Redemption Subaccount, Junior Lien Purchase Subaccount or other Account or Subaccount created under the related Supplemental Indenture and the Trustee shall apply such amounts to the purpose for which they were drawn, as further provided in the related Supplemental Indenture. Promptly upon such deposit and application, the Trustee shall transfer from the appropriate Account or Subaccount to the applicable Junior Lien Credit Subaccount all Revenues or Special Revenues or other amounts replaced by Credit Facility proceeds in an amount not exceeding the Credit Provider Reimbursement. The Trustee shall then remit such amounts from the applicable Junior Lien Credit Subaccount to the applicable Credit Provider.
- (3) The proceeds of any Credit Facility (other than a Debt Service Reserve Account Credit Facility) issued in connection with and for the benefit of any Series of Junior Lien Bonds (or specific Junior Lien Bonds within a Series) shall be deposited as provided in this subsection and the Supplemental Indenture for the related Series of Junior Lien Bonds (or specific Junior Lien Bonds within a Series) and shall be transferred and/or applied solely for the benefit of the Bondowners of the Series of Bonds (or specific Bonds within a Series) to which the Credit Facility relates; and accordingly, the Owners of the Bonds of any other Series shall not be entitled to the benefit of, or receive, the proceeds of a Credit Facility which does not secure the Bonds held by such Owners.

- (h) Junior Lien Capitalized Interest Subaccount. Except as provided in a Supplemental Indenture with respect to a Series of Junior Lien Bonds, to the extent available therein, on each date Revenues or Special Revenues are transferred pursuant to **Sections 5.2(e), 5.4(a)(17), 5.4(c), or 5.4(d)** for the purpose of paying interest on any Series of Junior Lien Bonds, the Trustee shall transfer from the Junior Lien Capitalized Interest Subaccount for such Series of Bonds to any related Junior Lien Interest Subaccount, the amount of interest required to be transferred pursuant to such **Sections 5.2(e), 5.4(a)(17), 5.4(c), or 5.4(d)**. Each transfer shall be made on or immediately prior to the day on which the Trustee transfers or otherwise remits Revenues as provided in **Sections 5.2(e), 5.4(a), 5.4(c), or 5.4(d)**, and shall be credited against the amounts then required to be transferred or remitted from the Pledged Revenue Account or Special Revenue Account. Investment income on amounts held in a Junior Lien Capitalized Interest Subaccount (net of investment losses and amounts required to be transferred to the Rebate Account at the written direction of the Issuer) shall be credited to such Junior Lien Capitalized Interest Subaccount.

(i) Pro Rata Payments.

In the event the amount then on deposit in the Junior Lien Debt Service Account on a Payment Date is not sufficient to pay to the Owners of the Junior Lien Bonds the full amount of interest on and principal of all Outstanding Junior Lien Bonds due on the Payment Date and such deficiency cannot be cured as provided in **Section 5.12**, the Trustee shall nonetheless pay out all moneys on deposit in the Junior Lien Debt Service Revenue Holding Account, Junior Lien Interest Subaccounts, Junior Lien Principal Subaccounts to the persons entitled thereto, pro rata according to the amount owed to each (subject in all events to any provisions to the contrary as to Credit Facilities or other amounts which a Supplemental Indenture may pledge or otherwise provide for under procedures by which specific Revenues or Special Revenues thereunder are for the specific benefit of a Series of Junior Lien Bonds or specific Junior Lien Bonds within a Series, in which case such pro rata allocation shall be made net of the obligations owed on such Junior Lien Bonds to the extent of such specific Revenues or Special Revenues), and provided that Special Revenues shall be applied solely to Taxable Bonds to the extent such Special Revenues (and the obligation with respect to such Taxable Bonds shall be netted in the same manner as for specific Revenues or Special Revenues) are in an amount greater than Allowed Special Revenues Amount.

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Section 5.13. Junior Lien Debt Service Reserve Account.

- (a) An initial deposit to the credit of a Series Subaccount of the Junior Lien Debt Service Reserve Account is to be made by the Trustee from the proceeds of each Series of Junior Lien Bonds in an amount equal to the Reserve Requirement (if any) for that Series established in the Supplemental Indenture or, in lieu thereof, the Issuer may cause a Debt Service Reserve Account Credit Facility to be delivered to the Trustee for such purpose with the prior written consent of the related Credit Provider and AGM, if AGM is not the related Credit Provider but is the Credit Provider for other Outstanding Bonds. Thereafter each Series Subaccount of the Junior Lien Debt Service Reserve Account shall be maintained at the Debt Service Reserve Requirement for the related Series by transfers to the Junior Lien Debt Service Reserve Account from the Pledged Revenue Account as provided in **Sections 5.4(a)(22)** or the Special Revenue Account as provided in **Section 5.2(e)**, **Section 5.4(c)** (for Taxable Bonds) or **Section 5.4(d)** (for Tax-Exempt Bonds); provided, however, (1) in the event the amount on deposit in a Series Subaccount of the Junior Lien Debt Service Reserve Account is less than the Debt Service Reserve Account Requirement for the related Series because of a transfer required by **Section 5.12(a)(12)**, then the Issuer shall be required to restore the deficiency caused thereby (i) to the extent there are any amounts on deposit in the Surplus Account, by the transfer to the Trustee for deposit into each Series Subaccount of the Junior Lien Debt Service Reserve Account of the full amount on deposit in the Surplus Account or such lesser amount as will cure such deficiency in the Junior Lien Debt Service Reserve Account and, to the extent the full deficiency cannot be so cured, such amounts shall be applied ratably to each Series Subaccount within the Junior Lien Debt Service Reserve Account which has a deficiency, and (ii) to the extent any deficiency remains following application as provided in (1)(i) hereof, by transfer of Revenues pursuant to **Section 5.4(a)(22)** and Special Revenues pursuant to **Section 5.2(e)**, **Section 5.4(c)**, or **Section 5.4(d)** (but solely to the extent authorized therein) in 12 substantially equal monthly deposits commencing on the first month such deficiency exists until such deficiency is remedied and all amounts owed under or in connection with a Debt Service Reserve Account Credit Facility, any related Credit Agreement and any Related Agreements have been paid in full, and (2) in the event the amount on deposit in the Series Subaccount of the Junior Lien Debt Service Reserve Account is less than the Debt Service Reserve Account Requirement for the related Series because of any valuation of the investment securities as determined by application of **Section 8.2(b)** hereof, the Issuer shall be required to restore the deficiency caused thereby by transfers of Revenues pursuant to **Section 5.4(a)(22)**, and Special Revenues pursuant to **Section 5.2(e)**, **Section 5.4(c)**, or **Section 5.4(d)** (but solely to the extent authorized therein) in 12 substantially equal monthly deposits commencing on the first month following a determination that such deficiency exists.

- (b) If on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Lien Interest Subaccount to pay the total amount of interest coming due on any Junior Lien Bonds entitled to the benefit and security of a Subaccount of the Junior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Lien Principal Subaccount to pay the total amount of principal coming due on any Junior Lien Bonds entitled to the benefit and security of Subaccount of the Junior Lien Debt Service Reserve Account on such Principal Payment Date, and after making the transfers required to be made from other Accounts as provided in **Section 5.12(a)** prior to a transfer from the Junior Lien Debt Service Reserve Account, the Trustee shall transfer sums on deposit in the Junior Lien Debt Service Reserve Account, as provided in **Section 5.12(a)(12)**, to the Junior Lien Interest Subaccount or Junior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any Junior Lien Bonds entitled to the benefit and security of the related Subaccount of the Junior Lien Debt Service Reserve Account. At the time of such transfer the Trustee shall notify the Issuer and the related Credit Provider of such transfer. In all such events, the Trustee shall not draw on any Debt Service Reserve Account Credit Facility until all cash and any investment securities in the related Subaccount of the Junior Lien Debt Service Reserve Account have been liquidated and applied as aforesaid unless all Credit Providers which have provided Debt Service Reserve Account Credit Facilities for the Series of Junior Lien Bond or Bonds with respect to which such Subaccount has been established have consented in writing to a different order of liquidation of investments. In the event that the amounts on deposit in the Junior Lien Debt Service Reserve Account are invested in one or more investment securities, the Trustee shall comply with timely written direction (if any) of the Issuer as to any required liquidation, sale or other disposition of any investment in connection with the provisions of this Section.
- (c) Except as provided in **Section 5.13(d)** below, following any transfer required by (b) of this Section the Trustee shall withdraw from the Junior Lien Debt Service Reserve Account and remit the Credit Providers Reimbursement to each Credit Provider (other than a Credit Provider which has provided a Debt Service Reserve Account Credit Facility) pursuant to **Section 5.2(e)**, **Section 5.4(a)(19)**, **Section 5.4(c)**, **Section 5.4(d)**, and **Section 5.11(g)**; and provided further, that if the amount then on deposit in the Junior Lien Debt Service Reserve Account is not sufficient to pay the Credit Providers Reimbursement when due to all Credit Providers, the Trustee shall pay to each Credit Provider entitled to such payments from the amount available (pro rata according to the Credit Providers Reimbursement due to each Credit Provider) a portion of the Credit Providers Reimbursement then due until all funds in the Junior Lien Debt Service Reserve Account are exhausted.
- (d) Debt Service Reserve Account Credit Facility.
- (1) To the extent so provided in the applicable Supplemental Indenture, the Trustee shall create a separate Junior Lien Debt Service Reserve Subaccount for each Debt Service Reserve Account Credit Facility.
  - (2) The Trustee shall deposit in the related Junior Lien Debt Service Reserve Subaccount all amounts drawn under or in connection with a Debt Service Reserve Account Credit Facility required to pay the principal or redemption price of and interest on any Series of Junior Lien Bonds or a specific portion thereof and shall apply such amounts to the purpose for which they were drawn as provided in **Section 5.12(a)(12)** and as may be further provided in the related Supplemental Indenture.
  - (3) If and to the extent that the amount on deposit in the Junior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement and Revenues or Special Revenues are transferred to a Junior Lien Debt Service Reserve Subaccount pursuant to **Sections 5.2(e)**, **5.4(a)(22)**, **5.4(c)** or **5.4(d)**, such Revenues or Special Revenues shall be applied first to satisfy any Credit Provider Reimbursement which relates to a Debt Service Reserve Account Credit Facility, including interest or expenses relating to any repayment obligation of the Issuer which may arise by reason of a drawing on such Debt Service

Reserve Account Credit Facility, with payment being made first to any amounts required to reinstate such Debt Service Reserve Account Credit Facility.

- (e) All income derived from the investment of amounts on deposit in the Junior Lien Debt Service Reserve Account and any Subaccount therein shall be retained therein at all times when the amount on deposit in the Junior Lien Debt Service Reserve Account is less than the Debt Service Reserve Requirement for the Junior Lien Bonds, and at all other times shall be transferred to the Pledged Revenue Account (if held with respect to Tax-Exempt Bonds) or the Special Revenue Account (if, held with respect to Taxable Bonds) and applied as provided in **Sections 5.2(e), 5.4(c), or 5.4(d)**, as applicable, and otherwise transferred to the Pledged Revenue Account and applied as otherwise required by **Section 5.4(a)**; provided that in all events, all Rebate Amounts allocable to amounts on deposit in the Junior Lien Debt Service Reserve Account shall be transferred at the written direction of the Issuer to the Rebate Account or to any applicable Subaccount thereof established by a Supplemental Indenture
- (f) No later than 13 months preceding the final Maturity Date of each Series of Junior Lien Bonds, the Issuer may elect in writing and direct the Trustee whether to apply amounts in the Subaccount of the Junior Lien Debt Service Reserve Account relating to such Series (other than Debt Service Reserve Account surety policies) to the payment of the amount due on such final maturity date. The amount so applied shall not exceed the lesser of (1) the Debt Service Reserve Requirement attributable to that Series of Junior Lien Bonds, or (2) the amount actually on deposit in the Junior Lien Debt Service Reserve Account and attributable to that Series of Junior Lien Bonds. If the Issuer elects to so apply amounts in the Junior Lien Debt Service Reserve Account, the amount to be so applied shall be transferred, in one-twelfth (1/12) installments, to the related Junior Lien Interest Subaccount and Junior Lien Principal Subaccount and each amount transferred shall be credited in whole against the Junior Monthly Interest Payment (Fixed), Junior Monthly Interest Payment (Non-Fixed), and Junior Monthly Principal Payment from the Pledged Revenue Account or Special Revenue Account as such transfers had been made to the related Junior Lien Interest Subaccount and Junior Lien Principal Subaccount under **Section 5.4** on account of the Series of Junior Lien Bonds for which the election is made.

Section 5.14. Cost of Issuance Account.

- (a) For any Series of Bonds for which no amount is held within the Construction Account to pay Costs of Issuance, the Trustee may establish within the Cost of Issuance Account a separate, segregated account for the benefit of one or more Series of Bonds as provided in the Supplemental Indenture creating such Series of Bonds. There shall be deposited in the Cost of Issuance Account, from the proceeds of each Series of Bonds, the amount specified pursuant to the Supplemental Indenture creating such account. Further deposits to the Cost of Issuance Account may be made from time to time as the Issuer shall determine from any lawful source including from any Account in the Construction Account as provided in **Section 5.3**.
- (b) Amounts from time to time on deposit in the Cost of Issuance Account shall be disbursed by the Trustee to or upon the written order of the Issuer to pay the Costs of Issuance of a Series of Bonds. The Trustee shall disburse funds from the Cost of Issuance Account upon receipt from the Issuer of a requisition or certificate specifying the amount to be disbursed, the payee of each such amount, and the purpose of each such payment.
- (c) On the date which is 180 days following the date of the Bond Closing of each Series of Bonds, any funds remaining in the Cost of Issuance Account deposited from or on account of such Series of Bonds shall be transferred to the related subaccount for such Series of Bonds in the Construction Account, except that the Issuer may, by certificate delivered to the Trustee on or before such 180th day, direct transfer earlier than such date, or direct the Trustee to retain moneys in the Cost of Issuance Account after such date, or direct transfer to a person or Account other than the Construction Account or the related Account therein.



- (d) In the absence of contrary instructions in any Supplemental Indenture, investment earnings on amounts held in the Cost of Issuance Account (or any Subaccount thereof) shall be credited to the Construction Account (or to the Subaccount therein corresponding to the Series of Bonds from which the amounts in the Cost of Issuance Account are derived) upon receipt.

Section 5.15. Rebate Account.

- (a) To the extent that any Supplemental Indenture for one or more Series of Tax-Exempt Bonds may require the Issuer to calculate and pay to the United States any amount from the Rebate Account for the preservation of the tax exempt status of the interest on such Series, then the Trustee shall, at the written direction of the Issuer, transfer to the Rebate Account from any Accounts or Subaccount the amount required to be remitted to the United States or otherwise transferred to the Rebate Account, and upon further written direction of the Issuer shall transfer such amount to the United States. Moneys deposited and held in the Rebate Account shall not be subject to the lien or pledge of the Indenture.
- (b) If, at the time of any calculation, the amount on deposit in the Rebate Accounts or and Subaccounts thereof attributable to a specific issue of Tax-Exempt Bonds exceeds the Rebate Amount for such issue of Tax-Exempt Bonds, the Trustee shall transfer the excess to the Pledged Revenue Account.
- (c) If the Trustee does not have on deposit in the Rebate Account or any applicable Subaccount sufficient amounts to make the payments to the United States Government required by any Supplemental Indenture, the Trustee shall direct the Issuer to remit to the Trustee, in immediately available funds, within 5 Business Days, the amount of the deficiency.
- (d) One or more Rebate Experts may be selected by the Issuer, and the fees and expenses of any Rebate Expense shall be paid as a Bond Related Cost, as provided in an agreement between the Issuer and the Rebate Expert. Upon the written direction of the Issuer to the Trustee all actions required to be taken by the Issuer pursuant to this Section, including the transfer of any amounts from any Account or Subaccount, may be taken by such Rebate Expert. If selection of a Rebate Expert is required by any Supplemental Indenture and the Issuer fails or refuses to select a Rebate Expert, the Trustee may do so and may pay the fees and expenses of the Rebate Expert as a Bond Related Cost.
- (e) Investment earnings on amounts held in the Rebate Account (or any Subaccount thereof) shall be credited to the Rebate Account (or to such Subaccount) upon receipt.

Section 5.16. Third Lien Bonds Account.

- (a) The Issuer may create and cause to be maintained as part of the Venue Project Fund for one or more Third Lien Bonds Accounts or Subaccounts under a Supplemental Indenture or other instrument authorizing Third Lien Bonds to be held by the Issuer, by a trustee for such Third Lien Bonds (which may be the Trustee acting in a separate capacity), or as otherwise provided, subject to such terms and priorities among such accounts and subaccounts as is provided in the Supplemental Indenture or other instrument pursuant to which such Third Lien Bonds are issued.

Section 5.17. National Insured Bonds Debt Service Reserve Account.

- (a) First, if on any Interest Payment Date there are not sufficient amounts on deposit in the Senior Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Senior Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of a Subaccount of the Senior Lien Debt Service Reserve Account

on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in **Section 5.6** (including any required draws on Credit Facilities), the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account or the Debt Service Reserve Account Credit Facility, as provided in **Section 5.6(a)(8)**, to the Senior Lien Interest Subaccount or Senior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Senior Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.

- (b) Second, if on any Interest Payment Date there are not sufficient amounts on deposit in the Second Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Second Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of a Subaccount of the Second Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in **Section 5.9** (including any required draws on Credit Facilities), the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, as provided in **Section 5.9(a)(10)**, to the Second Lien Interest Subaccount or Second Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Second Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.
- (c) Third, if on any Interest Payment Date there are not sufficient amounts on deposit in the Junior Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of a Subaccount of the Junior Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Junior Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of a Subaccount of the Junior Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in **Section 5.12** (including any required draws on Credit Facilities), the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, as provided in **Section 5.12(a)(13)**, to the Junior Lien Interest Subaccount or Junior Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Junior Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.
- (d) Fourth, if on any Interest Payment Date there are not sufficient amounts on deposit in the Third Lien Interest Subaccount to pay the total amount of interest coming due on any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of a Subaccount of the Third Lien Debt Service Reserve Account on such Interest Payment Date or if on any Principal Payment Date there are not sufficient amounts on deposit in the Third Lien Principal Subaccount to pay the total amount of principal coming due on any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of a Subaccount of the Third Lien Debt Service Reserve Account on such Principal Payment Date, and after making the earlier required transfers required to be made from other Accounts as provided in **Section 7.4** of the Twentieth Supplemental Indenture (including any required draws on Credit Facilities), the Trustee shall transfer sums on deposit in the National Insured Bonds Debt Service Reserve Account, to the Third Lien Interest Subaccount or Third Lien Principal Subaccount, as the case may be, in an amount sufficient to make up any such deficiency for any National Insured Bonds which are Third Lien Bonds entitled to the benefit and security of the National Insured Bonds Debt Service Reserve Account.
- (e) In the event that the amounts on deposit in the National Insured Bonds Debt Service Reserve Account are invested in one or more investment securities, the Trustee shall comply with timely

written direction (if any) of National as to any required liquidation, sale or other disposition of any investment in connection with the provisions of this Section.

- (f) If at any time the balance of the National Insured Bonds Debt Service Reserve Account is greater than \$10,000,000, then the Issuer may direct that the amount greater than \$10,000,000 be transferred to the Pledged Revenue Account. Whenever there are no National Insured Bonds or Series 2001A Bonds Outstanding and no Credit Provider Reimbursements with respect thereto remain unpaid, then the Trustee at the written direction of the Issuer shall transfer any amount remaining in the National Insured Bonds Debt Service Reserve Account to the Surplus Account.

Section 5.18. Debt Repayment Account.

