

District Indemnified Parties with respect to damages caused by the negligence or willful misconduct of the District Indemnified Parties. The District shall not indemnify, defend and hold harmless the Municipality with respect to matters relating to public infrastructure owned by the Municipality.

ARTICLE IX  
PAYMENT OF CERTAIN EXPENSES AND COSTS

Section 9.1. (a) To provide for expenses and costs for agents or third parties required to administer the General Obligation Bonds and the levy and collect *ad valorem* taxes for payment of the General Obligation Bonds and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts available from the tax levy described in Section 6.2(d).

(b) To provide for the payment of expenses and costs for agents or third parties required to administer the Assessment Bonds and the levy and collection of the Assessments and any purposes otherwise related to such activities of the District, amounts shall be budgeted by the District Board each Fiscal Year in the District Budget for such purposes and shall be paid from amounts collected for such purposes as a portion of the interest portion of the installments due with respect to the Assessments.

Section 9.2. To provide for the payment of the District Expenses and the O/M Expenses, the District Board shall levy all or a portion of the O/M Tax and shall apply the collections of the O/M Tax *first* to pay the District Expenses and *second* to pay the O/M Expenses. To the extent the collections of the O/M Tax are not sufficient to pay the District Expenses and the O/M Expenses, the Owners shall, to the extent of reasonable amounts necessary therefor, be liable and obligated to pay, jointly and severally, or, on a reasonable basis acceptable to the District Manager, obligate a homeowner's or similar association to pay, to the District on July 1 of each fiscal year of the District the amount of any shortfall indicated in the District Budget with respect to the District Expenses and the O/M Expenses, including any amount required because of any shortfall in the prior Fiscal Year as provided in such District Budget and no matter how such shortfall was otherwise funded. The District shall only levy the O/M Tax in an amount necessary for the District Expenses and the O/M Expenses reflected in the District Budget for the Fiscal Year of the District and only in reasonable amounts therefor. The obligations of the Owners pursuant to this Section shall not exceed \$50,000 per Fiscal Year beginning with the first full Fiscal Year after the execution and delivery hereof by the District [provided, however, that for any period prior thereto such obligations shall not exceed \$50,000 times the number of full months remaining in such Fiscal Year divided by twelve (12)] and shall only be effective until the eighth full Fiscal Year after the execution and delivery hereof by the District; provided, however, that such amount shall not exceed \$50,000 per Fiscal Year for the sixth, seventh and eighth full Fiscal Years after the execution and delivery hereof by the District if the District Manager determines that additional amounts up to such amount are required for the purposes hereof for the sixth, seventh and eighth Fiscal Years.

Section 9.3. The Owners shall deposit \$50,000 as a deposit on account to be applied by the Municipality to pay Initial Expenses upon written demand by the District Manager. When \$45,000 of the \$50,000 deposit is expended, an accounting will be made to the Owners of all amounts incurred by the Municipality for the Initial Expenses to date, and the Owners shall be liable and obligated, jointly and severally, to provide additional funds as necessary for the Initial Expenses in an amount requested by the Municipality which must be paid forthwith and which shall thereafter be the subject of a similar accounting. Amounts paid pursuant to this Section by the Owners which may be reimbursed under applicable law to the Owners from the proceeds of the sale of the General Obligation Bonds shall, at the request of the Owners and to the extent of available amounts therefor, be included as part of the purpose of the Assessment Bonds or the General Obligation Bonds. The obligations of the Owners pursuant to