

DEPOSITORY TRUST AGREEMENT

This Depository Trust Agreement (this “*Agreement*”) dated as of June 1, 2021, by and among the **PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3 (CITY OF GOODYEAR, ARIZONA)** (the “*District*”), **[U.S. BANK NATIONAL ASSOCIATION]**, a national banking association authorized to do trust business in the State of Arizona, as depository trustee (the “*Depository Trustee*”) and **U.S. BANK NATIONAL ASSOCIATION**, as registrar and paying agent of the Bonds Being Defeased (the “*Defeasance Registrar*”).

WITNESSETH:

WHEREAS, the following bonds of the District have been issued and are currently outstanding (the “*Bonds Being Defeased*”):

CUSIP (Base No. 696706)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Defeased (July 15)	Principal Amount Being Defeased	Redemption Date (July 15)	Redemption Price on Bonds Being Defeased (as a Percentage of Principal)
BQ2	10/26/2016	District General Obligation Refunding Bonds, Series 2016	\$505,000	2032	\$195,000	2026	100%

; and

WHEREAS, the Defeasance Registrar is the bond registrar and paying agent for the Bonds Being Defeased; and

WHEREAS, pursuant to a resolution adopted on June 21, 2021 (the “*Defeasance Resolution*”), the Board of Directors of the District has authorized the transfer of an amount sufficient to defease the Bonds Being Defeased in available funds of the District (the “*District Contribution*”) to the Depository Trustee; and

WHEREAS, the Defeasance Resolution authorizes and directs the District to enter into an irrevocable trust agreement with the Depository Trustee for the safekeeping and handling of the moneys and securities to be held in trust to pay the Bonds Being Defeased; and

WHEREAS, the Depository Trustee agrees to accept and administer the trust created hereby.

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements hereinafter set forth it is hereby agreed as follows:

Section 1. Deposit With Depository Trustee. The District will deposit the District Contribution with the Depository Trustee in the amount of \$[245,911.00]. Such deposited funds shall be applied by the Depository Trustee to (a) defease the Bonds Being Defeased and pay the Bonds Being Defeased prior to maturity and (b) pay costs related to defeasing the Bonds Being Defeased (the “*Costs of Defeasance*”).

Section 2. Trust Account. Excluding the \$[8,011.00] that shall be held by the Depository Trustee in a costs of defeasance account (the “*Costs of Defeasance Account*”) separate from the Trust Account (as defined herein) and used to pay the Costs of Defeasance, the Depository Trustee shall hold the monies so deposited, all investments made with such monies and all earnings from investment and reinvestment of such monies and all other monies received by the Depository Trustee hereunder in an irrevocable segregated and separate trust account separate from all other funds and investments deposited with the Depository Trustee (the “*Trust Account*”) for the sole and exclusive benefit of the holders of the Bonds Being Defeased until final payment thereof. Notwithstanding the foregoing, the Trust Account shall not include any amounts held to pay the costs and expenses incurred with respect to this transaction.

Section 3. Cash Deposit. The Depository Trustee shall deposit \$[237,900.00] of the District’s contribution in the Trust Account and shall hold such monies uninvested as a cash deposit to the Trust Account for the defeasance of the Bonds Being Defeased.

Section 4. Reserved.

Section 5. Reserved.

Section 6. Moneys Not Invested. The Trust Account moneys shall be held as a demand deposit by the Depository Trustee and shall be secured as deposits of public moneys.

Section 7. Timely Payments. The Depository Trustee shall make timely payments from the Trust Account to the Defeasance Registrar in the amounts and on the dates sufficient to permit the payment when due of the principal of (at maturity or prior redemption as provided for herein) and interest on the Bonds Being Defeased as the same becomes due and payable.

Section 8. Notices.

(a) The District hereby instructs the Defeasance Registrar for the Bonds Being Defeased that the Bonds Being Defeased shall be paid prior to maturity as described in this Agreement.

(b) The District hereby irrevocably instructs the Defeasance Registrar to mail to the owners of the Bonds Being Defeased and to transmit electronically to the Depository Trust Company, New York, New York (“*DTC*”) and the Municipal Securities Rulemaking Board (the “*MSRB*”) by the method required by MSRB, currently through the MSRB’s Electronic Municipal Market Access system (“*EMMA*”), the notice of defeasance in substantially the form of *Exhibit B* hereto.