Within twelve months after the balance in the Debt Repayment Account reaches \$5,000,000, amounts in the Debt Repayment Account must be applied at the written direction (and election) of the Issuer to either repay, redeem, purchase and retire, economically defease with the approval of National, or defease the following bonds (in minimum increments from time to time of \$500,000 and until the Debt Repayment Account balance is reduced to \$2,500,000 or a lower level to be mutually acceptable to the Issuer and National, notice of which shall be given to the Trustee): the Series 2001H Bonds, Series 2004A Bonds, or the Series 2001C-2 Note. Payments on the Series 2001C-2 Note may be made as they become due without National approval, but payments can only be made prior to their due date with National approval. No money may be applied from the Debt Repayment Account until it reaches a balance from time to time of \$5,000,000 without the approval of National, except that if less than \$5,000,000 of the obligations that may be repaid from the Debt Repayment Account are outstanding, then the Issuer may direct (at its election) that the amount required to repay, redeem, purchase and retire, economically defease with the approval of National, or defease such outstanding obligations will be so applied.

At National's written direction, amounts in the Debt Repayment Account may be allocated to refill the National Insured Bonds Debt Service Reserve Account, if the National Insured Bonds Debt Service Reserve Account balance is less than \$10,000,000. Whenever (a) the Series 2001H Bonds and the Series 2004A Bonds are paid, or, at the election of the Issuer, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) there are no Credit Provider Reimbursements with respect thereto remaining unpaid and (c) the Series 2001C-2 Note is paid or provided for, then the Trustee at the written direction of the Issuer shall transfer any amount remaining in the Debt Repayment Account to the County Repayment Account unless the Series C-1 Note is then paid or provided for, in which case to the Surplus Account.

Section 5.19. County Repayment Account.

Amounts in the County Repayment Account will be applied to either repay, or, at the election of the Issuer, redeem, purchase and retire, economically defease, or defease the Series 2001C-1 Note, at the direction and discretion of the Issuer while the Series 2001C-1 Note remains Outstanding. When the Series 2001C-1 Note is paid or provided for, amounts in the County Repayment Account will, at the written direction of the Issuer, be transferred to the Debt Repayment Account unless (a) the Series 2001H Bonds and the Series 2004A Bonds are paid, or, at the election of the Issuer, redeemed, purchased and retired, economically defeased with the approval of National, or defeased, (b) there are no Credit Provider Reimbursements with respect thereto remaining unpaid and (c) the Series 2001C-2 Note is paid or provided for, in which case to the Surplus Account.

Section 5.20. Surplus Account.

- (a) The Issuer hereby creates and will cause to be maintained with the Trustee the Surplus Account as part of the Venue Project Fund and administered as a trust fund hereunder. With the consent of each Designated Credit Provider, the Issuer is authorized to enter into one or more Supplemental Indentures hereunder which may provide that prior to deposit of any amounts to the Surplus Account, Revenues or Special Revenues may be deposited to one or more Accounts or Subaccounts hereunder or otherwise to pay the debt service or other related costs on Issuer obligations issued to finance costs of or related to an Approved Venue Project, as required under the terms of such instruments.

- (b) Money held in the Surplus Account may be used at the written direction of the Issuer: (1) for transfers to the Debt Service Accounts and Debt Service Reserve Accounts to maintain the required balances therein if no other funds are available for such purposes, (2) for the payment or redemption of Bonds, Third Lien Bonds, or other obligations of the Issuer, (3) for transfers to the Construction Account or Subaccount thereof to pay Costs of an Approved Venue Project, and (4) for any other purpose relating to any other powers or functions of the Issuer now or hereafter authorized by law. The Trustee shall not be responsible to account for the Surplus Account to the extent that any monies credited thereto are not held by the Trustee.

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Section 5.23. General and Administrative Account.

The Issuer hereby creates as part of the Venue Project Fund the General and Administrative Account to be held by the Trustee and administered as a trust fund hereunder.

Section 5.24. Deposits to General and Administrative Account.

At the written direction of the Issuer given not more often than monthly, the Trustee shall pay to the Issuer any amounts in the General and Administrative Account not to exceed the Annual Budgeted General and Administrative Amount for such Bond Year, and shall pay to the Issuer any amount in the General and Administrative Account at the end of each Bond Year.

Section 5.25. Application of General and Administrative Account.

Amounts in the General and Administrative Account will be applied by the Trustee monthly, at the written direction of the Issuer, to pay to the Issuer any amounts therein until the Annual Budgeted General and Administrative Amount has been paid.

Section 5.26. Second Lien Debt Service Revenue Holding Account.

The Issuer hereby creates as part of the Venue Project Fund the Second Lien Debt Service Revenue Holding Account to be held by the Trustee and administered as a trust fund hereunder.

Section 5.27. Deposits to Second Lien Debt Service Revenue Holding Account.

The Trustee shall make the deposits to the Second Lien Debt Service Revenue Holding Account required by **Section 5.4**. The Trustee shall additionally deposit to the Second Lien Debt Service Revenue Holding Account any amounts directed to be deposited thereto by any Supplemental Indenture.

Section 5.28. Application of Second Lien Debt Service Revenue Holding Account.

Amounts in the Second Lien Debt Service Revenue Holding Account will be applied as follows, and in the following order to the extent that amounts are required to be applied on the same date:

- (a) *first*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit to each Senior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Senior Lien Debt Service Subaccount for the payments of principal of and interest on the related Senior Lien Bonds due on the next May 15 or November 15, with amounts being paid first to interest and then to principal;
- (b) *second*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit to each Second Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Second Lien Debt Service Subaccount for the payments of principal of and interest on the related Second Lien Bonds due on the next May 15 or November 15, with amounts being paid first to interest and then to principal;

- (c) *third*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit any required deposit under **Section 5.4(a)(14)** to the Second Lien Debt Service Reserve Account; and then
- (d) *fourth*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, any balance to the Junior Lien Debt Service Revenue Holding Account; and then
- (e) *fifth*, from time to time, as provided in **Section 5.2(f)**, upon deposit of Astros Payments with respect to Taxable Second Lien Bonds, then to the Pledged Revenue Account.

Section 5.29. Junior Lien Debt Service Revenue Holding Account.

The Issuer hereby creates as part of the Venue Project Fund the Junior Lien Debt Service Revenue Holding Account to be held by the Trustee and administered as a trust fund hereunder.

Section 5.30. Deposits to Junior Lien Debt Service Revenue Holding Account.

The Trustee shall make the deposits to the Junior Lien Debt Service Revenue Holding Account required by **Section 5.4**. The Trustee shall additionally deposit to the Junior Lien Debt Service Revenue Holding Account any amounts directed to be deposited thereto by any Supplemental Indenture.

Section 5.31 Application of Junior Lien Debt Service Revenue Holding Account.

Amounts in the Junior Lien Debt Service Revenue Holding Account will be applied as follows, and in the following order to the extent that amounts are required to be applied on the same date:

- (a) *first*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit to each Senior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Senior Lien Debt Service Subaccount for the payments of principal of and interest on the related Senior Lien Bonds due on the next May 15 or November 15, with amounts being paid first to interest and then to principal; and then
- (b) *second*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit to each Second Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Second Lien Debt Service Subaccount for the payments of principal of and interest on the related Second Lien Bonds due on the next May 15 or November 15, with amounts being paid first to interest and then to principal; and then
- (c) *third*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit to each Junior Lien Debt Service Subaccount an amount equal to any deficiency in the balance held in such Junior Lien Debt Service Subaccount for the payments of principal of and interest on the related Junior Lien Bonds due on the next May 15 or November 15, with amounts being paid first to interest and then to principal; and then
- (d) *fourth*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, to deposit any required deposit under **Section 5.4(a)(23)** to the Junior Lien Debt Service Reserve Account; and then
- (e) *fifth*, on the monthly distribution by the Trustee of the Pledged Revenue Account immediately preceding the next May 15 or November 15, any balance to the Pledged Revenue Account; and then
- (f) *sixth*, from time to time, to the extent provided in **Section 5.2(f)**, upon deposit of Astros Payments with respect to Taxable Junior Lien Bonds, then to the Pledged Revenue Account.

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## ARTICLE SEVEN COVENANTS TO MAINTAIN STATUS OF TAX-EXEMPT BONDS

### Section 7.1. Covenant in Supplemental Indentures.

In connection with the issuance of each Series of Bonds which are Tax-Exempt Bonds, the Issuer shall make such covenants in each Supplemental Indenture as are necessary to preserve the tax-exempt status of interest on such Series.

## ARTICLE EIGHT INVESTMENTS

### Section 8.1. Investments by Trustees.

- (a) Except during the continuance of an Event of Default, and subject to the provisions of any Supplemental Indenture entered into under **Section 7.1**, moneys held for the credit of the Accounts and Subaccounts established by **Article Five** held by the Trustee shall at the written request, or verbal request confirmed in writing, of the Issuer Representative or by another designee of the Issuer as evidenced by a certificate of the Issuer Representative, invested in such securities as are authorized by law and which are Permitted Investments, or, in the absence of directions from the Issuer, be invested in Permitted Money Market Funds. The Trustee may conclusively rely upon investment direction of the Issuer Representative or other designee of the Issuer as to the suitability and legality of the directed investment, and may presume that any investment in which it is directed to invest by or on behalf of the Issuer is a Permitted Investment. Subject to the requirement that all sums held in Accounts hereunder may only be invested in Permitted Investments, the type, amount and maturity of such investments shall be as specified by the Issuer Representative or by such other representative of the Issuer; provided that sums in a Debt Service Account may in any event only be invested in securities which mature or are subject to redemption or repurchase at the option of the Trustee on or prior to the date or dates on which the Trustee anticipates that cash funds will be required, and provided that no Permitted Investment may mature more than five years from the date the investment is made without the approval of each Designated Credit Provider except for an guaranteed investment contract or similar Permitted Investment approved by each Designated Credit Provider, which approval shall not be unreasonably withheld.
- (b) The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section whenever the cash balance in the Account for which the investment was made is insufficient for its current requirements. Securities so purchased as an investment of money shall be held by the Trustee, shall be registered in the name of the Trustee if registration is required, and shall be deemed at all times a part of the applicable Account, and the interest accruing thereon and any profit realized from such investments shall be credited to the Account from which the investment was made, subject to any transfer to another Account as herein provided. Any loss resulting from such investment shall be charged to the Account from which the investment was made.
- (c) The Trustee may purchase from or sell to itself, or through any affiliated company, as principal or agent, securities herein authorized so long as such purchase or sale is at fair market value. The Trustee may act as principal or agent in the making or disposing of any investments, and may act as sponsor, advisor or manager in connection with any such investments. The provisions of this subsection shall apply to affiliates of the Trustee.
- (d) Investment of the proceeds of Tax-Exempt Bonds are further subject to the limitations and conditions stated in **Article Seven**.

- (e) With the approval of each Designated Credit Provider, which approval shall not be unreasonably withheld, the Issuer or the Issuer and the Trustee may from time to time enter into separate contracts with third parties for purchase and sale of Permitted Investments, including contracts which provide for the payment of the Issuer's determination of the future value of investment proceeds from Eligible Investments in exchange for the future rights to such proceeds.
- (f) Proceeds derived from draws on municipal bond insurance policies issued as Credit Facilities for the Series 2001A Bonds shall be held by the Trustee uninvested.
- (g) The Trustee shall not be any liable for the value or loss associated with any investment directed by the Issuer.
- (h) The Trustee shall not be responsible for compliance with any arbitrage restrictions associated with investments directed by the Issuer.

Section 8.2. Computation of Balances in Account.

- (a) In computing the amount in any Account established hereunder, other than in a Debt Service Reserve Account, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and such investments shall be valued at market on a monthly basis, or at the redemption price thereof, if then redeemable at the option of the holder; except in such cases and to the extent that a different valuation is required by the Treasury Regulations, to which the Trustee may rely on the written direction of the Issuer or Bond Counsel.
- (b) In computing the amount in a Debt Service Reserve Account for purposes of determining whether the applicable Debt Service Reserve Requirement has been satisfied, obligations purchased as an investment of moneys therein shall be valued at market on a monthly basis. If on any date the amount on deposit in a Subaccount of a Debt Service Reserve Account shall exceed 100% of the Debt Service Reserve Requirement for the Series of Bonds with respect to which such Subaccount was created, then at the written direction of the Issuer evidenced by a certificate of the Issuer Representative, the Trustee shall transfer funds from the Debt Service Reserve Account to the Special Revenue Account (but only if such Debt Service Reserve Account is held with respect to a Series of Taxable Bonds) and otherwise to the Pledged Revenue Account in an amount which does not cause the value of such Subaccount of a Debt Service Reserve Account to be less than the applicable Debt Service Reserve Requirement.

**ARTICLE NINE  
DISCHARGE OF LIEN**

Section 9.1. Payment of Bonds; Satisfaction and Discharge of Bonds and Obligation to Bondowners.

Whenever the conditions specified in either *clause (1)* or *clause (2)* of the following *Section 9.1(a)* and the conditions specified in the following *subsections (b), (c), (d), and (e)* of this *Section 9.1*, to the extent applicable, shall exist, namely:

- (a) either
  - (1) all Bonds have been cancelled by the Trustee or delivered to the Trustee for cancellation, excluding, however,
    - (A) Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by a trust company or bank in the State having the power of a trust company and possessing capital and surplus of not less than \$50,000,000, and

(B) Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in **Section 2.7**, and (i) which, prior to the satisfaction and discharge of this Indenture as hereinafter provided, have not been presented to the Paying Agent or the Trustee with a claim of ownership and enforceability by the Owner thereof, or (ii) whose enforceability by the Owner thereof has been determined adversely to the Owner by a court of competent jurisdiction or other competent tribunal; or

(2) the Issuer has deposited or caused to be deposited as trust funds:

(A) with the Paying Agent under **Section 5.22** cash which shall be sufficient, or

(B) with the Trustee cash and/or Defeasance Securities, which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on Bonds not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Bonds which have become due and payable or which shall become due at their stated maturity or redemption date, as the case may be, and which are to be discharged under the provisions hereof, and the Issuer has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Issuer in the same manner as is provided by **Section 2.2**; and

- (b) the Issuer has paid, caused to be paid or made arrangements satisfactory to the Trustee and, if applicable, each Credit Provider for the payment of all other sums payable hereunder and under any Credit Facility, Credit Agreement and other Related Documents by the Trustee or the Issuer; and
- (c) the Issuer has delivered to the Trustee, with a copy to any Credit Provider for the Bonds to be defeased, a report of an Independent Accountant stating that the cash and payments to be made on the Defeasance Securities referred to in clause (2) of subsection (a) above will be sufficient to pay when due the principal of premium, if any, and interest on the Bonds to be defeased; and
- (d) if discharge is to effected under clause (2) of subsection (a), an opinion of Bond Counsel is delivered to the Trustee, with a copy to any Credit Provider for the Bonds to be defeased, stating in effect that such discharge will not impair the tax exempt status of the then Outstanding Tax-Exempt Bonds; and
- (e) if full discharge and satisfaction of this Indenture is to be effected under clause (2) of subsection (a), an opinion of Independent Counsel selected by the Issuer delivered to the Trustee, with a copy to any Credit Provider for the Bonds to be defeased, to the effect that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with;

then, the rights of the Owners of such Bonds shall be limited to the cash or cash and securities deposited as provided in clause (1) or (2) above, and the rights and interest hereby granted or granted by this Indenture and any related Supplemental Indenture, to or for the benefit of the Trustee or Bondowners shall cease, terminate and become null and void, and the Issuer and the Trustee shall, at the expense of the Issuer, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all rights under this Indenture and any Supplemental Indenture (except the moneys or securities or both deposited as required above) shall thereupon be discharged and satisfied.

The satisfaction and discharge of this Indenture shall be without prejudice to the rights of the Trustee to charge and be reimbursed by the Issuer for any expenses and expenditures which it may thereafter incur or make in connection herewith.

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Section 9.3. Payment of Bonds.

Any Series of Bonds or a portion of any Series of Bonds shall be deemed paid, if the applicable conditions set forth in this *Article Nine* and securities are deposited in trust, of *Section 9.1(b), (c), and (d)*, have been satisfied even though other Bonds may remain Outstanding and, if notice as provided in *Section 9.6* hereof shall have been given, such portion of Bonds or such Series of Bonds shall cease to be entitled to any lien, benefit or security under the Indenture. However, the liability of the Issuer in respect of such portion of the Bonds or such Series of Bonds, as the case may be, shall continue, but the holders thereof shall thereafter be entitled to payment (to the exclusion of all other Bondowners) only out of the moneys or Defeasance Securities deposited with the Trustee as aforesaid.

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Section 9.5. Liability of Issuer Not Discharged.

Upon the deposit with the Trustee, in trust, at or before maturity, of money or Defeasance Securities in the necessary amount to pay or redeem all Outstanding Bonds (whether upon or prior to maturity or the redemption date of such Bonds) and compliance with the other payment requirements of the Indenture may be discharged in accordance with the provisions hereof, and the owners thereof shall thereafter be entitled to payment only out of the moneys or Defeasance Securities deposited with the Trustee as aforesaid, provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in *Article Two* herein provided, or provisions satisfactory to the Trustee shall have been made for the giving of such notice.

Section 9.6. Notice of Provision for Payment of Bond.

- (a) In the event that less than all of the Bonds of a particular Series are deemed paid as provided by *Section 9.3*, the Trustee, at the written direction of the Issuer and in the manner provided in *Article Two*, shall determine by Bond number or similar designation or identification characteristic the specific Bonds of such Series, and each maturity within such Series, that are secured by the trust funds described in *Section 9.1(a)(2)*, and the Trustee shall promptly give notice of such determination in a manner similar to the notice of redemption required by *Article Two*.
- (b) In addition, the Trustee shall give written notice to the Owner of each Bond with respect to which a deposit has been made pursuant to the provisions of *Section 9.1 or 9.3*, which notice shall provide that (a) money and/or Defeasance Securities have been deposited with the Trustee, (b) such money and Defeasance Securities (and investment earnings thereon, if applicable) are required to be applied to the payment of such Bonds on the maturity date or earlier redemption date stated therein and (c) such Bonds are no longer Outstanding hereunder and have no rights under the Indenture except for the right to payment from the money and Defeasance Securities held for such purpose. such notice.

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**ARTICLE ELEVEN  
THE TRUSTEE**

Section 11.1. Acceptance of the Trustee.

The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture; and no implied covenants or obligations should be read into this Indenture against the Trustee. The duties of the Trustee shall be mechanical and administrative in nature; the Trustee shall not have by reason of this Indenture any fiduciary duty under any Credit Agreement or Related Document; and nothing in this Indenture or any Supplemental Indenture is intended to or shall be construed as to impose upon the Trustee any obligations except as expressly set forth herein or therein. In case an Event of Default has occurred, the Trustee agrees to exercise the rights and powers vested in it as a prudent person would exercise or use under the circumstances in the conducting of such person's own affairs in exercising any rights or remedies or performing any

of its duties hereunder. The Trustee accepts its duties hereunder only upon and subject to the following express terms and conditions:

\* \* \*

- (11) Before taking any action hereunder, the Trustee may require that it be furnished an indemnity bond or indemnification otherwise satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which is adjudicated to have resulted from the negligence or willful misconduct of the Trustee, by reason of any action so taken by the Trustee, provided that no right of the Trustee to indemnification shall relieve the Trustee from responsibility for (a) making payments on the Bonds when due from money available to it, (b) drawing on a Liquidity Facility in accordance with the terms of such Liquidity Facility, or (c) making any claim under any other Credit Facility in accordance with its terms.
- (12) The Trustee is not responsible to the Issuer or to any Bondowner for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing (including any official statement, prospectus, placement memorandum or similar disclosure document) delivered in connection herewith or for the execution, effectiveness, validity, enforceability, perfection, collectability, priority or sufficiency of this Indenture, any Credit Facility or any Credit Agreement, or for the sufficiency of Available Revenues to meet Debt Service Requirements or the financial condition of any party.
- (13) The Trustee shall not be required to expend or risk its own funds or to otherwise incur any financial liability in the performance of its duties hereunder.
- (14) In the event that the Trustee purchases or otherwise acquires any Bonds or any interest therein in its individual corporate capacity, the Trustee shall have the same rights and powers as any other Bondowner. The Trustee may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with the Issuer, any Credit Provider or Bondowner as if it were not performing the duties specified herein.