(c) The District hereby irrevocably instructs the Defeasance Registrar that the Bonds Being Defeased shall be redeemed by the Defeasance Registrar on July 15, 2026. Not more than 60 nor less than 30 days prior to the date set for redemption, the Defeasance Registrar shall send via telecopy or other electronic means a notice of redemption of the Bonds Being Defeased in substantially the form attached hereto as *Exhibit C* to DTC and to the MSRB by the method required by MSRB, currently through EMMA.

(d) The District agrees to pay the expenses of the Defeasance Registrar in giving all notices required hereunder relative to the Bonds Being Defeased.

Section 9. Insufficient Funds. If at any time or times there are insufficient funds on hand in the Trust Account to pay the principal of and interest on the Bonds Being Defeased as the same becomes due, or for the payment of the fees and expenses of the Depository Trustee or the Defeasance Registrar, the Depository Trustee shall promptly notify the District of such deficiency, and the District shall immediately pay such amount to the Depository Trustee and the Defeasance Registrar, as applicable.

Section 10. Costs of Defeasance.

(a) The Depository Trustee is hereby authorized and directed to pay, solely from monies deposited with the Depository Trustee in the Costs of Defeasance Account for the purpose of paying the Costs of Defeasance [(\$8,011.00)], the costs and expenses as set forth in *Exhibit C* hereto. Amounts deposited with the Depository Trustee for Costs of Defeasance shall be held in the Costs of Defeasance Account and not invested. Any amounts remaining in the Costs of Defeasance Account on September 15, 2021, shall be paid to the District.

(b) For services hereunder, the Depository Trustee shall be entitled to the Depository Trustee's fees set forth in *Exhibit C* attached hereto, such fees being due upon the initial deposit of monies with the Depository Trustee and representing payment of the Depository Trustee's initial fee and prepayment of the annual Depository Trustee's fees for services hereunder during the term hereof. The Depository Trustee shall not create or permit to be created any lien on monies in the Trust Account for the failure to pay any such fees. The Depository Trustee shall be reimbursed for all out of pocket costs.

Section 11. Transfer Upon Full Payment. When all amounts payable on the Bonds Being Defeased have become due, and the Depository Trustee has transferred to the Defeasance Registrar all monies necessary for the payment of such amounts, and in any event on the business day preceding the date on which the last of the Bonds Being Defeased is to be redeemed on July 15, 2026, the Depository Trustee shall pay all monies and investments credited to the Trust Account, and not needed to make payments on the Bonds Being Defeased, to the District.

Section 12. Agreement Irrevocable. The parties recognize that the owners of each of the Bonds Being Defeased have a beneficial vested interest in the monies and investments in the Trust Account, and held in trust hereunder and that the transfer shall be made in reliance upon the irrevocable character of the trust created hereby. This Agreement shall not be revoked, and shall not be amended in any manner which may adversely affect the rights herein sought to be protected, until the provisions hereof have been fully carried out.

Section 13. Non-Liability. The Depository Trustee shall be under no obligation to inquire into or be otherwise responsible for the performance or nonperformance by any paying agent for the Bonds Being Defeased of any of its obligations or to protect any of the rights of the District under any of the proceedings with respect to the Bonds Being Defeased. The Depository Trustee shall not be liable for any act done or step taken or omitted by it or for any mistake of fact or law or for anything which it may do or refrain from doing except for its negligence or its default

in the performance of any obligation imposed upon it hereunder. The Depository Trustee shall not be liable or responsible for any loss resulting from any investment made pursuant to this Agreement in compliance with the provisions hereof.

Section 14. Reports and Audit. On or before August 1, 2026, the Depository Trustee shall submit to the City a report covering all moneys it has received and all payments it has made under the provisions hereof during the period ending on July 15, 2026. The District has the right to audit the books, records and accounts of the Depository Trustee insofar as they pertain to the trust created hereunder.