Section 11.2. Trustee's Fees, Charges and Expenses.

The Trustee and any Paying Agent and Bond Registrar shall be entitled to payment and/or reimbursement for reasonable fees (including default administration fees) for ordinary services rendered hereunder and as shall be provided in any Supplemental Indenture and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in and about the execution of the trusts created by this Indenture and in and about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee). Should it become necessary that the Trustee perform extraordinary services, it shall be entitled to reasonable extra compensation in respect thereof and to reimbursement for reasonable extraordinary costs and expenses in connection therewith. Upon written request by the Issuer, the Trustee will provide to the Issuer statements (excluding any privileged and confidential information) for any fees to which the Trustee is entitled. The Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Bond and upon the money received by it hereunder, for said fees, advances, counsel fees, costs and expenses incurred by it. The Trustee and the Issuer may from time to time agree in writing upon the fees, costs and expenses to be paid to the Trustee and each such writing shall be enforceable by either party.

Section 11.3. Notice to Owners of Default.

If an Event of Default occurs of which the Trustee is required to take notice as set forth in this Section or if notice of an Event of Default is provided to the Trustee as provided in this Section, the Trustee shall, within 90 days, give to the Bondowners and to the Original Purchaser of each Series of Outstanding Bonds written notice of all such

Events of Default. The Trustee shall not be deemed to have notice of any Event of Default hereunder or be required to take notice of any Event of Default hereunder unless and until a corporate officer of the Trustee who is assigned to and responsible for the account established hereby shall have actual knowledge of such Event of Default or shall have received written notice thereof from the Issuer or any Bondowner.

Section 11.4. Intervention by Trustee.

In any judicial proceeding to which the Issuer or any Bondowner is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Owners of Bonds, the Trustee may intervene on behalf of Owners and shall do so if requested in writing by the Owners of a majority in the aggregate principal amount of Outstanding Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction in the premises.

Section 11.5. Successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidate, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee and paying agent under this Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 11.6. Resignation by Trustee.

The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer and by first class mail to each Owner of Bonds as shown on the Bond Register. Such notice to the Issuer may be served personally or sent by registered mail. The Trustee shall not be relieved of its duties hereunder unless and until a successor trustee has been appointed pursuant to **Section 11.8**, which successor has agreed in writing to perform the duties of the Trustee and Bond Registrar hereunder.

Section 11.7. Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Issuer, and signed by the Owners of a majority in aggregate principal amount of then Outstanding Bonds or by a resolution of the Governing Body delivered to the Trustee, provided that a successor trustee has been appointed pursuant to **Section 11.8**, which successor has agreed in writing to perform the duties of the Trustee and Bond Registrar hereunder.

Section 11.8. Appointment of Successor Trustee.

In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Governing Body of the Issuer or, if the Issuer fails to appoint a successor within 90 days of the occurrence of any of the foregoing events, by the Owners of a majority in aggregate principal amount of the then Outstanding Bonds, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorney-in-fact, duly authorized. Nevertheless, in case of such vacancy the Issuer by resolution of its Governing Body may appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Issuer or the Owners in the name above provided; and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Owners. Every such Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. Every such Trustee appointed pursuant to the provisions of this Section shall be approved in writing by each Designated Credit Provider.

In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made within 60 days following such resignation, the retiring Trustee, at the expense of the Issuer, may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, appoint a successor Trustee.

Section 11.9. Acceptance by Successor Trustees.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee, Paying Agent and Bond Registrar and the duties and obligations of such predecessors hereunder shall thereafter cease and terminate; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor Trustee, and on the payment of the fees and expenses owed to the predecessor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be forthwith filed or recorded or both by the successor Trustee in each recording office where the Indenture shall have been filed or recorded or both.

Section 11.10. Trustee Protected in Relying Upon Resolutions.

The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full wan-ant, protection and authority to the Trustee.

Section 11.11. Successor Trustee as Custodian of Debt Service Accounts and Paying Agent.

In event of a change in the office of Trustee the predecessor trustee which has resigned or been removed shall cease to be custodian of the Accounts and Subaccounts prescribed in *Article Five* and shall cease to act as the Paying Agent for principal and interest on the Bonds, and the successor Trustee shall be and become such custodian and Paying Agent.

Section 11.12. Co-Trustee.

At any time or times, for any purpose (including the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located), the Issuer and the Trustee shall have the power to appoint, and, upon the request of the Trustee or of the Owners of a majority in aggregate principal amount of the then Outstanding Bonds, the Issuer shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable subject to the remaining provisions of this Section.

If the Issuer shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Issuer shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

- (1) The Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Indenture conferred upon the Trustee in respect of the custody, control or management of moneys, papers, securities and other personal property shall be exercised solely by the Trustee.
- (2) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.
- (3) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking of such action by such co-trustee or separate trustee.
- (4) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.
- (5) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of or remove any co-Trustee or separate trustee appointed under this Section, and, in case of a continuing Event of Default, the Trustee shall have power to accept the resignation of, or remove, any such co-Trustee or separate Trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section.
- (6) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.
- (7) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-Trustee or separate trustee.
- (8) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate Trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such acceptance), shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or his attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his behalf and in its or his name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 11.13. Obligation of Trustee as to Reporting.

The Trustee shall, at the written request and expense of the Issuer, cause to be filed any reports lawfully required by any public agency to be filed under any applicable securities laws and any other reports lawfully required by any public agency to be filed under the Enabling Act or any other applicable state law. For this purpose the Trustee is entitled to require the Issuer to cause to be furnished to the Trustee whatever information is necessary to comply with such reporting requirements at the Issuer's sole expense and to reimburse the Trustee for the fees and costs of any such filing. In addition to the foregoing and upon request of the Trustee, the Issuer shall cause the Computation Agent to compute the amount of interest income, original issue discount, back-up withholding and similar items associated with any Deferred Interest Bonds and Capital Appreciation Bonds to the extent such items are required to be reported or withheld by the Trustee pursuant to the Code. The Trustee shall be entitled to employ agents and professionals for any such reports hereunder and shall be entitled to reimbursements for the fees and expenses thereof.

Section 11.14. Successor Paying Agent.

The provisions of this Indenture with respect to removal, resignation and appointment of a successor Trustee shall be equally applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

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**ARTICLE TWELVE  
SUPPLEMENTAL INDENTURES**

Section 12.1. Supplemental Indentures Not Requiring Consent of Bondowners.

The Issuer and the Trustee may, from time to time and at any time, without the consent of, or notice to, any of the Owners, and when so required by the Indenture shall, enter into an indenture or indentures supplemental to this Indenture or any Supplemental Indenture and may supplement any Supplemental Indenture as shall not be inconsistent with the limitations of **Section 12.2** (which Supplemental Indenture or Indentures shall thereafter form a part hereof), so as to thereby:

- (a) provide for the issuance of Bonds, Additional Bonds, or Third Lien Bonds as permitted by **Article Six**.
- (b) make such changes herein as may be necessary to obtain the award of an investment grade rating for all or any Series of Bonds by a Rating Agency,
- (c) cure any ambiguity or formal defect or omission in this Indenture or in any Supplemental Indenture,
- (d) grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee,
- (e) more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate,
- (f) subject to the lien and pledge of this Indenture additional revenues, properties or collateral,
- (g) evidence the appointment of a separate Trustee or a co-Trustee or the succession of a new Trustee, Bond Registrar, and/or Paying Agent hereunder,
- (h) modify, eliminate and/or add to the provisions of this Indenture to such extent as shall be necessary to prevent any interest on Tax-Exempt Bonds from becoming taxable under the Code, or, upon receipt of an opinion of Bond Counsel to the effect that such amendment shall not adversely affect the excludability of interest on the Bonds from the gross income of the owners thereof for federal income tax purposes, to relieve the Issuer of any covenant relating to any or all Series of Tax-Exempt Bonds,

- (i) effect the qualification of this Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in section 316(a)(2) of said Trust Indenture Act of 1939,
- (j) make such prospective amendments as shall only affect the Bonds issued thereby and any future Series of Bonds issued thereafter, and which shall not adversely affect any Series of Outstanding Bonds, or
- (k) with the consent of each Credit Provider for affected Bonds, make any other change which in the judgment of the Issuer and Trustee (which judgment may be based on the advice or opinion of Independent Counsel) is necessary or desirable and will not materially prejudice any non-consenting Owner of a Bond.

Section 12.2. Supplemental Indentures Requiring Consent of Owners.

Exclusive of Supplemental Indentures permitted by *Section 12.1* and subject to the terms and provisions contained in this Section, and not otherwise, the Trustee, upon receipt of an instrument evidencing the consent to the below-mentioned Supplemental Indenture by the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds of a Series affected by a modification, alteration, amendment, addition, or rescission, shall join with the Issuer in the execution of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding or rescinding, in any particular, any of the terms or provisions contained in this Indenture or in any Supplemental Indenture; provided, however, that nothing herein contained shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Bond issued hereunder, or (2) a reduction in the principal amount of any Bond or the rate of interest thereon, or (3) a privilege or priority of any Bond or Bonds over any other Bond or Bonds except as may be otherwise expressly provided herein, or (4) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (5) modifying any of the provisions of this Section without the consent of the Owners of 100% of the principal amount (Accreted Value for Capital Appreciation Bonds) of all Bonds adversely affected thereby (“*100% Bondowners’ Consent*”).

If at any time the Issuer shall request the Trustee to enter into any Supplemental Indenture for any of the purposes of this Section which does not require 100% Bondowners’ Consent, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by first class mail, postage prepaid, to the Owners of the Series of Bonds affected thereby at the addresses shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondowners. The Trustee shall not, however, be subject to any liability to any Bondowner by reason of its failure to mail such notice to any particular Bondowner if notice was generally mailed to Bondowners, and any such failure shall not affect the validity of such Supplemental Indenture when consented to and approved as provided in this Section. If the Owners of a majority in aggregate principal amount of the then Outstanding Bonds of the affected Series at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond of such Series shall have any right to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as in this Section permitted and provided, this Indenture shall be and is deemed to be modified and amended in accordance herewith. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such Supplemental Indenture, together with a copy of the proposed Supplemental Indenture, to be delivered to the Issuer at least 15 days prior to the proposed date of execution and delivery of any such Supplemental Indenture. The Issuer shall be deemed to have consented to the execution and delivery of any such Supplemental Indenture if the Trustee does not receive a letter of protest or objection thereto, signed by an Issuer Representative, or before 4:30 P.M., Central Standard or Central Daylight time, whichever is then in effect, of the fifteenth day after the mailing of said notice and a copy of the proposed Supplemental Indenture to the Issuer unless such fifteenth day is not a Business Day, in which event the letter of objection must be received on the next succeeding Business Day.

Notwithstanding anything in this Section, if any modification, alteration, amendment, addition, or rescission of this Indenture or any Supplemental Indenture affecting any Series of Bonds requires the approval of the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds of a Series affected by such modification, alteration, amendment, addition, or rescission, provided that the Credit Provider which is obligated under a Credit Facility (but not a Liquidity Facility) for such Series and such Credit Provider is not otherwise in default in its obligations under its Credit Agreement, such Credit Provider shall have the right to approve such modification, alteration, amendment, addition, or rescission as if such Credit Provider were the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds of such affected Series.

\* \* \*

### ARTICLE THIRTEEN AMENDMENTS TO RELATED DOCUMENTS

#### Section 13.1. Amendments Not Requiring Bondowner Consent.

The Issuer and/or the Trustee may, without the consent of or notice to the Bondowners, consent to any amendment, change or modification of the Credit Facility, Credit Agreement or any of the Related Documents:

- (1) which may be required or permitted without Bondowner consent by the provisions of the Indenture;
- (2) for the purpose of curing any ambiguity or formal defect or omission;
- (3) to reconcile any Credit Facility, Credit Agreement or a Related Document with any amendment or supplement to the Indenture including any Supplemental Indenture permitted by **Sections 12.1** and **12.2**; or
- (4) to effect any other change in a Credit Facility, Credit Agreement or a Related Document which, in the judgment of the Issuer and Trustee, will not materially prejudice any non-consenting Owner of a Bond (which judgment may be based on the advice or opinion of Independent Counsel).

#### Section 13.2. Amendments Requiring Bondowner Consent.

Except for (1) amendments, changes or modifications as provided in **Section 13.1**, and (2) amendments, changes or modifications permitted by the Credit Facility, Credit Agreement or any Related Document, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of any Related Document, without the giving of notice and the written approval or consent of the Owners of not less than a majority in aggregate principal amount of the then Outstanding Bonds of a Series affected by such amendment, change, or modification given and procured as provided in this Section; provided that in no event shall such amendment, change or modification relieve the Issuer of the obligation under the Credit Facility, Credit Agreement or any Related Documents to make when and as due any payments required for the payment of principal, interest and any premium due or to become due on the Bonds unless the consent of the Owners of all Bonds adversely affected thereby is first secured. If at any time the Issuer shall request the consent of the Trustee to any such proposed amendment, change or modification of any Credit Facility, Credit Agreement or any Related Document to which the Issuer is a party or the Issuer shall request consent of the Trustee to any such proposed amendment, change or modification of any other Related Document to which the Issuer is not a party, the Trustee shall, upon being satisfactorily indemnified with respect to liability and expenses, cause notice of such proposed amendment, change or modification to be given to the Owners of the Outstanding Bonds affected thereby in the same manner as provided in **Section 12.2** with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail such notice to any particular Bondowner if notice was generally mailed to Bondowners, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Owners of a majority in aggregate principal amount of the Bonds then Outstanding at the time of the execution of any such amendment shall consent to the execution thereof as herein



provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment, the applicable Credit Facility, Credit Agreement or any Related Documents thereby amended shall be deemed to be modified and amended in accordance therewith. Nothing in this Section contained shall permit or be construed as permitting a reduction or change in the stated maturities of the Bonds.

Notwithstanding anything in this Section, if any amendment, change or modification of any Related Document may be amended with the approval of the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds of a Series affected by such amendment, change or modification, provided that the Credit Provider obligated under a Credit Facility (but not a Liquidity Facility) for such Series and such Credit Provider is not otherwise in default in its obligations under its Credit Agreement, such Credit Provider shall have the right to approve such amendment, change or modification as if such Credit Provider were the Owners of a majority in the aggregate principal amount of the then Outstanding Bonds of such affected Series.

If, in the opinion of the Trustee, any amendment, change, or modification of any Related Document provided for in this Article affects the rights, duties, or immunities of the Trustee under this Indenture or otherwise, the Trustee may, in its discretion, decline to consent to such amendment, change, or modification.

#### **ARTICLE FOURTEEN MISCELLANEOUS PROVISIONS**

##### Section 14.1. Amounts Remaining in Accounts.

Upon discharge hereof as provided herein and after adequate provision has been made to discharge the Bonds in accordance with *Article Nine* and to make all other payments required hereunder and under the Related Documents, or if amounts are held in any Account solely with respect to a particular Series of Bonds then upon adequate provision to discharge that Series in accordance with *Article Nine* and to make all other payments required hereunder and under any Related Documents, the Trustee forthwith shall pay all remaining amounts in the Accounts held by it and established in *Article Five* or, if such discharge is with respect to a particular Series, then in the Accounts relating to that Series, as directed by any Supplemental Indenture or, in the absence of such direction, upon the written instruction of the Issuer.

##### Section 14.2. Rights Under Indenture.

With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give any person or company other than the parties hereto, and the Bondowners, any legal or equitable right, remedy, or claim under or in respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owners of the Bonds hereby secured as herein provided.

\* \* \*

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**APPENDIX D**

**EXCERPTS OF CERTAIN PROVISIONS OF THE SUPPLEMENTAL INDENTURES**

*Set forth below are certain excerpted provisions of the Thirty-Second Supplemental Indenture of Trust, dated as of November 1, 2024, relating to the Series 2024A Bonds and the Thirty-Third Supplemental Indenture of Trust, dated as of November 1, 2024, relating to the Series 2024B Bonds (each, a “Supplemental Indenture”). Each such Supplemental Indenture supplements and amends the Indenture of Trust dated August 15, 1998, as amended and restated as of May 1, 2001, November 1, 2003, June 1, 2004, December 1, 2014 and October 1, 2020 (the “Master Indenture”). See “APPENDIX C – EXCERPTS OF CERTAIN PROVISIONS OF THE MASTER INDENTURE.”*

*These excerpts are qualified by reference to other portions of the applicable Supplemental Indenture and the Master Indenture referred to or describe elsewhere in this Official Statement, and all references and summaries pertaining to a Supplemental Indenture in this Official Statement are, separately and in whole, qualified by reference to the exact terms of the applicable Supplemental Indenture, copies of which may be obtained from the Sports Authority. Section and Article references contained in the following excerpts are to Sections and Articles contained in the applicable Supplemental Indenture. Provisions included herein are in substantially final form, but may change prior to the initial delivery of the Series 2024 Bonds to the Underwriters and may thereafter be amended in accordance with the terms of the Master Indenture. The excerpted provisions in this Appendix are not complete copies of the Supplemental Indentures.*

\* \* \* \* \*

**THIRTY-SECOND SUPPLEMENTAL INDENTURE OF TRUST**

THIS THIRTY-SECOND SUPPLEMENTAL INDENTURE OF TRUST (the “*Thirty-Second Supplemental Indenture*”) is made and entered into as of November 1, 2024, by and between the HARRIS COUNTY-HOUSTON SPORTS AUTHORITY, a political subdivision of Harris County, Texas, Houston, Texas, and the State of Texas duly organized and existing under the Constitution and laws of the State of Texas (the “*Issuer*”), and UMB BANK, NATIONAL ASSOCIATION, a national banking association, authorized to accept and execute trusts of the character herein set out, with a payment office in Kansas City, Missouri (the “*Trustee*”):

\* \* \*

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS THIRTY-SECOND SUPPLEMENTAL INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created hereby and by the Indenture and of the purchase and acceptance of the Series 2024A Bonds by the Owners thereof, in order to provide a source of payment for and to secure the payment of the principal of, premium, if any, and interest on the Series 2024A Bonds according to their tenor and effect, the payment of all amounts due and owing to the Series 2024A Credit Provider and the Debt Service Reserve Account Policy (Series 2024A) Credit Provider, and the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and herein and in the Series 2024A Bonds, does hereby grant, mortgage, grant a security interest in, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

**FIRST**

All of the Trust Estate as described and pledged pursuant to the Indenture, in accordance with the terms of the Indenture;

## SECOND

The Bond Insurance Policy (Series 2024A) and all amounts received thereunder; provided, that the Bond Insurance Policy (Series 2024A) and all amounts received thereunder or in connection therewith shall constitute a source of payment solely and exclusively for the Insured Series 2024A Bonds provided as herein and in such Bond Insurance Policy (Series 2024A), and the amounts received thereunder or in connection therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture; and

## THIRD

The Debt Service Reserve Account Policy (Series 2024A) and all amounts received thereunder or in connection therewith; provided, that the Debt Service Reserve Account Policy (Series 2024A) and all amounts received thereunder or in connection therewith shall constitute a source of payment solely and exclusively for the Series 2024A Bonds, and the amounts received thereunder or in connection therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Owners from time to time of the Bonds issued under and secured by the Indenture and the Credit Providers, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other Bonds except as otherwise provided in the Original Indenture, any other Supplemental Indenture or herein with respect to certain security or sources of payment for certain of the Series 2024A Bonds, except for those portions of the Trust Estate described in Granting Clauses Second and Third, which shall constitute a source of payment solely and exclusively for the Series 2024A Bonds, and the amounts received thereunder or in connection therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Series 2024A Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Series 2024A Bonds according to the true intent and meaning thereof, and shall make the payments into the Senior Lien Debt Service Account as required under the Indenture or shall provide, as permitted by the Indenture, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as therein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay to the Trustee, the Series 2024A Credit Provider, and the Debt Service Reserve Account Policy (Series 2024A) Credit Provider all sums of money due or to become due to them in accordance with the terms and provisions hereof and of the Original Indenture, then this Thirty-Second Supplemental Indenture and all provisions of the Indenture applicable to the Series 2024A Bonds and the rights thereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, the Indenture shall be and remain in full force and effect with respect to the Series 2024A Bonds.

UNDER THE PROVISIONS OF THE ENABLING ACT AND THE INDENTURE AS HEREBY AMENDED AND SUPPLEMENTED, the Series 2024A Bonds and any other obligations hereunder may be payable from and are a charge upon only the Revenues, Special Revenues, and Trust Estate pledged to the payment thereof and no Owner or Owners of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer to pay any Series 2024A Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the Issuer, except with respect to Revenues and the Special Revenues to the extent pledged hereby and by the Indenture and the Series 2024A Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, except as provided in the Indenture and herein, and the Enabling Act provides that under no circumstances shall any Series 2024A Bond or other obligation of the Issuer be or become an indebtedness or obligation of the State of Texas, Harris County, Texas or the City of Houston, Texas or any other political subdivision of or municipality within the State, nor shall any such Series 2024A Bond or obligation be or become an indebtedness of the Issuer within the purview of any constitutional limitation or provision, but nothing in

the Enabling Act impairs the rights of Owners of Series 2024A Bonds issued under the Original Indenture and this Thirty-Second Supplemental Indenture to enforce the covenants made for the security thereof as provided in the Original Indenture and this Thirty-Second Supplemental Indenture and in the Enabling Act and the Issuer and the Trustee mutually covenant and agree, to the extent specifically provided herein, for the benefit of all Owners of all series of Bonds as follows:

\* \* \*

## ARTICLE ONE

### DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

#### **Section 1.2. *Additional Definitions Applicable to this Thirty-Second Supplemental Indenture.***

In this Thirty-Second Supplemental Indenture, the following terms have the following meanings unless the context hereof clearly requires otherwise:

“**AG**” means Assured Guaranty Inc., and its successors or assigns

“**Bond Insurance Policy (Series 2024A)**” means the municipal bond insurance policy issued by AG and designated as Policy Number [ ] insuring the payment when due of the principal of and interest on the Insured Series 2024A Bonds as provided therein.

“**Bondowner,**” for the purposes of this Thirty-Second Supplemental Indenture only, means the person in whose name a Series 2024A Bond is registered in the Bond Register.

“**Corresponding Agreements,**” for the purposes of this Thirty-Second Supplemental Indenture only, means the Bond Insurance Policy (Series 2024A), Debt Service Reserve Account Policy (Series 2024A) , this Thirty-Second Supplemental Indenture, and the Original Indenture.

“**Debt Service Reserve Account Policy (Series 2024A)**” means the municipal bond debt service reserve insurance policy issued by AG and designated as Policy Number [ ] issued in a principal amount equal to the Reserve Requirement for the Series 2024A Bonds by the Debt Service Reserve Account Policy (Series 2024A) Credit Provider.

“**Debt Service Reserve Account Policy (Series 2024A) Credit Provider**” means AG or any successor thereto, in its capacity as issuer of the Debt Service Reserve Account Policy (Series 2024A).

“**DTC**” mean Depository Trust Company, New York, New York, as Depository for the Bonds, and its successors and assigns.

“**EMMA**” means the Electronic Municipal Market Access website.

“**Indenture**” means the Original Indenture, as amended and supplemented by supplemental indentures, including this Thirty-Second Supplemental Indenture, and as further supplemented and amended from time to time.

“**Insured Series 2024A Bonds**” means the Series 2024A Bonds.

“**Interest Payment Dates**” means May 15 and November 15 of each year commencing May 15, 2025.

“**Mandatory Sinking Fund Payment Dates**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the dates specified in *Exhibit A*.

“**Mandatory Sinking Fund Payments**” means the payments which are required to be made under *Section 3.1* to redeem the Series 2024A Bonds in accordance with the Mandatory Sinking Fund Requirements after appropriate credits, if any, have been made.

“**Mandatory Sinking Fund Requirements**” means the mandatory sinking fund schedules for the Series 2024A Bonds set forth in *Exhibit A*.

“**MSRB**” means the Municipal Securities Rulemaking Board. Information to be filed with the MSRB pursuant to the Rule will be submitted through EMMA maintained by the MSRB and accessible at <http://www.emma.msrb.org> or other such other access location as designated by the SEC or the MSRB.

“**NRG Stadium Bonds**” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (NRG Stadium Project) Series 2014.

“**NRG Stadium Indenture**” means the Indenture of Trust, dated as of December 1, 2014, between the Issuer and Amegy Bank National Association relating to the NRG Stadium Bonds.

“**Original Indenture**” means the Indenture of Trust dated as of August 15, 1998, as amended and restated on May 1, 2001, November 1, 2003, June 1, 2004, and December 1, 2014, and as amended as of October 1, 2020, between the Issuer and the Trustee.

“**Participants**” mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2024A Bonds as Depository.

“**Regular Record Date**” means with respect to any Interest Payment Date, the last day of the month (whether or not a Business Day) preceding the month in which such Interest Payment Date occurs.

“**Reserve Requirement**”, for the purpose of this Thirty-Second Supplemental Indenture and with respect to the Series 2024A Bonds only, means \$[ ].

“**Rockets Stadium Bonds**” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (Toyota Center Project) Series 2014.

“**Rockets Stadium Indenture**” means the Indenture of Trust, dated as of December 1, 2014, between the Issuer and The Bank of New York Mellon Trust Company, N.A. relating to the Rocket Stadium Bonds.

“**Rule**” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

“**Series 2024A Bonds**” means all Bonds authorized to be issued under this Thirty-Second Supplemental Indenture maturing on the dates and issued in the aggregate original principal amounts specified in *Section 2.2(a)*.

“**Series 2024A Costs of Issuance Subaccount**” for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Costs of Issuance Subaccount established within the Construction Account as provided in *Section 6.1(a)*.

“**Series 2024A Credit Provider**” means AG and its successors and assigns, in its capacity as provider of the Bond Insurance Policy (Series 2024A).

“**Series 2024A Depository Letter**” means the global representation letter from the Issuer and the Trustee to DTC.

“**Series 2024A Escrow Agent**”, for the purpose of this Thirty-Second Supplemental Indenture only, means UMB Bank, National Association, and its successors in such capacity.

“**Series 2024A Escrow Agreement**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the Escrow Agreement, dated as of [ ] 1, 2024, between the Issuer and the Trustee as the Series 2024A Escrow Agent, for the refunding of the Series 2024A Refunded Bonds.

“**Series 2024A Policy Payments Account**” for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Policy Payments Account established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Purchase Subaccount**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Purchase Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Rebate Subaccount**”, for the purposes of this Thirty Second Supplemental Indenture only, means the Series 2024A Rebate Subaccount established within the Rebate Account as provided in **Section 6.1(a)**.

“**Series 2024A Refunded Bonds**”, for the purpose of this Thirty-Second Supplemental Indenture only, means all or a portion of the Issuer’s outstanding Senior Lien Revenue Refunding Bonds, Series 2014A, as set forth in **Exhibit D** hereto.

“**Series 2024A Senior Lien Credit Subaccount**” for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Senior Lien Credit Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Senior Lien Debt Service Reserve Subaccount**” for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Senior Debt Service Reserve Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Senior Lien Interest Subaccount**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Senior Lien Interest Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Senior Lien Principal Subaccount**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Senior Lien Principal Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Senior Lien Redemption Subaccount**”, for the purpose of this Thirty-Second Supplemental Indenture only, means the Series 2024A Senior Lien Redemption Subaccount established within the Senior Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024A Tendered Bonds**,” for the purpose of this Thirty-Second Supplemental Indenture only, means all or a portion of the Issuer’s outstanding Senior Lien Revenue Refunding Bonds, Series 2001A and Senior Lien Revenue Bonds, Series 2001G, tendered for sale to and purchased by the Issuer for cancellation pursuant to the Tender Offer, all as set forth in **Exhibit E** hereto.

“**Tender Agent**” means Globic Advisors, as tender agent under the Tender Offer.

“**Tender Offer**” means the invitation to tender made by the Issuer relating to certain of the Series 2024A Tendered Bonds.

“**Thirty-Second Supplemental Indenture**” means this Thirty-Second Supplemental Indenture of Trust dated as of November 1, 2024, between the Issuer and the Trustee as such Thirty-Second Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

\* \* \*

## ARTICLE FIVE

### COVENANTS TO MAINTAIN STATUS OF TAX EXEMPT BONDS

#### Section 5.1. *Definitions.*

When used in this Article, each of the following terms shall have the indicated meaning:

“Closing Date” means the date on which the Common Issue Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

“Common Issue Bonds” means the Series 2024A Bonds and any other tax-exempt bonds sold within 15 days of the first day on which there is a binding written contract for the sale or exchange of the Series 2024A Bonds and which are part of the same “issue,” as defined in section 1.150-1(c) of the Treasury Regulations, as the Series 2024A Bonds.

“Computation Date” has the meaning stated in section 1.148-1(b) of the Treasury Regulations.

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

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

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

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

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

“Yield of”

(1) any Investment shall be computed in accordance with section 1.148-5 of the Treasury Regulations, and

(2) the Common Issue Bonds shall be computed in accordance with section 1.148-4 of the Treasury Regulations.



**Section 5.2. *Not to Cause Interest to Become Taxable.***

The Issuer shall not use, permit the use of or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Common Issue Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer shall have received a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Common Issue Bond, the Issuer shall comply with each of the specific covenants in this Article. For avoidance of doubt, the Trustee shall have no responsibility or liability with respect to the tax-exempt status of any Common Issue Bonds and shall have no duty to perform any arbitrage rebate calculations or any other calculations or yield restriction with respect to the Series 2024A Bonds and may rely conclusively on instructions from the Issuer with respect thereto.

(a) No Private Payments. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the Issuer shall, at all times prior to the last stated maturity of the Common Issue Bonds, not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Common Issue Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Series 2024A Refunded Bonds and Series 2024A Tendered Bonds) other than taxes of general application and interest earned on Investments allocated to such Gross Proceeds pending application for their intended purposes.

(b) No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of any of the Common Issue Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(c) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the final stated maturity or final payment of the Common Issue Bonds, directly or indirectly invest Gross Proceeds of such Common Issue Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on such Common Issue Bonds.

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

(e) Information Report. The Issuer shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Common Issue Bonds on such form and in such place as such Secretary may prescribe.

(f) Elections. The Issuer hereby directs and authorizes the Chair and Vice Chair, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Common Issue Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(g) Bonds Not Hedge Bonds.

(1) At the time the original bonds refunded by the Common Issue Bonds were issued, the Issuer reasonably expected to spend at least 85% of the spendable proceeds of such bonds within three years after such bonds were issued.

(2) Not more than 50% of the proceeds of the original bonds refunded by the Common Issue Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

**Section 5.3. Payment of Rebate Amount.**

(a) Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, the Issuer shall:

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

(2) calculate the Rebate Amount with respect to the Common Issue Bonds not less frequently than annually, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Treasury Regulations, and the rulings thereunder. The Issuer shall, within 55 days of the calculation of the Rebate Amount provided in this **Subsection (2)**, deliver a copy of the calculation to the Trustee, and, to the extent that such calculation determines that the Issuer may owe any Rebate Amount to the United States, direct the Trustee in a writing executed by an Issuer Representative to transfer amounts to the Series 2024A Rebate Subaccount from any Account or Subaccount with respect to which such Rebate Amount may be owed. The Issuer and the Trustee shall maintain a copy of such calculations for at least six years after the final Computation Date.

(3) as additional consideration for the purchase of the Common Issue Bonds by the initial purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in **Subsection (2)** above from Revenues, Special Revenues, and other amounts pledged for payment of the Series 2024A Bonds as part of the Trust Estate, at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder. At any time the Issuer is required to pay any Rebate Amount to the United States the Issuer shall within 60 days of the calculation of the Rebate Amount provided in **Subsection (2)** of this Section provide to the Trustee the applicable Form 8038T (or successor form thereto), and direct the Trustee to remit to the United States such Rebate Amount.

(4) exercise reasonable diligence to assure that no errors are made in the calculations required by **Subsection (2)** and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, any interest thereon and any penalty required by the Treasury Regulations.

Notwithstanding anything in this Subsection, if at any time the Issuer determines that as a result of expenditures of Bond proceeds or otherwise the Issuer is not required to pay any further Rebate Amounts to the United States with respect to the Common Issue Bonds as a result of an exception to payment of Rebate Amounts authorized by section 148(f) of the Code and the regulations and rulings thereunder, then upon delivery to the Trustee of (i) a certificate

executed by an Issuer Representative setting forth the factual basis for the exception to further payment of any Rebate Amounts and (ii) an Opinion of Bond Counsel to the effect that failing to make further payment of any Rebate Amounts will not adversely affect the tax-exempt status of the interest on the Common Issue Bonds, thereafter the Issuer may discontinue the calculations, payments, and reports required by this **Subsection (a)**.

(b) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the final stated maturity or final payment of the Common Issue Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to this Section 5.3(a) because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of such Series of the Common Issue Bonds not been relevant to either party.

**Section 5.4. *Ineligible Payments.***

Without an approving opinion of Bond Counsel to the effect that such use will not adversely affect the excludability of interest on any Common Issue Bond from the gross income of the owners thereof for federal income tax purposes, the Issuer may not use pledged amounts defined as "Revenues" in the NRG Stadium Indenture or defined as "Revenues" in the Rockets Stadium Indenture for the payment of principal of or interest on other amounts owed in connection with the Series 2024A Bonds.

**Section 5.5. *No Payment/Term Modifications to Agreements.***

Without an approving opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest on any Common Issue Bond, the Issuer shall not modify any payment or term provision of, renew or extend any agreements pursuant to which the Issuer receives or is assigned payments with respect to the facilities financed with proceeds of the Series 2024A Refunded Bonds and Series 2024A Tendered Bonds, nor shall the Issuer enter into any new agreements pursuant to which the Issuer receives or is assigned payments with respect to such facilities.

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**ARTICLE SIX**

**FUNDS AND ACCOUNTS**

**Section 6.1. *Establishment of Series 2024A Accounts; Deposit of Series 2024A Bond Proceeds.***

(a) There is hereby established within the Senior Lien Debt Service Account a Series 2024A Senior Lien Interest Subaccount, a Series 2024A Senior Lien Principal Subaccount, a Series 2024A Senior Lien Redemption Subaccount, a Series 2024A Policy Payments Account, a Series 2024A Senior Lien Credit Subaccount, and a Series 2024A Purchase Subaccount. There is hereby established a Series 2024A Senior Lien Debt Service Reserve Subaccount within the Senior Lien Debt Service Reserve Account. There is hereby established a Series 2024A Costs of Issuance Subaccount within the Construction Account. There is hereby established a Series 2024A Rebate Subaccount within the Rebate Account.

**Section 6.2. *Debt Service Account.***

In addition and supplemental to the Debt Service Account provisions of the Original Indenture, the following provisions shall govern operation of the Debt Service Account with respect to the Series 2024A Bonds:

(a) Senior Lien Interest Subaccount. The moneys directed to be deposited into the Series 2024A Senior Lien Interest Subaccount pursuant to **Section 6.1(b)(1)**, if any, shall be deposited therein. Prior to the application of any amounts from the Pledged Revenue Account or the Special Revenue Account to pay

interest on the Series 2024A Bonds pursuant to **Section 5.4** or **Section 5.2(e)** of the Indenture, the Trustee shall first apply amounts deposited into the Series 2024A Senior Lien Interest Subaccount, if any, pursuant to **Section 6.1(b)(1)** to the Series 2024A Senior Lien Interest Subaccount as credits, all as contemplated by and consistent with **Section 5.4** of the Indenture.

(b) **Senior Lien Principal Subaccount.** All amounts directed to be deposited into the Series 2024A Senior Lien Principal Subaccount pursuant to the Original Indenture or this Thirty-Second Supplemental Indenture shall be applied to pay principal on the Series 2024A Bonds as and when due, whether by reason of maturity or Mandatory Sinking Fund Requirements pursuant to **Section 3.1**, or, to the extent provided in the Original Indenture, by reason of redemption prior to stated maturity. There shall be transferred to the Series 2024A Senior Lien Principal Subaccount, monthly, the amount required to be transferred from the Pledged Revenue Account pursuant to **Section 5.4(a)(2)** of the Indenture or the Special Revenue Account pursuant to **Section 5.4(d)** or **Section 5.2(e)** of the Indenture.

In the event the Series 2024A Bonds payable out of the Series 2024A Senior Lien Principal Subaccount on a specific date as aforesaid have been fully paid and excess moneys are on deposit in the Series 2024A Senior Lien Principal Subaccount on that specific date, then such moneys on deposit in the Series 2024A Senior Lien Principal Subaccount on such date shall be applied to Series 2024A Bonds payable out of the Series 2024A Senior Lien Principal Subaccount on the next succeeding date in chronological order. The Series 2024A Bonds shall be paid or redeemed by the Trustee pursuant to the provisions of this paragraph without any notice from or direction by the Issuer.

(c) **Senior Lien Redemption Subaccount.** All amounts directed to be deposited into the Series 2024A Senior Lien Redemption Subaccount pursuant to the Original Indenture or this Thirty-Second Supplemental Indenture to redeem or purchase Series 2024A Bonds shall be so applied.

(d) **Senior Lien Credit Subaccount.** The Series 2024A Credit Provider is subrogated to the rights of the Owners of the Series 2024A Bonds in the Trust Estate if the Series 2024A Credit Provider makes payments under the Bond Insurance Policy (Series 2024A). **To the extent, however, that such subrogation rights are insufficient to pay to the Series 2024A Credit Provider all amounts owing hereunder, then the Trustee, upon written direction of the Series 2024A Credit Provider, shall deposit Revenues to the Series 2024A Senior Lien Credit Subaccount as provided in the Indenture and apply amounts held therein upon written direction of the Series 2024A Credit Provider to the satisfaction of such unsubrogated obligations under this Thirty-Second Supplemental Indenture.**

(e) **Series 2024A Purchase Subaccount.** All net proceeds of the Series 2024A Bonds received by the Trustee, or other available funds, to be transferred to DTC for credit to the ATOP account(s) referred to in **Section 2.4** to pay the aggregate tender price due on the Issue Date for the tendered Series 2024A Tendered Bonds accepted by the Issuer for purchase and cancellation (including accrued interest), may be deposited initially into the Series 2024A Purchase Subaccount, as needed.

(f) Except as expressly provided to the contrary by this Thirty-Second Supplemental Indenture, all amounts realized upon investment of amounts on deposit in the Subaccounts within the Debt Service Account established under this Thirty-Second Supplemental Indenture shall be applied as provided in the Original Indenture.

### **Section 6.3. *Series 2024A Costs of Issuance Subaccount.***

In addition and supplemental to the Construction Account provisions of the Original Indenture, the following provisions shall govern operation of the Series 2024A Costs of Issuance Subaccount with respect to the Series 2024A Bonds:

(a) The moneys directed to be deposited in the Series 2024A Costs of Issuance Subaccount by **Section 6.1(b)(4)** hereof, shall be deposited therein. All amounts realized upon investment of amounts on deposit in the Series 2024A Costs of Issuance Subaccount shall be credited to the Series 2024A Costs of Issuance Subaccount.