Section 15. Assignment; Merger. Neither this Agreement nor the trust created hereunder may be assigned by the Depository Trustee without the prior written consent of the District unless the Depository Trustee is required by law to divest itself of its interest in its trust department or unless the Depository Trustee sells or otherwise assigns all or substantially all of its trust business in which event the trust shall be continued by the Depository Trustee's successor in interest.

Any entity into which the Depository Trustee may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which the Depository Trustee shall be a party, or any entity succeeding to all or substantially all of the corporate trust business of the Depository Trustee, shall be the successor of the Depository Trustee hereunder, provided such entity, association or agency shall be otherwise qualified and eligible under this Section 15, without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Depository Trustee, at any time prior to the first anniversary of the date hereof, may assign and transfer by written agreement all property, rights, interests, powers, duties and obligations of the Depository Trustee as established hereunder, to a bank or trust company that is duly qualified to conduct trust business in the State of Arizona that is under common corporate control with the Depository Trustee and that otherwise satisfies the qualification requirements hereunder for successor trustees. Upon such assignment and transfer, the transferee bank or trust company shall become successor Depository Trustee and receive, accept and hold all property, rights, interests, powers, duties and obligations thereof without further actions or approvals of any other person.

Section 16. Depository Trustee Responsibility. In the event the Depository Trustee is required or permitted hereby, or is requested hereunder, to take any action (or refrain from taking any action) as the Depository Trustee, the performance (or nonperformance) of which would, in the Depository Trustee's sole judgment, subject the Depository Trustee to unreasonable risk of liability or expense, the Depository Trustee shall have no duty to take (or refrain from taking) any such action until the Depository Trustee has been furnished with indemnity adequate, in its sole judgment, to protect the Depository Trustee, its directors, officers, employees, agents and attorneys for, from and against such liability or expense, and all reasonable costs and expenses (including reasonable attorneys' fees and expenses) in connection therewith or until its duty as to any such action (or inaction) shall have been finally adjudicated by a court of competent jurisdiction and all applicable periods in which to appeal or seek appellate review have expired.

To the extent permitted by law, the District will indemnify and hold the Depository Trustee, its directors, officers, employees, agents and attorneys harmless for, from and against any

loss, liability, judgment or expense (including reasonable attorneys' fees) arising from the Depository Trustee's performance of its obligations hereunder except any such loss, liability, judgment or expense resulting from the successful allegation of the Depository Trustee's negligence or willful misconduct or breach of trust. The rights of the Depository Trustee to such indemnification shall survive the termination of this Agreement.

The Depository Trustee may consult with independent counsel, chosen by it with reasonable care, and shall not be liable for action taken or not taken in good faith in reliance upon the written advice or opinion of such counsel. The Depository Trustee shall not be liable for the accuracy of any calculations provided by others to it under this Agreement as to the sufficiency of the monies deposited with it to pay the principal of, redemption premium, if any, and interest on the Bonds Being Defeased at the respective maturities or earlier redemption of the Bonds Being Defeased. Furthermore, the Depository Trustee may conclusively rely in good faith as to the truth, accuracy and correctness of, and shall be protected and indemnified in acting or refraining from acting upon, any written opinion, calculation, notice, instruction, request, certificate, document or opinion furnished to the Depository Trustee in accordance herewith and signed or presented by the proper party pursuant hereto and it need not investigate the truth or accuracy of any fact or matter stated in such opinion, calculation, notice, instruction, request, certificate or opinion.

The Depository Trustee may at any time resign and be discharged of the duties and obligations created hereby. If the Depository Trustee resigns, or is dissolved, liquidated or in the process of being dissolved or liquidated or otherwise becomes incapable of acting hereunder, or is taken under the control of any public officer or officers or of a receiver appointed by a court, a successor depository trustee may be appointed. No resignation or removal may become effective until a successor depository trustee shall have been appointed. In the event that no appointment of a successor depository trustee occurs within 60 days, the holder of any of the Bonds Being Defeased or the retiring Depository Trustee may apply to any court of competent jurisdiction for the appointment of a successor depository trustee acceptable to the District, and such court may thereupon, after such notice as it shall deem proper, appoint a successor depository trustee acceptable to the District. Any successor depository trustee appointed under this Agreement shall execute, acknowledge and deliver to its predecessor and the District an instrument in writing accepting such appointment and, thereupon, such successor depository trustee, without any further act, deed or conveyance, shall become fully vested with all rights, estates, powers, trusts, duties and obligations of its predecessor; but, such predecessor shall, nevertheless, on the written request of such successor depository trustee, execute, acknowledge and delivery an instrument transferring to such successor Depository Trustee all of the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor depository trustee shall deliver all securities and monies held by it to the successor Depository Trustee.