(b) The Trustee shall disburse funds from the Series 2024A Costs of Issuance Subaccount upon receipt by the Trustee of a requisition certificate of the Issuer Representative directing the disbursement of such funds as provided in **Section 5.3(c)** of the Original Indenture and as attached hereto as *Exhibit B*.

**Section 6.4. Senior Lien Debt Service Reserve Account.**

(a) In addition and supplemental to the Senior Lien Debt Service Reserve Account provisions of the Original Indenture, the provisions of this Section and Article Eight shall govern operation of the Series 2024A Senior Lien Debt Service Reserve Subaccount with respect to the Series 2024A Bonds.

(b) The Debt Service Reserve Account Policy (Series 2024A) shall be provided in an amount equal to the Reserve Requirement for the Series 2024A Bonds. The Debt Service Reserve Account Policy (Series 2024A) shall be considered a part of the Series 2024A Senior Lien Debt Service Reserve Subaccount and the amount available thereunder from time to time shall be included in any calculations of the amount of the assets contained in the Series 2024A Senior Lien Debt Service Reserve Subaccount. Any proceeds received from the Debt Service Reserve Account Policy (Series 2024A) shall be deposited into the Series 2024A Senior Lien Debt Service Reserve Subaccount and applied as provided in **Article Five** of the Original Indenture to pay principal and interest only on the Series 2024A Bonds, pro rata based on the Debt Service Requirements then due with respect to the Series 2024A Bonds.

(c) In the event that one or more drawings are made upon the Debt Service Reserve Account Policy (Series 2024A), the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall be paid its fees and expenses as provided under Article Eight, but solely out of the Revenues and the Special Revenues in the manner and at the times provided in **Article Five** of the Original Indenture (including, in particular, **Section 5.4(a)(14)** and **Section 5.2(e)** thereof).

**Section 6.5. Series 2024A Rebate Subaccount.**

Amounts shall be deposited to the Series 2024A Rebate Subaccount of the Rebate Account upon the written direction of the Issuer as provided in **Sections 5.2** and **5.3**. The Series 2024A Rebate Subaccount of the Rebate Account shall be applied for payment of any Rebate Amount on the Series 2024A Bonds.

**Section 6.6. Series 2024A Policy Payments Account.**

Any payments under the Bond Insurance Policy (Series 2024A) must be deposited to the Series 2024A Policy Payments Account to pay principal of and interest on the Insured Series 2024A Bonds to the Owners thereof when due, and for no other purpose as provided in **Article Seven**.

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**ARTICLE SEVEN**

**PAYMENTS UNDER BOND INSURANCE POLICY (SERIES 2024A) AND PROVISIONS RELATED TO BOND INSURANCE POLICY (SERIES 2024A)**

So long as the Series 2024A Credit Provider is not in default under the Bond Insurance Policy (Series 2024A), the provisions of this Article Seven shall be controlling, notwithstanding anything herein or in the Indenture to the contrary, and further provided that at all times the Series 2024A Credit Provider shall retain its right of subrogation as provided herein and in the Bond Insurance Policy (Series 2024A). The provisions of this Article Seven shall constitute a “Credit Agreement” for all purposes of the Indenture.

**Section 7.1. Payments Under Bond Insurance Policy (Series 2024A).**

(a) If, on the third Business Day prior to the Payment Date on the Insured Series 2024A Bonds, there is not on deposit with the Trustee, after the Trustee will have made all transfers and deposits required under the Indenture (particularly **Section 5.6** of the Original Indenture), moneys sufficient to pay the principal and interest on the Insured Series 2024A Bonds due on such Payment Date, the Trustee shall give notice to the Series 2024A Credit Provider and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or teletype of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2024A Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy (Series 2024A) and give notice to the Series 2024A Credit Provider and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2024A Bonds and the amount required to pay principal of the Insured Series 2024A Bonds, confirmed in writing to the Series 2024A Credit Provider and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy (Series 2024A).

(b) The Trustee shall designate any portion of payment of principal on Insured Series 2024A Bonds paid by the Series 2024A Credit Provider, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2024A Bonds registered to the then current Owner, whether the Depository or its nominee or otherwise, and the Issuer shall issue, and the Trustee shall authenticate a replacement Insured Series 2024A Bond registered in the name of Assured Guaranty Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Issuer’s or the Trustee’s failure or inability to so designate any payment or issue any replacement Insured Series 2024A Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2024A Bond or the subrogation rights of the Series 2024A Credit Provider.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2024A Credit Provider into the Series 2024A Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2024A Bond. The Series 2024A Credit Provider shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Notwithstanding **Section 5.5(g)(2)** of the Original Indenture, upon payment of a claim under the Bond Insurance Policy (Series 2024A), the Trustee shall establish a separate special purpose trust account for the benefit of Bondowners referred to herein as the “Series 2024A Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy (Series 2024A) in trust on behalf of Bondowners and shall deposit any such amount in the Series 2024A Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Insured Series 2024A Bonds under the sections hereof regarding payment of Insured Series 2024A Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Series 2024A Credit Provider (i) a sum equal to the total of all amounts paid by the Series 2024A Credit Provider under the Bond Insurance Policy (Series 2024A) (the “Insurer Advances”); and (ii) to the extent permitted by law and subject to appropriation (other than with respect to interest received through the Series 2024A Credit Provider’s rights of subrogation), interest on such Insurer Advances from the date paid by the Series 2024A Credit Provider until payment thereof in full, payable to the Series 2024A Credit Provider at the Late Payment Rate per annum, less, if any such Insurer Advances represent payments of principal on the Insured Series 2024A Bonds, the amount of interest on the Insured Series 2024A Bonds actually received by the Series 2024A Credit Provider as Bondowner (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2024A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days, and if paid

to the Series 2024A Credit Provider as interest on Insurer Advances of principal on the Insured Series 2024A Bonds, will constitute payments of interest on the Insured Series 2024A Bonds to the extent interest has not otherwise been paid. The Issuer hereby covenants and agrees that the Insurer Advances are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Insured Series 2024A Bonds. The Issuer further covenants with the Series 2024A Credit Provider and the Trustee that it will not take any action that would cause the Hotel Occupancy Tax and Vehicle Rental Tax not to be imposed while the Insured Series 2024A Bonds remain Outstanding.

(e) Funds held in the Series 2024A Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Series 2024A Policy Payments Account following a Bond Payment Date shall promptly be remitted to the Series 2024A Credit Provider.

(f) The Series 2024A Credit Provider shall, to the extent it makes any payment of principal or interest on the Insured Series 2024A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (Series 2024A) (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding (as defined in subsection (j) below). Each obligation of the Issuer to the Series 2024A Credit Provider under the Corresponding Agreements shall survive discharge or termination of the Corresponding Agreements.

(g) As Bond Service Charges, to the extent permitted by law and subject to appropriation, the Issuer shall pay or reimburse the Series 2024A Credit Provider any and all charges, fees, costs and expenses that the Series 2024A Credit Provider may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Corresponding Agreements; (ii) the pursuit of any remedies under the Indenture or any other Corresponding Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Corresponding Agreement whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other Corresponding Agreement or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2024A Credit Provider to honor its obligations under the Bond Insurance Policy (Series 2024A). The Series 2024A Credit Provider reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Corresponding Agreement.

(h) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Insured Series 2024A Bonds and amounts required to restore the Series 2024A Senior Lien Debt Service Reserve Subaccount to the Reserve Requirement.

(i) The Series 2024A Credit Provider shall be entitled to pay principal or interest on the Insured Series 2024A Bonds that shall become Due for Payment (as defined in the Bond Insurance Policy (Series 2024A)) but shall be unpaid by reason of Nonpayment (as defined in the Bond Insurance Policy (Series 2024A)) by the Issuer, whether or not the Series 2024A Credit Provider has received a Notice of Nonpayment (as defined in the Bond Insurance Policy (Series 2024A)) or a claim upon the Bond Insurance Policy (Series 2024A).

(j) The Series 2024A Credit Provider shall be deemed to be the sole Bondowner of the Insured Series 2024A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Bondowners of the Insured Series 2024A Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies, (ii) the duties and obligations of the Trustee and (iii) amendments, consents or waivers. In furtherance thereof and as a term of the Indenture and each Insured Series 2024A Bond, each Bondowner appoints the Series 2024A Credit Provider as its agent and attorney-in-fact with respect to the Insured Series 2024A Bonds and agrees that the Series 2024A Credit Provider may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters with respect to the Insured Series 2024A Bonds relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding with respect to the Insured Series 2024A Bonds (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept

or reject any plan of adjustment. In addition, each Bondowner of the Insured Series 2024A Bonds delegates and assigns to the Series 2024A Credit Provider, to the fullest extent permitted by law, the rights of each such Bondowner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Bondowner of the Insured Series 2024A Bonds for the Series 2024A Credit Provider's benefit, and agrees to cooperate with the Series 2024A Credit Provider in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondowners shall expressly include mandamus.

(k) Amounts paid by the Series 2024A Credit Provider under the Bond Insurance Policy (Series 2024A) shall not be deemed paid for purposes of the Indenture and the Insured Series 2024A Bonds relating to such payments shall remain outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2024A Credit Provider have been paid in full or duly provided for.

(l) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Thirty-Second Supplemental Indenture or the Indenture would adversely affect the security for the Bonds or the rights of the Bondowners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Bond Insurance Policy (Series 2024A).

**Section 7.2. Notices and Other Information.**

(a) The notice address of the Series 2024A Credit Provider is: Assured Guaranty Inc., 1633 Broadway, 23<sup>rd</sup> Floor, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. [ ], Telephone: (212) 974-0100; Email: [munidisclosure@agltd.com](mailto:munidisclosure@agltd.com). In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) All information furnished pursuant to the Issuer's continuing disclosure undertaking in *Article Nine* shall also be provided to the Series 2024A Credit Provider, simultaneously with the furnishing of such information to EMMA.

(c) The Issuer shall deliver to the Series 2024A Credit Provider:

(1) as soon as available, and in any event within 180 days after the close of each fiscal year of the Issuer, two copies of the complete statement of financial position, statement of operations, and statement of cash flows of the Issuer, including the balance sheet as of the end of such fiscal year and the related statement of operations, statement of changes in net assets and statement of cash flows, all in reasonable detail and accompanied by an independent auditor's report stating that (a) its audit was in accordance with generally accepted auditing standards and (b) the financial statements present fairly (in all material respects) the financial position of the Issuer as of the end of such fiscal year;

(2) as soon as available, and in any event within 45 days after each of the first three fiscal quarters of each fiscal year of the Issuer, two copies of the Issuer's statement of financial position and statement of operations;

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, a certificate of an Authorized Officer stating that after due inquiry there does not exist on the date of such certificate any event of default or event which with notice or lapse of time or both would constitute an event of default of which the Issuer is aware or, if any event of default does exist, stating that such event exists and setting forth the details thereof and the action that the Issuer is taking or proposes to take with respect thereto;

(4) within 180 days of the end of the fiscal year, the Issuer shall provide to the Insurer its audited annual financial statement showing a break out of all Available Revenues (as defined in the Indenture) by



line item as appropriate (e.g. Hotel Occupancy Taxes, Motor Vehicle Rental Taxes, parking taxes, ticket taxes, etc.) as well as respective reserve funds, as defined in the Indenture, relating to any series of Bonds which is supported at least in part by revenues reported in the annual financial statement which is provide; and

(5) simultaneously with the delivery of the certificate described in clause (iii) above, the Issuer shall deliver to the Insurer a certificate providing verification of debt service coverage on each series of Bonds showing the respective pledged revenues with supporting calculations.

(d) The Issuer agrees to permit Series 2024A Credit Provider to examine, visit and inspect, at any reasonable time, upon reasonable notice, the property constituting the projects financed or refinanced with the net proceeds of the Bonds, and the Issuer's facilities, and any accounts, books and records, including their receipts, disbursements, contracts, investments and any other matters relating thereto and to their financial standing and to supply such reports and information as Series 2024A Credit Provider may reasonably require. The Issuer further agrees to promptly notify Series 2024A Credit Provider in writing of the happening of any event resulting in the loss of its tax-exempt status or placing the same in jeopardy

I The Issuer's chief financial officer shall, at the reasonable request of Series 2024A Credit Provider, discuss the Issuer's financial matters with AG or a designee and provide Series 2024A Credit Provider with copies of any documents (other than documents the confidentiality of which is protected by law or professional codes of ethics) that are reasonably requested by Series 2024A Credit Provider or a designee and have a material financial effect on the Issuer.

**Section 7.3. Third-Party Beneficiary.**

AG shall be a third-party beneficiary of the Original Indenture and this Thirty-Second Supplemental Indenture.

**Section 7.4. Other Creditors.**

So long as the Series 2024A Credit Provider remains a Designated Credit Provider, in the event the Issuer shall enter into any insurance agreement, credit agreement or other agreement or instrument (or any amendment or supplement thereto) (collectively, the "Other Agreement"), with any insurer, lender or other creditor (the "Other Creditor"), under which the Issuer (i) agrees to provide the Other Creditor with rights to information or monitoring of the Issuer's operations or financial results that are greater than the corresponding rights enjoyed by the Series 2024A Credit Provider, or (ii) provides such Other Creditor with one or more financial covenants not then extended to the Series 2024A Credit Provider, the Issuer shall provide the Series 2024A Credit Provider with a copy of such Other Agreement and such rights and/or financial covenants shall automatically be deemed to be incorporated into this Article Seven and the Series 2024A Credit Provider shall have the benefit of such rights and/or financial covenants as if specifically set forth herein. Upon the request of the Series 2024A Credit Provider, the Issuer shall promptly enter into an amendment to this Article Seven to include such rights and financial covenants, provided that the Series 2024A Credit Provider shall have and maintain the benefit of such rights and financial covenants if the Issuer shall fail to provide such amendment. For the avoidance of doubt, the issuance of bonds pursuant to the Indenture that are secured by a lien on the Trust Estate senior to the lien securing any particular bonds for which the Series 2024A Credit Provider is the Designated Credit Provider under the Indenture shall not, in and of itself, result in additional rights or benefits for the Series 2024A Credit Provider, as such Designated Credit Provider, pursuant to this Section 7.3.

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## ARTICLE EIGHT

### DEBT SERVICE RESERVE ACCOUNT POLICY (SERIES 2024A)

So long as the Debt Service Reserve Account Policy (Series 2024A) Credit Provider is not in default under the Debt Service Reserve Account Policy (Series 2024A), the provisions of this Article Eight shall be controlling, notwithstanding anything herein or in the Indenture to the contrary, and further provided that at all times the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall retain its right of subrogation as provided herein and in the Debt Service Reserve Account Policy (Series 2024A). The provisions of this Article Eight shall constitute a “Credit Agreement” for all purposes of the Indenture.

#### **Section 8.1.     *The Debt Service Reserve Account Policy (Series 2024A).***

(a)       The Issuer shall repay any draws under the Debt Service Reserve Account Policy (Series 2024A) and pay all related reasonable expenses incurred by the Debt Service Reserve Account Policy (Series 2024A) Credit Provider and shall pay interest thereon from the date of payment by the Debt Service Reserve Account Policy (Series 2024A) Credit Provider at the Reserve Policy Late Payment Rate. The “Reserve Policy Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate solely (the “Reserve Policy Prime Rate”) (any change in such Reserve Policy Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) 12% per annum rate of interest and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Reserve Policy Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its prime or base lending rate publicly, the Reserve Policy Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Debt Service Reserve Account Policy (Series 2024A) Credit Provider, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Debt Service Reserve Account Policy (Series 2024A) Credit Provider had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and, to the extent permitted by law and subject to appropriation (other than with respect to interest received through the Debt Service Reserve Account Policy (Series 2024A) Credit Provider’s rights of subrogation), payment of expenses and accrued interest thereon at the Reserve Policy Late Payment Rate (collectively, “Policy Costs”) shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Debt Service Reserve Account Policy (Series 2024A) Credit Provider on account of principal due, the coverage under the Debt Service Reserve Account Policy (Series 2024A) will be increased by a like amount, subject to the terms of the Debt Service Reserve Account Policy (Series 2024A). The obligation to pay Policy Costs, other than expenses and accrued interest not attributable to the Debt Service Reserve Account Policy (Series 2024A) Credit Provider’s rights of subrogation, shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2024A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2024A Senior Lien Debt Service Reserve Subaccount, if any, shall be transferred, first, to the Series 2024A Senior Lien Interest Subaccount to pay all interest due, and second, to the Series 2024A Senior Lien Principal Subaccount, for payment of principal on the Series 2024A Bonds before any drawing may be made on the Debt Service Reserve Account Policy (Series 2024A) or any other credit facility credited to the Series 2024A Senior Lien Debt Service Reserve Subaccount in lieu of cash (“Reserve Credit Facility”). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Reserve Credit Facilities (including the Debt Service Reserve Account Policy (Series 2024A)) on which there is Available Coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2024A Senior Lien Debt Service Reserve Subaccount. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2024A Senior Lien Debt Service Reserve Subaccount. For the avoidance of doubt, “Available Coverage” means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Series 2024A Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Debt Service Reserve Account Policy (Series 2024A) Credit Provider shall have been paid in full. The Issuer’s obligation to pay such amounts shall expressly survive payment in full of the Series 2024A Bonds.

(d) The Issuer shall include any Policy Costs then due and owing the Debt Service Reserve Account Policy (Series 2024A) Credit Provider in the calculation of the additional bonds test and the rate covenant, as applicable, in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Debt Service Reserve Account Policy (Series 2024A) and provide notice to the Debt Service Reserve Account Policy (Series 2024A) Credit Provider in accordance with the terms of the Debt Service Reserve Account Policy (Series 2024A) at least five business days prior to each date upon which interest or principal is due on the Series 2024A Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2024A Senior Lien Debt Service Reserve Subaccount more often than semi-annually, the Trustee shall give notice to Debt Service Reserve Account Policy (Series 2024A) Credit Provider of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

(f) The Trustee shall draw on the Debt Service Reserve Account Policy (Series 2024A) in accordance with its terms and as provided in this Article Eight and in **Sections 5.6** and **5.7** of the Original Indenture without need for further authorization or direction from the Issuer.

\* \* \*

## ARTICLE TEN

### PLEDGE TO TRUST ESTATE

#### **Section 10.1. *Team Payments Pledged to Trust Estate.***

The Issuer hereby expressly grants, mortgages, grants a security interest in, collaterally assigns, transfers in trust, and pledges to the Trustee on a parity with the pledge of any other Senior Lien Bonds Outstanding from time to time, as part of the Trust Estate the Team Payments (as defined in the Original Indenture) for all purposes under the Indenture, including, in the event of the Issuer’s failure to do so, the right of the Issuer to enforce timely imposition and collection of all Team Payments, but solely with respect to the Series 2024A Bonds, which Team

Payments shall be Special Revenues with respect to such Series 2024A Bonds as provided in the Original Indenture, and which Special Revenues the Issuer has granted, mortgaged, granted a security interest in, collaterally assigned, transferred in trust, and pledged to the Trustee as part of Granting Clause Fourth in the Original Indenture, provided that such pledge of the Team Payments is limited to the Allowed Special Revenue Amount (as defined in the Original Indenture).

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## ARTICLE ELEVEN

### MISCELLANEOUS PROVISIONS

#### **Section 11.1. *Defaults and Remedies.***

An Event of Default for Senior Lien Bonds under *Article Ten* of the Original Indenture shall be an event of default under this Thirty-Second Supplemental Indenture upon expiration of the notice and cure periods provided for in the Original Indenture. Upon the occurrence of an event of default under this Thirty-Second Supplemental Indenture, the Trustee shall be entitled to exercise the same remedies, upon the same conditions, and subject to the same restrictions and limitations, as provided for in *Article Ten* of the Original Indenture.

#### **Section 11.2. *The Trustee and Paying Agent.***

The Trustee, as defined in the Original Indenture, is hereby appointed as the Trustee, Bond Registrar, and the Paying Agent, as defined in the Original Indenture, for the Series 2024A Bonds, such appointments being pursuant to, and in all respects consistent with, the provisions of *Article Eleven* of the Original Indenture.

#### **Section 11.3. *Amendments to the Indenture.***

Notwithstanding anything in the Indenture, if any provision of the Indenture, any Supplemental Indenture (including this Thirty-Second Supplemental Indenture), or any related document may be amended with the approval of the Owners of a majority in the aggregate principal amount of the then Outstanding Series 2024A Bonds, provided that the Series 2024A Credit Provider is not otherwise in default in its obligations under the Bond Insurance Policy (Series 2024A), such Series 2024A Credit Provider shall have the right to approve such amendment, change or modification as if such Series 2024A Credit Provider were the Owners of a majority in the aggregate principal amount of the then Outstanding Series 2024A Bonds.

Provided that the Series 2024A Credit Provider is not otherwise in default with respect to its payment obligations under the Bond Insurance Policy (Series 2024A), no amendment to the Indenture affecting the rights or interests of the Owners of the Series 2024A Bonds or of the Series 2024A Credit Provider shall be made without the consent of the Series 2024A Credit Provider.

The Trustee may rely conclusively on the opinion of Independent Counsel as to whether any amendment affects Bondowners or the Series 2024A Credit Provider.

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## THIRTY-THIRD SUPPLEMENTAL INDENTURE OF TRUST

THIS THIRTY-THIRD SUPPLEMENTAL INDENTURE OF TRUST (the “*Thirty-Third Supplemental Indenture*”) is made and entered into as of November 1, 2024, by and between the HARRIS COUNTY-HOUSTON SPORTS AUTHORITY, a political subdivision of Harris County, Texas, Houston, Texas, and the State of Texas duly organized and existing under the Constitution and laws of the State of Texas (the “*Issuer*”), and UMB BANK, NATIONAL ASSOCIATION, a national banking association, authorized to accept and execute trusts of the character herein set out, with a payment office in Kansas City, Missouri (the “*Trustee*”):

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS THIRTY-THIRD SUPPLEMENTAL INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts created hereby and by the Indenture and of the purchase and acceptance of the Series 2024B Bonds by the Owners thereof, in order to provide a source of payment for and to secure the payment of the principal of, premium, if any, and interest on the Series 2024B Bonds according to their tenor and effect, the payment of all amounts due and owing to the Series 2024B Credit Provider and the Debt Service Reserve Account Policy (Series 2024B) Credit Provider, and the performance and observance by the Issuer of all the covenants expressed or implied in the Indenture and herein and in the Series 2024B Bonds, does hereby grant, mortgage, grant a security interest in, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

### FIRST

All of the Trust Estate as described and pledged pursuant to the Indenture, in accordance with the terms of the Indenture;

### SECOND

The Bond Insurance Policy (Series 2024B) and all amounts received thereunder; provided, that the Bond Insurance Policy (Series 2024B) and all amounts received thereunder or in connection therewith shall constitute a source of payment solely and exclusively for the Insured Series 2024B Bonds provided as herein and in such Bond Insurance Policy (Series 2024B), and the amounts received thereunder or in connection therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture; and

### THIRD

The Debt Service Reserve Account Policy (Series 2024B) and all amounts received thereunder or in connection therewith; provided, that the Debt Service Reserve Account Policy (Series 2024B) and all amounts received thereunder or in connection therewith shall constitute a source of payment solely and exclusively for the Series 2024B Bonds, and the amounts received thereunder or in connection therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Owners from time to time of the Bonds issued under and secured by the Indenture and the Credit Providers, without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other Bonds except as otherwise provided in the Original Indenture, any other Supplemental Indenture or herein with respect to certain security or sources of payment for certain of the Series 2024B Bonds, except for those portions of the Trust Estate described in Granting Clauses Second and Third, which shall constitute a source of payment solely and exclusively for the Series 2024B Bonds, and the amounts received thereunder or in connection

therewith shall not be deemed part of the Trust Estate with respect to any other Series of Bonds from time to time Outstanding under the Indenture;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Series 2024B Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Series 2024B Bonds according to the true intent and meaning thereof, and shall make the payments into the Second Lien Debt Service Account as required under the Indenture or shall provide, as permitted by the Indenture, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as therein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay to the Trustee, the Series 2024B Credit Provider, and the Debt Service Reserve Account Policy (Series 2024B) Credit Provider all sums of money due or to become due to them in accordance with the terms and provisions hereof and of the Original Indenture, then this Thirty-Third Supplemental Indenture and all provisions of the Indenture applicable to the Series 2024B Bonds and the rights thereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, the Indenture shall be and remain in full force and effect with respect to the Series 2024B Bonds.

UNDER THE PROVISIONS OF THE ENABLING ACT AND THE INDENTURE AS HEREBY AMENDED AND SUPPLEMENTED, the Series 2024B Bonds and any other obligations hereunder may be payable from and are a charge upon only the Revenues, Special Revenues, and Trust Estate pledged to the payment thereof and no Owner or Owners of the Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer to pay any Series 2024B Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the Issuer, except with respect to Revenues and the Special Revenues to the extent pledged hereby and by the Indenture and the Series 2024B Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, except as provided in the Indenture and herein, and the Enabling Act provides that under no circumstances shall any Series 2024B Bond or other obligation of the Issuer be or become an indebtedness or obligation of the State of Texas, Harris County, Texas or the City of Houston, Texas or any other political subdivision of or municipality within the State, nor shall any such Series 2024B Bond or obligation be or become an indebtedness of the Issuer within the purview of any constitutional limitation or provision, but nothing in the Enabling Act impairs the rights of Owners of Series 2024B Bonds issued under the Original Indenture and this Thirty-Third Supplemental Indenture to enforce the covenants made for the security thereof as provided in the Original Indenture and this Thirty-Third Supplemental Indenture and in the Enabling Act and the Issuer and the Trustee mutually covenant and agree, to the extent specifically provided herein, for the benefit of all Owners of all series of Bonds as follows:

\* \* \*

## ARTICLE ONE

### DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

#### **Section 1.2.** *Additional Definitions Applicable to this Thirty-Third Supplemental Indenture.*

In this Thirty-Third Supplemental Indenture, the following terms have the following meanings unless the context hereof clearly requires otherwise:

“**AG**” means Assured Guaranty Inc, and its successors or assigns..

“**Bond Insurance Policy (Series 2024B)**” means the municipal bond insurance policy issued by AG and designated as Policy Number [ ] insuring the payment when due of the principal of and interest on the Insured Series 2024B Bonds as provided therein.

“**Bondowner,**” for the purposes of this Thirty-Third Supplemental Indenture only, means the person in whose name a Series 2024B Bond is registered in the Bond Register.

“**Corresponding Agreements**,” for the purposes of this Thirty-Third Supplemental Indenture only, means the Bond Insurance Policy (Series 2024B), Debt Service Reserve Account Policy (Series 2024B), , this Thirty-Third Supplemental Indenture, and the Original Indenture.

“**Debt Service Reserve Account Policy (Series 2024B)**” means the municipal bond debt service reserve insurance policy issued by AG and designated as Policy Number [ ] issued in a principal amount equal to the Reserve Requirement for the Series 2024B Bonds by the Debt Service Reserve Account Policy (Series 2024B) Credit Provider.

“**Debt Service Reserve Account Policy (Series 2024B) Credit Provider**” means AG or any successor thereto, in its capacity as issuer of the Debt Service Reserve Account Policy (Series 2024B).

“**DTC**” mean Depository Trust Company, New York, New York, as Depository for the Bonds, and its successors and assigns.

“**EMMA**” means the Electronic Municipal Market Access website.

“**Indenture**” means the Original Indenture, as amended and supplemented by supplemental indentures, including this Thirty-Third Supplemental Indenture, and as further supplemented and amended from time to time.

“**Insured Series 2024B Bonds**” means the Series 2024B Bonds.

“**Interest Payment Dates**” means May 15 and November 15 of each year commencing May 15, [ ].

“**Mandatory Sinking Fund Payment Dates**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the dates specified in *Exhibit A*.

“**Mandatory Sinking Fund Payments**” means the payments which are required to be made under *Section 3.1* to redeem the Series 2024B Bonds in accordance with the Mandatory Sinking Fund Requirements after appropriate credits, if any, have been made.

“**Mandatory Sinking Fund Requirements**” means the mandatory sinking fund schedules for the Series 2024B Bonds set forth in *Exhibit A*.

“**MSRB**” means the Municipal Securities Rulemaking Board. Information to be filed with the MSRB pursuant to the Rule will be submitted through EMMA maintained by the MSRB and accessible at <http://www.emma.msrb.org> or other such other access location as designated by the SEC or the MSRB.

“**NRG Stadium Bonds**” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (NRG Stadium Project) Series 2014.

“**NRG Stadium Indenture**” means the Indenture of Trust, dated as of December 1, 2014, between the Issuer and Amegy Bank National Association relating to the NRG Stadium Bonds.

“**Original Indenture**” means the Indenture of Trust dated as of August 15, 1998, as amended and restated on May 1, 2001, November 1, 2003, June 1, 2004, and December 1, 2014, and as amended as of October 1, 2020, between the Issuer and the Trustee.

“**Participants**” mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds Series 2024B Bonds as Depository.

“**Regular Record Date**” means with respect to any Interest Payment Date, the last day of the month (whether or not a Business Day) preceding the month in which such Interest Payment Date occurs.

“**Reserve Requirement**”, for the purpose of this Thirty-Third Supplemental Indenture and with respect to the Series 2024B Bonds only, means \$[ ].

“**Rockets Stadium Bonds**” means the Harris County-Houston Sports Authority Taxable Revenue Refunding Bonds (Toyota Center Project) Series 2014.

“**Rockets Stadium Indenture**” means the Indenture of Trust, dated as of December 1, 2014, between the Issuer and The Bank of New York Mellon Trust Company, N.A. relating to the Rockets Stadium Bonds.

“**Rule**” means SEC Rule 15c2-12, as amended from time to time or officially interpreted by the SEC.

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

“**Series 2024B Bonds**” means all Bonds authorized to be issued under this Thirty-Third Supplemental Indenture maturing on the dates and issued in the aggregate original principal amounts specified in *Section 2.2(a)*.

“**Series 2024B Costs of Issuance Subaccount**” for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Costs of Issuance Subaccount established within the Construction Account as provided in *Section 6.1(a)*.

“**Series 2024B Credit Provider**” means AG and its successors and assigns, in its capacity as provider of the Bond Insurance Policy (Series 2024B).

“**Series 2024B Depository Letter**” means the global representation letter from the Issuer and the Trustee to DTC.

“**Series 2024B Escrow Agent**”, for the purpose of this Thirty-Third Supplemental Indenture only, means UMB Bank, National Association, and its successors in such capacity.

“**Series 2024B Escrow Agreement**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Escrow Agreement, dated as of [ ] 1, 2024, between the Issuer and the Trustee as the Series 2024B Escrow Agent, for the refunding of the Series 2024B Refunded Bonds.

“**Series 2024B Policy Payments Account**” for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Policy Payments Account established within the Second Lien Debt Service Account as provided in *Section 6.1(a)*.

“**Series 2024B Purchase Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Purchase Subaccount established within the Second Lien Debt Service Account as provided in *Section 6.1(a)*.

“**Series 2024B Rebate Subaccount**”, for the purposes of this Thirty-Third Supplemental Indenture only, means the Series 2024B Rebate Subaccount established within the Rebate Account as provided in *Section 6.1(a)*.”

“**Series 2024B Refunded Bonds**”, for the purpose of this Thirty-Third Supplemental Indenture only, means all or a portion of the Issuer’s outstanding Third Lien Revenue Refunding Bonds, Series 2004A and Second Lien Revenue Refunding Bonds, Series 2014C, as set forth in *Exhibit D* hereto.

“**Series 2024B Second Lien Credit Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Second Lien Credit Subaccount established within the Second Lien Debt Service Account as provided in *Section 6.1(a)*.



“**Series 2024B Second Lien Debt Service Reserve Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Second Lien Debt Service Reserve Subaccount established within the Second Lien Debt Service Reserve Account as provided in **Section 6.1(a)**.

“**Series 2024B Second Lien Interest Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Second Lien Interest Subaccount established within the Second Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024B Second Lien Principal Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Second Lien Principal Subaccount established within the Second Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024B Second Lien Redemption Subaccount**”, for the purpose of this Thirty-Third Supplemental Indenture only, means the Series 2024B Second Lien Redemption Subaccount established within the Second Lien Debt Service Account as provided in **Section 6.1(a)**.

“**Series 2024B Tendered Bonds**,” for the purpose of this Thirty-Third Supplemental Indenture only, means all or a portion of the Issuer’s outstanding Junior Lien Revenue Bonds, Series 2001H, tendered for sale to and purchased by the Issuer for cancellation pursuant to the Tender Offer, all as set forth in **Exhibit E** hereto.

“**Tender Agent**” means Globlic Advisors, as tender agent under the Tender Offer.

“**Tender Offer**” means the invitation to tender made by the Issuer relating to certain of the Series 2024B Tendered Bonds.

“**Thirty-Third Supplemental Indenture**” means this Thirty-Third Supplemental Indenture of Trust dated as of November 1, 2024, between the Issuer and the Trustee as such Thirty-Third Supplemental Indenture may, simultaneously or from time to time, be amended or supplemented.

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## ARTICLE FIVE

### COVENANTS TO MAINTAIN STATUTS OF TAX EXEMPT BONDS

#### **Section 5.1. Definitions.**

When used in this Article, each of the following terms shall have the indicated meaning:

“**Closing Date**” means the date on which the Common Issue Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

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

“**Common Issue Bonds**” means the Series 2024B Bonds and any other tax-exempt bonds sold within 15 days of the first day on which there is a binding written contract for the sale or exchange of the Series 2024B Bonds and which are part of the same “issue,” as defined in section 1.150-1(c) of the Treasury Regulations, as the Series 2024B Bonds.

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

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

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

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

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

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

“Yield of”

(1) any Investment shall be computed in accordance with section 1.148-5 of the Treasury Regulations, and

(2) the Common Issue Bonds shall be computed in accordance with section 1.148-4 of the Treasury Regulations.

**Section 5.2. *Not to Cause Interest to Become Taxable.***

The Issuer shall not use, permit the use of or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on any Common Issue Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer shall have received a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Common Issue Bond, the Issuer shall comply with each of the specific covenants in this Article. For avoidance of doubt, the Trustee shall have no responsibility or liability with respect to the tax-exempt status of any Common Issue Bonds and shall have no duty to perform any arbitrage rebate calculations or any other calculations or yield restriction with respect to the Series 2024B Bonds and may rely conclusively on instructions from the Issuer with respect thereto.

No Private Payments. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the Issuer shall, at all times prior to the last stated maturity of the Common Issue Bonds, not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of the Common Issue Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Series 2024B Refunded Bonds and Series 2024B Tendered Bonds) other than taxes of general application and interest earned on Investments allocated to such Gross Proceeds pending application for their intended purposes.

No Private Loan. Except to the extent permitted by section 141 of the Code and the regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of any of the Common Issue Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be “loaned” to a person or entity if (1) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (2) capacity in or service from such property is committed to

such person or entity under a take-or-pay, output, or similar contract or arrangement, or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the final stated maturity or final payment of the Common Issue Bonds, directly or indirectly invest Gross Proceeds of such Common Issue Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on such Common Issue Bonds.

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

Information Report. The Issuer shall timely file with the Secretary of the Treasury the information required by section 149(e) of the Code with respect to the Common Issue Bonds on such form and in such place as such Secretary may prescribe.

Elections. The Issuer hereby directs and authorizes the Chair and Vice Chair, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Common Issue Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Bonds Not Hedge Bonds.

At the time the original bonds refunded by the Common Issue Bonds were issued, the Issuer reasonably expected to spend at least 85% of the spendable proceeds of such bonds within three years after such bonds were issued.

Not more than 50% of the proceeds of the original bonds refunded by the Common Issue Bonds were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

**Section 5.3. *Payment of Rebate Amount.***

Except to the extent otherwise provided in section 148(f) of the Code and the regulations and rulings thereunder, the Issuer shall:

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

calculate the Rebate Amount with respect to the Common Issue Bonds not less frequently than annually, in accordance with rules set forth in section 148(f) of the Code, section 1.148-3 of the Treasury Regulations, and the rulings thereunder. The Issuer shall, within 55 days of the calculation of the Rebate Amount provided in this **Subsection (2)**, deliver a copy of the calculation to the Trustee, and, to the extent that such calculation determines that the Issuer may owe any Rebate Amount to the United States, direct the Trustee in a writing executed by an Issuer Representative to transfer amounts to the Series 2024B Rebate Subaccount from any Account or Subaccount with respect to which such Rebate Amount may be owed. The

Issuer and the Trustee shall maintain a copy of such calculations for at least six years after the final Computation Date.

as additional consideration for the purchase of the Common Issue Bonds by the initial purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, pay to the United States the amount described in **Subsection (2)** above from Revenues, Special Revenues, and other amounts pledged for payment of the Series 2024B Bonds as part of the Trust Estate, at the times, in the installments, to the place, in the manner and accompanied by such forms or other information as is or may be required by section 148(f) of the Code and the regulations and rulings thereunder. At any time the Issuer is required to pay any Rebate Amount to the United States the Issuer shall within 60 days of the calculation of the Rebate Amount provided in **Subsection (2)** of this Section provide to the Trustee the applicable Form 8038T (or successor form thereto), and direct the Trustee to remit to the United States such Rebate Amount.

exercise reasonable diligence to assure that no errors are made in the calculations required by **Subsection (2)** and, if such error is made, to discover and promptly to correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, any interest thereon and any penalty required by the Treasury Regulations.

Notwithstanding anything in this Subsection, if at any time the Issuer determines that as a result of expenditures of Bond proceeds or otherwise the Issuer is not required to pay any further Rebate Amounts to the United States with respect to the Common Issue Bonds as a result of an exception to payment of Rebate Amounts authorized by section 148(f) of the Code and the regulations and rulings thereunder, then upon delivery to the Trustee of (i) a certificate executed by an Issuer Representative setting forth the factual basis for the exception to further payment of any Rebate Amounts and (ii) an Opinion of Bond Counsel to the effect that failing to make further payment of any Rebate Amounts will not adversely affect the tax-exempt status of the interest on the Common Issue Bonds, thereafter the Issuer may discontinue the calculations, payments, and reports required by this **Subsection (a)**.

Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the final stated maturity or final payment of the Common Issue Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to this Section 5.3(a) because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of such Series of the Common Issue Bonds not been relevant to either party.

#### **Section 5.4. *Ineligible Payments.***

Without an approving opinion of Bond Counsel to the effect that such use will not adversely affect the excludability of interest on any Common Issue Bond from the gross income of the owners thereof for federal income tax purposes, the Issuer may not use pledged amounts defined as "Revenues" in the NRG Stadium Indenture or defined as "Revenues" in the Rockets Stadium Indenture for the payment of principal of or interest on other amounts owed in connection with the Series 2024B Bonds.

#### **Section 5.5. *No Payment/Term Modifications to Agreements.***

Without an approving opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest on any Common Issue Bond, the Issuer shall not modify any payment or term provision of, renew or extend any agreements pursuant to which the Issuer receives or is assigned payments with respect to the facilities financed with proceeds of the Series 2024B Refunded Bonds and Series 2024B Tendered Bonds, nor shall the Issuer enter into any new agreements pursuant to which the Issuer receives or is assigned payments with respect to such facilities.