The Depository Trustee agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Depository Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Depository Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Depository Trustee in its discretion elects to act upon such

instructions, the Depository Trustee's understanding of such instructions shall be deemed controlling. The Depository Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Depository Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Depository Trustee, including without limitation the risk of the Depository Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 17. Severability. If any section, paragraph, subdivision, sentence, clause or phrase hereof shall for any reason be held illegal or unenforceable, such decision shall not affect the validity of the remaining portions hereof. The parties hereby declare that they would have executed this Agreement and each and every other section, paragraph, subdivision, sentence, clause and phrase hereof, irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases hereof may be held to be illegal, invalid or unenforceable. If any provision hereof contains an ambiguity which may be construed as either valid or invalid, the valid construction shall be adopted.

Section 18. Applicable Laws. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Arizona. This Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to the subject matter hereof and no party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth herein.

Section 19. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute but one instrument.

Section 20. Conflict of Interest. The District hereby gives notice to the Depository Trustee and the Defeasance Registrar that Arizona Revised Statutes, Section 38-511, as amended, provides that the State of Arizona, its political subdivisions or any department or agency of either, may within three years after execution thereof cancel any contract without penalty or further obligation, made by the State of Arizona, its political subdivisions or any department or agency of either, if any person significantly involved in initiating, negotiating, securing, drafting or creating such agreements on behalf of the State of Arizona, its political subdivisions or any department or agency of either, is at any time while such contract or any extension thereof is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party to the contract with respect to the subject matter of the contract.

Section 21. E-verify Requirements. To the extent applicable under Arizona Revised Statutes, Section 41-4401, the Depository Trustee, the Defeasance Registrar and their respective subcontractors warrant compliance with all federal immigration laws and regulations that relate to their employees and compliance with the E-verify requirements under Arizona Revised Statutes, Section 23-214(A). The Depository Trustee's, the Defeasance Registrar's or their respective subcontractors' breach of the above-mentioned warranty shall be deemed a material breach of this Agreement and may result in the termination of this Agreement by the District. The District retains the legal right to randomly inspect the papers and records of the Depository Trustee, the Defeasance Registrar and their respective subcontractors who work on this Agreement to ensure

that the Depository Trustee, the Defeasance Registrar and their respective subcontractors are complying with the above-mentioned warranty.

The Depository Trustee, the Defeasance Registrar and their respective subcontractors warrant to keep the papers and records open for random inspection by the District during normal business hours. The Depository Trustee, the Defeasance Registrar and their respective subcontractors shall cooperate with the District's random inspections including granting the District entry rights onto its property to perform the random inspections and waiving their respective rights to keep such papers and records confidential.

Section 22. **No Boycott of Israel.** To the extent A.R.S. §§ 35-393 - 35-393.03 are applicable, the Trustee hereby certifies that it is not currently engaged in, and agrees for the duration of this Agreement to not engage in, a "boycott" of goods or services from Israel, as that term is defined in A.R.S. § 35-393.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**PALM VALLEY COMMUNITY FACILITIES
DISTRICT NO. 3
(CITY OF GOODYEAR, ARIZONA)**

By _____
District Treasurer

[U.S. BANK NATIONAL ASSOCIATION], as
Depository Trustee

By _____
Title: _____

**ACKNOWLEDGED AND AGREED FOR
PURPOSES OF SECTIONS 8, 9, 20, 21 AND
22 HEREOF:**

U.S. BANK NATIONAL ASSOCIATION
Defeasance Registrar

EXHIBIT A

NOTICE OF DEFEASANCE of the following bonds:

A portion of the Palm Valley Community Facilities District No. 3 (City of Goodyear, Arizona) (the “*District*”), District General Obligation Bonds, Series 2016, dated October 26, 2016, maturing July 15 of the year 2032 (the “*Bonds Being Defeased*”).