\* \* \*

## ARTICLE SIX

### FUNDS AND ACCOUNTS

#### **Section 6.1. *Establishment of Series 2024B Accounts; Deposit of Series 2024B Bond Proceeds.***

(a) There is hereby established within the Second Lien Debt Service Account a Series 2024B Second Lien Interest Subaccount, a Series 2024B Second Lien Principal Subaccount, and a Series 2024B Second Lien Redemption Subaccount, a Series 2024B Policy Payments Account, and a Series 2024B Second Lien Credit Subaccount, and a Series 2024B Purchase Subaccount. There is hereby established a Series 2024B Second Lien Debt Service Reserve Subaccount within the Second Lien Debt Service Reserve Account. There is hereby established a Series 2024B Costs of Issuance Subaccount within the Construction Account. There is hereby established a Series 2024B Rebate Subaccount within the Rebate Account.

#### **Section 6.2. *Debt Service Account.***

In addition and supplemental to the Debt Service Account provisions of the Original Indenture, the following provisions shall govern operation of the Debt Service Account with respect to the Series 2024B Bonds:

(a) Second Lien Interest Subaccount. The moneys directed to be deposited into the Series 2024B Second Lien Interest Subaccount pursuant to **Section 6.1(b)(1)**, if any, shall be deposited therein. Prior to the application of any amounts from the Second Lien Debt Service Revenue Holding Account, Pledged Revenue Account, or the Special Revenue Account to pay interest on the Series 2024B Bonds pursuant to **Section 5.4** or **Section 5.2(e)** of the Indenture, the Trustee shall first apply amounts deposited into the Series 2024B Second Lien Interest Subaccount pursuant to **Section 6.1(b)(1)** to the Series 2024B Second Lien Interest Subaccount as credits, all as contemplated by and consistent with **Section 5.4** of the Indenture.

(b) Second Lien Principal Subaccount. All amounts directed to be deposited into the Series 2024B Second Lien Principal Subaccount pursuant to the Original Indenture or this Thirty-Third Supplemental Indenture shall be applied to pay principal on the Series 2024B Bonds as and when due, whether by reason of maturity or Mandatory Sinking Fund Requirements pursuant to **Section 3.1**, or to the extent provided in the Original Indenture, by reason of redemption prior to stated maturity. There shall be transferred to the Series 2024B Second Lien Principal Subaccount, monthly, the amount required to be transferred from the Pledged Revenue Account pursuant to **Section 5.4(a)(10)** of the Indenture or the Special Revenue Account pursuant to **Section 5.4(d)** or **Section 5.2(e)** of the Indenture.

In the event the Series 2024B Bonds payable out of the Series 2024B Second Lien Principal Subaccount on a specific date as aforesaid have been fully paid and excess moneys are on deposit in the Series 2024B Second Lien Principal Subaccount on that specific date, then such moneys on deposit in the Series 2024B Second Lien Principal Subaccount on such date shall be applied to Series 2024B Bonds payable out of the Series 2024B Second Lien Principal Subaccount on the next succeeding date in chronological order. The Series 2024B Bonds shall be paid or redeemed by the Trustee pursuant to the provisions of this paragraph without any notice from or direction by the Issuer.

(c) Second Lien Redemption Subaccount. All amounts directed to be deposited into the Series 2024B Second Lien Redemption Subaccount pursuant to the Original Indenture or this Thirty-Third Supplemental Indenture to redeem or purchase Series 2024B Bonds shall be so applied.

(d) Second Lien Credit Subaccount. The Series 2024B Credit Provider is subrogated to the rights of the Owners of the Series 2024B Bonds in the Trust Estate if the Series 2024B Credit Provider makes payments under the Bond Insurance Policy (Series 2024B). **To the extent, however, that such subrogation**

**rights are insufficient to pay to the Series 2024B Credit Provider all amounts owing hereunder, then the Trustee, upon written direction of the Series 2024B Credit Provider, shall deposit Revenues to the Series 2024B Second Lien Credit Subaccount as provided in the Indenture and apply amounts held therein upon written direction of the Series 2024B Credit Provider to the satisfaction of such unsubrogated obligations under this Thirty-Third Supplemental Indenture.**

(e) Series 2024B Purchase Subaccount. All net proceeds of the Series 2024B Bonds received by the Trustee, or other available funds, to be transferred to DTC for credit to the ATOP account(s) referred to in Section 2.4 to pay the aggregate tender price due on the Issue Date for the tendered Series 2024B Tendered Bonds accepted by the Issuer for purchase and cancellation (including accrued interest), may be deposited initially into the Series 2024B Purchase Subaccount, as needed.

(f) Except as expressly provided to the contrary by this Thirty-Third Supplemental Indenture, all amounts realized upon investment of amounts on deposit in the Subaccounts within the Debt Service Account established under this Thirty-Third Supplemental Indenture shall be applied as provided in the Original Indenture.

### **Section 6.3. *Series 2024B Costs of Issuance Subaccount.***

In addition and supplemental to the Construction Account provisions of the Original Indenture, the following provisions shall govern operation of the Series 2024B Costs of Issuance Subaccount with respect to the Series 2024B Bonds:

(a) The moneys directed to be deposited in the Series 2024B Costs of Issuance Subaccount by **Section 6.1(b)(4)** hereof, shall be deposited therein. All amounts realized upon investment of amounts on deposit in the Series 2024B Costs of Issuance Subaccount shall be credited to the Series 2024B Costs of Issuance Subaccount.

(b) The Trustee shall disburse funds from the Series 2024B Costs of Issuance Subaccount upon receipt by the Trustee of a requisition certificate of the Issuer Representative directing the disbursement of such funds as provided in **Section 5.3(c)** of the Original Indenture and as attached hereto as *Exhibit B*.

### **Section 6.4. *Second Lien Debt Service Reserve Account.***

(a) In addition and supplemental to the Second Lien Debt Service Reserve Account provisions of the Original Indenture, the provisions of this Section and Article Eight shall govern operation of the Series 2024B Second Lien Debt Service Reserve Subaccount with respect to the Series 2024B Bonds.

(b) The Debt Service Reserve Account Policy (Series 2024B) shall be provided in an amount equal to the Reserve Requirement for the Series 2024B Bonds. The Debt Service Reserve Account Policy (Series 2024B) shall be considered a part of the Series 2024B Second Lien Debt Service Reserve Subaccount and the amount available thereunder from time to time shall be included in any calculations of the amount of the assets contained in the Series 2024B Second Lien Debt Service Reserve Subaccount. Any proceeds received from the Debt Service Reserve Account Policy (Series 2024B) shall be deposited into the Series 2024B Second Lien Debt Service Reserve Subaccount and applied as provided in **Article Five** of the Original Indenture to pay principal and interest only on the Series 2024B Bonds, pro rata based on the Debt Service Requirements then due with respect to the Series 2024B Bonds.

(c) In the event that one or more drawings are made upon the Debt Service Reserve Account Policy (Series 2024B), the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall be paid its fees and expenses as provided under Article Eight, but solely out of the Revenues and the Special Revenues in the manner and at the times provided in **Article Five** of the Original Indenture (including, in particular, Section 5.4(a)(14) and Section 5.2(e) thereof).

**Section 6.5.      *Series 2024B Rebate Subaccount.***

Amounts shall be deposited to the Series 2024B Rebate Subaccount of the Rebate Account upon the written direction of the Issuer as provided in **Sections 5.2** and **5.3**. The Series 2024B Rebate Subaccount of the Rebate Account shall be applied for payment of any Rebate Amount on the Series 2024B Bonds.

**Section 6.6.      *Series 2024B Policy Payments Account.***

Any payments under the Bond Insurance Policy (Series 2024B) must be deposited to the Series 2024B Policy Payments Account to pay principal of and interest on the Insured Series 2024B Bonds to the Owners thereof when due, and for no other purpose as provided in **Article Seven**.

\* \* \*

**ARTICLE SEVEN**

**PAYMENTS UNDER THE BOND INSURANCE  
POLICY (SERIES 2024B) AND PROVISIONS RELATED TO BOND INSURANCE POLICY (SERIES  
2024B)**

So long as the Series 2024B Credit Provider is not in default under the Bond Insurance Policy (Series 2024B), the provisions of this Article Seven shall be controlling, notwithstanding anything herein or in the Indenture to the contrary, and further provided that at all times the Series 2024B Credit Provider shall retain its right of subrogation as provided herein and in the Bond Insurance Policy (Series 2024B). The provisions of this Article Seven shall constitute a “Credit Agreement” for all purposes of the Indenture.

**Section 7.1.      *Payments Under Bond Insurance Policy (Series 2024B).***

(a) If, on the third Business Day prior to the Payment Date on the Insured Series 2024B Bonds, there is not on deposit with the Trustee, after the Trustee will have made all transfers and deposits required under the Indenture (particularly **Section 5.7** of the Original Indenture), moneys sufficient to pay the principal and interest on the Insured Series 2024B Bonds due on such Payment Date, the Trustee shall give notice to the Series 2024B Credit Provider and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2024B Bonds due on such Payment Date, the Trustee shall make a claim under the Bond Insurance Policy (Series 2024B) and give notice to the Series 2024B Credit Provider and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2024B Bonds and the amount required to pay principal of the Insured Series 2024B Bonds, confirmed in writing to the Series 2024B Credit Provider and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Bond Insurance Policy (Series 2024B).

(b) The Trustee shall designate any portion of payment of principal on Insured Series 2024B Bonds paid by the Series 2024B Credit Provider, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2024B Bonds registered to the then current Owner, whether the Depository or its nominee or otherwise, and the Issuer shall issue, and the Trustee shall authenticate, a replacement Insured Series 2024B Bond registered in the name of Assured Guaranty Inc., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Issuer’s or the Trustee’s failure or inability to so designate any payment or issue any replacement Insured Series 2024B Bond shall have no effect on the amount of principal or interest payable by the Issuer on any Insured Series 2024B Bond or the subrogation rights of the Series 2024B Credit Provider.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2024B Credit Provider into the Series 2024B Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2024B Bond. The Series 2024B Credit Provider shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Notwithstanding *Section 5.8(g)(2)* of the Original Indenture, upon payment of a claim under the Bond Insurance Policy (Series 2024B), the Trustee shall establish a separate special purpose trust account for the benefit of Bondowners referred to herein as the “Series 2024B Policy Payments Account” and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Bond Insurance Policy (Series 2024B) in trust on behalf of Bondowners and shall deposit any such amount in the Series 2024B Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Owners in the same manner as principal and interest payments are to be made with respect to the Insured Series 2024B Bonds under the sections hereof regarding payment of Insured Series 2024B Bonds. It shall not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything herein to the contrary, the Issuer agrees to pay to the Series 2024B Credit Provider (i) a sum equal to the total of all amounts paid by the Series 2024B Credit Provider under the Bond Insurance Policy (Series 2024B) (the “Insurer Advances”); and (ii) to the extent permitted by law and subject to appropriation (other than with respect to interest received through the Series 2024B Credit Provider’s rights of subrogation), interest on such Insurer Advances from the date paid by the Series 2024B Credit Provider until payment thereof in full, payable to the Series 2024B Credit Provider at the Late Payment Rate per annum, less, if any such Insurer Advances represent payments of principal on the Insured Series 2024B Bonds, the amount of interest on the Insured Series 2024B Bonds actually received by the Series 2024B Credit Provider as Bondowner (collectively, the “Insurer Reimbursement Amounts”). “Late Payment Rate” means the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in The City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%, and (ii) the then applicable highest rate of interest on the Insured Series 2024B Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days, and if paid to the Series 2024B Credit Provider as interest on Insurer Advances of principal on the Insured Series 2024B Bonds, will constitute payments of interest on the Insured Series 2024B Bonds to the extent interest has not otherwise been paid. The Issuer hereby covenants and agrees that the Insurer Advances are secured by a lien on and pledge of the Trust Estate and payable from such Trust Estate on a parity with debt service due on the Insured Series 2024B Bonds. The Issuer further covenants with the Series 2024B Credit Provider and the Trustee that it will not take any action that would cause the Hotel Occupancy Tax and Vehicle Rental Tax not to be imposed while the Insured Series 2024B Bonds remain Outstanding.

(e) Funds held in the Series 2024B Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Series 2024B Policy Payments Account following a Bond Payment Date shall promptly be remitted to the Series 2024B Credit Provider.

(f) The Series 2024B Credit Provider shall, to the extent it makes any payment of principal or interest on the Insured Series 2024B Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Bond Insurance Policy (Series 2024B) (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding (as defined in subsection (j) below under the Indenture and the Insured Series 2024B Bonds). Each obligation of the Issuer to the Series 2024B Credit Provider under the Corresponding Agreements shall survive discharge or termination of the Corresponding Agreements.

(g) As Bond Service Charges, to the extent permitted by law and subject to appropriation, the Issuer shall pay or reimburse the Series 2024B Credit Provider any and all charges, fees, costs and expenses that the Series 2024B Credit Provider may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in any Corresponding Agreements; (ii) the pursuit of any remedies under the Indenture or any other Corresponding Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Corresponding Agreement whether or not executed or completed, or (iv) any litigation or other dispute in connection with the Indenture or any other



Corresponding Agreement or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2024B Credit Provider to honor its obligations under the Bond Insurance Policy (Series 2024B). The Series 2024B Credit Provider reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Corresponding Agreement.

(h) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Issuer or rebate only after the payment of past due and current debt service on the Insured Series 2024B Bonds and amounts required to restore the Series 2024B Second Lien Debt Service Reserve Subaccount to the Reserve Requirement.

(i) The Series 2024B Credit Provider shall be entitled to pay principal or interest on the Insured Series 2024B Bonds that shall become Due for Payment (as defined in the Bond Insurance Policy (Series 2024B)) but shall be unpaid by reason of Nonpayment (as defined in the Bond Insurance Policy (Series 2024B)) by the Issuer, whether or not the Series 2024B Credit Provider has received a Notice of Nonpayment (as defined in the Bond Insurance Policy (Series 2024B)) or a claim upon the Bond Insurance Policy (Series 2024B).

(j) The Series 2024B Credit Provider shall be deemed to be the sole Bondowner of the Insured Series 2024B Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Bondowners of the Insured Series 2024B Bonds insured by it are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies, (ii) the duties and obligations of the Trustee and (iii) amendments, consents or waivers. In furtherance thereof and as a term of the Indenture and each Insured Series 2024B Bond, each Bondowner appoints the Series 2024B Credit Provider as its agent and attorney-in-fact with respect to the Insured Series 2024B Bonds and agrees that the Series 2024B Credit Provider may at any time during the continuation of any proceeding by or against the Issuer under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters with respect to the Insured Series 2024B Bonds relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding with respect to the Insured Series 2024B Bonds (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Bondowner of the Insured Series 2024B Bonds delegates and assigns to the Series 2024B Credit Provider, to the fullest extent permitted by law, the rights of each such Bondowner in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Bondowner of the Insured Series 2024B Bonds for the Series 2024B Credit Provider's benefit, and agrees to cooperate with the Series 2024B Credit Provider in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Bondowners shall expressly include mandamus.

(k) Amounts paid by the Series 2024B Credit Provider under the Bond Insurance Policy (Series 2024B) shall not be deemed paid for purposes of the Indenture and the Insured Series 2024B Bonds relating to such payments shall remain outstanding and continue to be due and owing until paid by the Issuer in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2024B Credit Provider have been paid in full or duly provided for.

(l) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under this Thirty-Third Supplemental Indenture or the Indenture would adversely affect the security for the Bonds or the rights of the Bondowners, the Trustee shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Bond Insurance Policy (Series 2024B).

## ***Section 7.2. Notices and Other Information.***

(a) The notice address of the Series 2024B Credit Provider is: Assured Guaranty Inc., 1633 Broadway, 23<sup>rd</sup> Floor, New York, New York 10019, Attention: Managing Director – Surveillance, Re: Policy No. [ ], Telephone: (212) 974-0100; Email: [munidisclosure@agltd.com](mailto:munidisclosure@agltd.com). In each case in which notice or other communication refers to an Event of Default, then a copy of such notice or other communication shall also be sent to the attention of the General Counsel and shall be marked to indicate "URGENT MATERIAL ENCLOSED."

(b) All information furnished pursuant to the Issuer's continuing disclosure undertaking in *Article Nine* shall also be provided to the Series 2024B Credit Provider, simultaneously with the furnishing of such information to EMMA.

(c) The Issuer shall deliver to the Series 2024B Credit Provider:

(1) as soon as available, and in any event within 180 days after the close of each fiscal year of the Issuer, two copies of the complete statement of financial position, statement of operations, and statement of cash flows of the Issuer, including the balance sheet as of the end of such fiscal year and the related statement of operations, statement of changes in net assets and statement of cash flows, all in reasonable detail and accompanied by an independent auditor's report stating that (a) its audit was in accordance with generally accepted auditing standards and (b) the financial statements present fairly (in all material respects) the financial position of the Issuer as of the end of such fiscal year;

(2) as soon as available, and in any event within 45 days after each of the first three fiscal quarters of each fiscal year of the Issuer, two copies of the Issuer's statement of financial position and statement of operations;

(3) simultaneously with the delivery of each set of financial statements referred to in clauses (1) and (2) above, a certificate of an Authorized Officer stating that after due inquiry there does not exist on the date of such certificate any event of default or event which with notice or lapse of time or both would constitute an event of default of which the Issuer is aware or, if any event of default does exist, stating that such event exists and setting forth the details thereof and the action that the Issuer is taking or proposes to take with respect thereto;

(4) within 180 days of the end of the fiscal year, the Issuer shall provide to the Insurer its audited annual financial statement showing a break out of all Available Revenues (as defined in the Indenture) by line item as appropriate (e.g. Hotel Occupancy Taxes, Motor Vehicle Rental Taxes, parking taxes, ticket taxes, etc.) as well as respective reserve funds, as defined in the Indenture, relating to any series of Bonds which is supported at least in part by revenues reported in the annual financial statement which is provided; and

(5) simultaneously with the delivery of the certificate described in clause (iii) above, the Issuer shall deliver to the Insurer a certificate providing verification of debt service coverage on each series of Bonds showing the respective pledged revenues with supporting calculations.

(d) The Issuer agrees to permit Series 2024B Credit Provider to examine, visit and inspect, at any reasonable time, upon reasonable notice, the property constituting the projects financed or refinanced with the net proceeds of the Bonds, and the Issuer's facilities, and any accounts, books and records, including their receipts, disbursements, contracts, investments and any other matters relating thereto and to their financial standing and to supply such reports and information as Series 2024B Credit Provider may reasonably require. The Issuer further agrees to promptly notify Series 2024B Credit Provider in writing of the happening of any event resulting in the loss of its tax-exempt status or placing the same in jeopardy

(e) The Issuer's chief financial officer shall, at the reasonable request of Series 2024B Credit Provider, discuss the Issuer's financial matters with AG or a designee and provide Series 2024B Credit Provider with copies of any documents (other than documents the confidentiality of which is protected by law or professional codes of ethics) that are reasonably requested by Series 2024B Credit Provider or a designee and have a material financial effect on the Issuer.

### ***Section 7.3. Third-Party Beneficiary.***

AG shall be a third-party beneficiary of the Original Indenture and this Thirty-Third Supplemental Indenture.

**Section 7.4. Other Creditors.**

So long as the Series 2024B Credit Provider remains a Designated Credit Provider, in the event the Issuer shall enter into any insurance agreement, credit agreement or other agreement or instrument (or any amendment or supplement thereto) (collectively, the “Other Agreement”), with any insurer, lender or other creditor (the “Other Creditor”), under which the Issuer (i) agrees to provide the Other Creditor with rights to information or monitoring of the Issuer’s operations or financial results that are greater than the corresponding rights enjoyed by the Series 2024B Credit Provider, or (ii) provides such Other Creditor with one or more financial covenants not then extended to the Series 2024B Credit Provider, the Issuer shall provide the Series 2024B Credit Provider with a copy of such Other Agreement and such rights and/or financial covenants shall automatically be deemed to be incorporated into this Article Seven and the Series 2024B Credit Provider shall have the benefit of such rights and/or financial covenants as if specifically set forth herein. Upon the request of the Series 2024B Credit Provider, the Issuer shall promptly enter into an amendment to this Article Seven to include such rights and financial covenants, provided that the Series 2024B Credit Provider shall have and maintain the benefit of such rights and financial covenants if the Issuer shall fail to provide such amendment. For the avoidance of doubt, the issuance of bonds pursuant to the Indenture that are secured by a lien on the Trust Estate senior to the lien securing any particular bonds for which the Series 2024B Credit Provider is the Designated Credit Provider under the Indenture shall not, in and of itself, result in additional rights or benefits for the Series 2024B Credit Provider, as such Designated Credit Provider, pursuant to this Section 7.3.

\* \* \*

**ARTICLE EIGHT**

**DEBT SERVICE RESERVE ACCOUNT POLICY (SERIES 2024B)**

So long as the Debt Service Reserve Account Policy (Series 2024B) Credit Provider is not in default under the Debt Service Reserve Account Policy (Series 2024B), the provisions of this Article Eight shall be controlling, notwithstanding anything herein or in the Indenture to the contrary, and further provided that at all times the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall retain its right of subrogation as provided herein and in the Debt Service Reserve Account Policy (Series 2024B). The provisions of this Article Eight shall constitute a “Credit Agreement” for all purposes of the Indenture.

**Section 8.1 The Debt Service Reserve Account Policy (Series 2024B).**

(a) The Issuer shall repay any draws under the Debt Service Reserve Account Policy (Series 2024B) and pay all related reasonable expenses incurred by the Debt Service Reserve Account Policy (Series 2024B) Credit Provider and shall pay interest thereon from the date of payment by the Debt Service Reserve Account Policy (Series 2024B) Credit Provider at the Reserve Policy Late Payment Rate. The “Reserve Policy Late Payment Rate” means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate solely (the “Reserve Policy Prime Rate”) (any change in such Reserve Policy Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%, and (ii) 12% per annum rate of interest and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Reserve Policy Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its prime or base lending rate publicly, the Reserve Policy Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Debt Service Reserve Account Policy (Series 2024B) Credit Provider, with the same force and effect as if the Issuer had specifically designated such extra sums to be so applied and the Debt Service Reserve Account Policy (Series 2024B) Credit Provider had agreed to accept such extra

payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws, to the extent permitted by law and subject to appropriation (other than with respect to interest received through the Debt Service Reserve Account Policy (Series 2024B) Credit Provider's rights of subrogation), and payment of expenses and accrued interest thereon at the Reserve Policy Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Debt Service Reserve Account Policy (Series 2024B) Credit Provider on account of principal due, the coverage under the Debt Service Reserve Account Policy (Series 2024B) will be increased by a like amount, subject to the terms of the Debt Service Reserve Account Policy (Series 2024B). The obligation to pay Policy Costs, other than expenses and accrued interest not attributable to the Debt Service Reserve Account Policy (Series 2024B) Credit Provider's rights of subrogation, shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2024B Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2024B Second Lien Debt Service Reserve Subaccount, if any, shall be transferred, first, to the Series 2024B Second Lien Interest Subaccount to pay all interest due, and second, to the Series 2024B Second Lien Principal Subaccount, for payment of principal on the Series 2024B Bonds before any drawing may be made on the Debt Service Reserve Account Policy (Series 2024B) or any other credit facility credited to the Series 2024B Second Lien Debt Service Reserve Subaccount in lieu of cash ("Reserve Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Reserve Credit Facilities (including the Debt Service Reserve Account Policy (Series 2024B)) on which there is Available Coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2024B Second Lien Debt Service Reserve Subaccount. Payment of Policy Costs and reimbursement of amounts with respect to other Reserve Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2024B Second Lien Debt Service Reserve Subaccount. For the avoidance of doubt, "Available Coverage" means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(b) If the Issuer shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (a) hereof, the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than remedies which would adversely affect Owners of the Series 2024B Bonds.

(c) The Indenture shall not be discharged until all Policy Costs owing to the Debt Service Reserve Account Policy (Series 2024B) Credit Provider shall have been paid in full. The Issuer's obligation to pay such amounts shall expressly survive payment in full of the Series 2024B Bonds.

(d) The Issuer shall include any Policy Costs then due and owing the Debt Service Reserve Account Policy (Series 2024B) Credit Provider in the calculation of the additional bonds test and the rate covenant, as applicable, in the Indenture.

(e) The Trustee shall ascertain the necessity for a claim upon the Debt Service Reserve Account Policy (Series 2024B) and provide notice to the Debt Service Reserve Account Policy (Series 2024B) Credit Provider in accordance with the terms of the Debt Service Reserve Account Policy (Series 2024B) at least five business days prior to each date upon which interest or principal is due on the Series 2024B Bonds. Where deposits are required to be made by the Issuer with the Trustee to the Series 2024B Second Lien Debt Service Reserve Subaccount more often than semi-annually, the Trustee shall give notice to Debt Service Reserve Account Policy (Series 2024B) Credit

Provider of any failure of the Issuer to make timely payment in full of such deposits within two business days of the date due.

(f) The Trustee shall draw on the Debt Service Reserve Account Policy (Series 2024B) in accordance with its terms and as provided in this Article Eight and in *Sections 5.9* and *5.10* of the Original Indenture without need of further authorization or direction from the Issuer.

\* \* \*

## ARTICLE TEN

### PLEDGE TO TRUST ESTATE

#### **Section 10.1.** *Team Payments Pledged to Trust Estate.*

The Issuer hereby expressly grants, mortgages, grants a security interest in, collaterally assigns, transfers in trust, and pledges to the Trustee on a basis subordinate to the pledge of the Senior Lien Bonds, and on a parity with the pledge of any other Second Lien Bonds Outstanding from time to time, as part of the Trust Estate the Team Payments (as defined in the Original Indenture) for all purposes under the Indenture, including, in the event of the Issuer's failure to do so, the right of the Issuer to enforce timely imposition and collection of all Team Payments, but solely with respect to the Series 2024B Bonds, which Team Payments shall be Special Revenues with respect to such Series 2024B Bonds as provided in the Original Indenture, and which Special Revenues the Issuer has granted, mortgaged, granted a security interest in, collaterally assigned, transferred in trust, and pledged to the Trustee as part of Granting Clause Fourth in the Original Indenture.

\* \* \*

## ARTICLE ELEVEN

### MISCELLANEOUS PROVISIONS

#### **Section 11.1.** *Defaults and Remedies.*

An Event of Default for Second Lien Bonds under *Article Ten* of the Original Indenture shall be an event of default under this Thirty-Third Supplemental Indenture upon expiration of the notice and cure periods provided for in the Original Indenture. Upon the occurrence of an event of default under this Thirty-Third Supplemental Indenture, the Trustee shall be entitled to exercise the same remedies, upon the same conditions and subject to the same restrictions and limitations, as provided for in *Article Ten* of the Original Indenture.

#### **Section 11.2.** *The Trustee and Paying Agent.*

The Trustee, as defined in the Original Indenture, is hereby appointed as the Trustee, Bond Registrar, and the Paying Agent, as defined in the Original Indenture, for the Series 2024B Bonds, such appointments being pursuant to, and in all respects consistent with, the provisions of *Article Eleven* of the Original Indenture.

#### **Section 11.3.** *Amendments to the Indenture.*

Notwithstanding anything in the Indenture, if any provision of the Indenture, any Supplemental Indenture (including this Thirty-Third Supplemental Indenture), or any related document may be amended with the approval of the Owners of a majority in the aggregate principal amount of the then Outstanding Series 2024B Bonds, provided that the Series 2024B Credit Provider is not otherwise in default in its obligations under the Bond Insurance Policy (Series 2024B), such Series 2024B Credit Provider shall have the right to approve such amendment, change or

modification as if such Series 2024B Credit Provider were the Owners of a majority in the aggregate principal amount of the then Outstanding Series 2024B Bonds.

Provided that the Series 2024B Credit Provider is not otherwise in default with respect to its payment obligations under the Bond Insurance Policy (Series 2024B), no amendment to the Indenture affecting the rights or interests of the Owners of the Series 2024B Bonds or of the Series 2024B Credit Provider shall be made without the consent of the Series 2024B Credit Provider.

The Trustee may rely conclusively on the opinion of Independent Counsel as to whether any amendment affects Bondowners or the Series 2024B Credit Provider.

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**APPENDIX E**

**FORMS OF CO-BOND COUNSEL OPINIONS**

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**HUNTON ANDREWS KURTH LLP**  
**600 Travis Street,**  
**Suite 4200**  
**Houston, Texas 77002**

**WEST & ASSOCIATES, L.L.P.**  
**440 Louisiana Street,**  
**Suite 440**  
**Houston, Texas 77002**

\_\_\_\_\_, 2024

WE HAVE ACTED as co-bond counsel in connection with the issuance by the Harris County-Houston Sports Authority (the “Authority”) of its Senior Lien Revenue Refunding Bonds, Series 2024A (the “Series 2024A Bonds”) in the aggregate principal amount of \$\_\_\_\_\_. Reference is made to the form of the Series 2024A Bonds for information concerning their details, including payment and redemption provisions and the proceedings pursuant to which they are issued.

WE HAVE EXAMINED the applicable law, including the Act of May 20, 1997, 75th Leg., R.S., ch. 551, 1997 Tex. Gen. & Spec. Laws 1929, including specifically those provisions thereof codified as Texas Local Government Code chapter 335, and Texas Government Code chapters 1207 and 1371, as amended (collectively, the “Enabling Act”), and certified copies of proceedings and documents relating to the issuance and sale of the Series 2024A Bonds by the Authority. The Series 2024A Bonds are issued under and are equally and ratably secured by a Fourth Amended and Restated Indenture of Trust dated as of December 1, 2014 (the “Original Indenture”) and additional supplements thereto, including a Thirty-Second Supplemental Indenture dated as of November 1, 2024 (the “Thirty-Second Supplemental Indenture” and together with the Original Indenture, the “Indenture”), between the Authority and UMB Bank National Association, in its capacity as successor trustee. Terms used herein which are not otherwise defined have the meanings assigned to them in the Indenture.

BASED ON THE FOREGOING and in accordance with customary opinion practice, we are of the opinion that:

1. The Series 2024A Bonds are legal, valid, and binding special obligations of the Authority payable from the sources, and enforceable in accordance with the terms and conditions described therein, and authorized by and entitled to the benefits of the Indenture, and the principal and redemption price of and interest on the Series 2024A Bonds, together with its outstanding Senior Lien Bonds and any additional Senior Lien Bonds hereafter issued on a parity therewith pursuant to the Indenture, are payable from a pledge of and lien on the Trust Estate.

2. The Authority has duly authorized, executed, and delivered the Thirty-Second Supplemental Indenture in conformity with the Enabling Act and the Original Indenture and is in full force and effect and constitutes a legal, valid, and binding obligation of the Authority enforceable in accordance with its terms.

3. The Indenture creates the valid pledge of and lien on the Trust Estate which the Indenture purports to create, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth in the Indenture.

4. The conditions of the Indenture for issuance of the Series 2024A Bonds have been satisfied.

5. The rights of the holders of the Series 2024A Bonds and the enforceability of such rights, including enforcement of the obligations of the Issuer under the Indenture, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as co-bond counsel to the Authority have been limited to delivering the foregoing opinions based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2024A Bonds and the effectiveness of the Resolution and the Indenture under the Constitution and laws of the State of Texas. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the Authority, its ability to provide for payment of the Series 2024A Bonds or the accuracy or completeness of any information, including the Authority's Preliminary Official Statement dated October 10, 2024, and its Official Statement dated October \_\_, 2024, that may have been relied upon by anyone in making the decision to purchase Bonds. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

**HUNTON ANDREWS KURTH LLP**  
**600 Travis Street,**  
**Suite 4200**  
**Houston, Texas 77002**

**WEST & ASSOCIATES, L.L.P.**  
**440 Louisiana Street,**  
**Suite 440**  
**Houston, Texas 77002**

\_\_\_\_\_, 2024

WE HAVE ACTED as co-bond counsel in connection with the issuance by the Harris County-Houston Sports Authority (the “Authority”) of its Second Lien Revenue Refunding Bonds, Series 2024B (the “Series 2024B Bonds”) in the aggregate principal amount of \$\_\_\_\_\_. Reference is made to the form of the Series 2024B Bonds for information concerning their details, including payment and redemption provisions and the proceedings pursuant to which they are issued.

WE HAVE EXAMINED the applicable law, including the Act of May 20, 1997, 75th Leg., R.S., ch. 551, 1997 Tex. Gen. & Spec. Laws 1929, including specifically those provisions thereof codified as Texas Local Government Code chapter 335, and Texas Government Code chapters 1207 and 1371, as amended (collectively, the “Enabling Act”), and certified copies of proceedings and documents relating to the issuance and sale of the Series 2024B Bonds by the Authority. The Series 2024B Bonds are issued under and are equally and ratably secured by a Fourth Amended and Restated Indenture of Trust dated as of December 1, 2014 (the “Original Indenture”) and additional supplements thereto, including a Thirty-Third Supplemental Indenture dated as of November 1, 2024 (the “Thirty-Third Supplemental Indenture” and together with the Original Indenture, the “Indenture”), between the Authority and UMB Bank National Association, in its capacity as successor trustee. Terms used herein which are not otherwise defined have the meanings assigned to them in the Indenture.

BASED ON THE FOREGOING and in accordance with customary opinion practice, we are of the opinion that:

1. The Series 2024B Bonds are legal, valid, and binding special obligations of the Authority payable from the sources, and enforceable in accordance with the terms and conditions described therein, and authorized by and entitled to the benefits of the Indenture, and the principal and redemption price of and interest on the Series 2024B Bonds, together with its outstanding Second Lien Bonds and any additional Second Lien Bonds hereafter issued on a parity therewith pursuant to the Indenture, are payable from a pledge of and lien on the Trust Estate.

2. The Authority has duly authorized, executed, and delivered the Thirty-Third Supplemental Indenture in conformity with the Enabling Act and the Original Indenture and is in full force and effect and constitutes a legal, valid, and binding obligation of the Authority enforceable in accordance with its terms.

3. The Indenture creates the valid pledge of and lien on the Trust Estate which the Indenture purports to create, subject only to the provisions of the Indenture permitting the application of the Trust Estate for the purposes and on the terms and conditions set forth in the Indenture.

4. The conditions of the Indenture for issuance of the Series 2024B Bonds have been satisfied.

5. The rights of the holders of the Series 2024B Bonds and the enforceability of such rights, including enforcement of the obligations of the Issuer under the Indenture, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

THE OPINIONS SET FORTH ABOVE are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. Our services as co-bond counsel to the Authority have been limited to delivering the foregoing opinions based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2024B Bonds and the effectiveness of the Resolution and the Indenture under the Constitution and laws of the State of Texas. Our services have not included any financial or other non-legal advice. We express no opinion herein as to the financial resources of the Authority, its ability to provide for payment of the Series 2024B Bonds or the accuracy or completeness of any information, including the Authority's Preliminary Official Statement dated October 10, 2024, and its Official Statement dated October \_\_, 2024, that may have been relied upon by anyone in making the decision to purchase Bonds. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law or the interpretation thereof that may hereafter occur or become effective.

Very truly yours,

**APPENDIX F**

**SPECIMEN OF BOND INSURANCE POLICIES**

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# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

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

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)



**APPENDIX G**  
**FORM OF OPINION OF SPECIAL TAX COUNSEL**

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Orrick, Herrington & Sutcliffe LLP

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orrick.com

\_\_\_\_\_, 2024

Mr. J. Kent Friedman  
Chairman, Board of Directors  
Harris County-Houston Sports Authority  
701 Avenida De Las Americas #450  
Houston, TX 77003

HARRIS COUNTY-HOUSTON SPORTS AUTHORITY

\$ \_\_\_\_\_  
Senior Lien Revenue  
Refunding Bonds,  
Series 2024A

\$ \_\_\_\_\_  
Second Lien Revenue  
Refunding Bonds,  
Series 2024B

(Special Tax Opinion)

We have served as special tax counsel to the Harris County-Houston Sports Authority (the “Sports Authority”) in connection with the issuance by the Sports Authority of its Senior Lien Revenue Refunding Bonds, Series 2024A, in an aggregate principal amount of \$[\_\_\_\_\_] (the “Series 2024A Bonds”), and Second Lien Revenue Refunding Bonds, Series 2024B, in an aggregate principal amount of \$[\_\_\_\_\_] (the “Series 2024B Bonds,” and together with the Series 2024A Bonds, the “Bonds”), issued pursuant to an Indenture of Trust dated August 15, 1998, as amended and restated as of May 1, 2001, November 1, 2003, June 1, 2004 and December 1, 2014 (the “Master Indenture”), and as further amended and supplemented, particularly by the Thirty-Second Supplemental Indenture of Trust, dated as of November 1, 2024, and the Thirty-Third Supplemental Indenture of Trust, dated as of November 1, 2024 (as amended, the “Indenture”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Master Indenture, the Indenture, the Tax Certificate dated the date hereof executed by the Sports Authority (the “Tax Certificate”), opinions of counsel to the Sports Authority, certificates of the Sports Authority, and others, and such other documents, certificates, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In particular, we have relied on the opinions from Hunton Andrews Kurth LLP, Houston, Texas, and West & Associates LLP, Houston, Texas, co-bond counsel to the Sports Authority (the “Bond Counsel Opinions”), and the opinion of the Office of the Attorney General of the State of Texas, dated the date hereof, regarding, among other matters, the validity of the Bonds. In rendering the opinions expressed herein, we expressly have relied on the Bond Counsel Opinions that, among other matters, the Bonds are valid and binding obligations of the Sports Authority. We call attention to the fact that the interest on the 2024A Bonds and 2024B Bonds may not be excluded from gross income for federal income tax purposes if the Bonds are not valid, binding and enforceable in accordance with their terms.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, all parties. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Master Indenture, the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, Master Indenture, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against political subdivisions of the State of Texas. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement of the Sports Authority with respect to the Bonds, dated [ ], 2024, or other offering material relating to the Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

ORRICK, HERRINGTON & SUTCLIFFE LLP

## APPENDIX H

### BOOK-ENTRY ONLY SYSTEM

*This APPENDIX H describes how ownership of the Series 2024 Bonds is to be transferred and how the principal of premium, if any, and interest on the Series 2024 Bonds are to be paid to and credited by The Depository Trust Company, New York, New York (“DTC”) while the Series 2024 Bonds are registered in its nominee name. The information in this APPENDIX H concerning DTC and the book-entry-only system has been provided by DTC for use in disclosure documents such as this Official Statement. The Sports Authority, the Financial Advisor and the Underwriters believe the source of such information to be reliable, but none of the Sports Authority, the Financial Advisor nor the Underwriters take any responsibility for the accuracy or completeness thereof and such information is not to be construed as a representation by any of the Sports Authority, the Financial Advisor or the Underwriters.*

*The Sports Authority, the Financial Advisor and the Underwriters cannot and do not give any assurance that (i) DTC will distribute payments of debt service on the Series 2024 Bonds, or redemption or other notices, to DTC Participants, (ii) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Series 2024 Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in the Official Statement. The current rules applicable to DTC are on file with the SEC, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC. Termination of the DTC book-entry-only system by the Sports Authority may require consent of the Participants under DTC Operational Arrangements.*

DTC will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Series 2024 Bond will be issued for each maturity of each series of the Series 2024 Bonds, as set forth on pages i and ii hereof, in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2024 Obligation (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interests in Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2024 Bonds documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Sports Authority as soon as possible after the Record Date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

All payments on the Series 2024 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Sports Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Sports Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are the responsibility of the Sports Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Sports Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bonds certificates are required to be printed and delivered.

The Sports Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds will be printed and delivered to DTC.