Notice is hereby given that the below-described principal amount of the Bonds Being Defeased have been defeased prior to maturity and that an irrevocable trust for the Bonds Being Defeased was established and funded with cash and obligations issued by or guaranteed by the United States of America in order to provide for the prepayment of the Bonds Being Defeased. The Bonds Being Defeased will be paid on the dates and in the amounts (plus interest accrued to the date of redemption) as follows:

CUSIP (696706)	Maturity Date (July 15)	Coupon	Original Principal Amount	Principal Amount Being Defeased	Prior Redemption Date (July 15)	Redemption Premium (as a Percentage of Principal)
BQ2	2032	4.00%	\$505,000	\$195,000	2026	100%

U.S. Bank National Association, the defeasance registrar (the “*Defeasance Registrar*”), shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this defeasance notice or on any bond.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Defeasance Registrar

By _____

THIS IS NOT A REDEMPTION NOTICE

The Defeasance Registrar shall cause a notice of such defeasance to be mailed by first class mail to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Defeasance Registrar, and transmitted electronically to (i) The Depository Trust Company, and (ii) the Municipal Securities Rulemaking Board by the method required by the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system.

EXHIBIT B

NOTICE OF REDEMPTION

of the following obligations:

PALM VALLEY COMMUNITY FACILITIES DISTRICT NO. 3 (CITY OF GOODYEAR, ARIZONA),
District General Obligation Bonds, Series 2016, dated October 26, 2016, maturing July 15 of the year 2032.

Notice is hereby given that the below-described aggregate principal amounts of the above-referenced bonds outstanding have been called for redemption and will be redeemed on July 15, 2026. The maturity dates and amounts of the bonds to be redeemed are as follows:

CUSIP (Base No. 696706)	Issue (Dated Date)	Name of Issue	Original Principal Amount	Maturities Being Defeased (July 15)	Principal Amount Defeased	Prior Redemption Date (July 15)	Redemption Price on Bonds Being Defeased (Percentage of Principal)
BQ2	10/26/2016	District General Obligation Refunding Bonds, Series 2016	\$505,000	2032	\$195,000	2026	100%

Owners of the above-described bonds called for redemption are notified to present the same at the corporate trust office of U.S. Bank National Association, (the “*Defeasance Registrar*”), on or after the date set for redemption, where redemption will be made by payment of the face amount of each such bond plus accrued interest to the date set for redemption. All bonds so called for redemption must be surrendered and no interest will be paid on the above-described bonds from and after the redemption date.

The Defeasance Registrar shall not be responsible for the selection or use of the CUSIP numbers, nor is any representation made as to its correctness indicated in this redemption notice or on any bond.

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Defeasance Registrar

By _____

The following is not part of this notice:

Not less than 30 nor more than 60 days prior to the date set for redemption, the Defeasance Registrar shall cause a notice of such redemption to be mailed by first class mail to the registered owner of each bond to be redeemed at the address shown on the registration book maintained by the Defeasance Registrar, and transmitted electronically to (i) The Depository Trust Company, and (ii) the Municipal Securities Rulemaking Board by the method required by the Municipal Securities Rulemaking Board, currently through the Electronic Municipal Market Access system.

EXHIBIT C

FEES AND EXPENSES OF DEFEASANCE

The following fees and expenses are to be paid by the Depository Trustee from amounts deposited with the Depository Trustee for that purpose:

Bond Counsel's Fee and Expenses ⁽¹⁾	\$5,000.00
CUSIPs ⁽²⁾	211.00
Depository Trustee [and Defeasance Registrar] Fees and Expenses ⁽³⁾	2,300.00
Financial Advisory Fees and Expenses ⁽⁴⁾	<u>500.00</u>
TOTAL:	<u>\$8,011.00</u>

- (1) Gust Rosenfeld P.L.C.
- (2) [_____]
- (3) [U.S. Bank National Association]
- (4) Hilltop Securities, Financial Advisors LLC.