



North East Independent School District

8961 Tesoro Drive, San Antonio, Texas 78217

NOTICE OF MEETING OF THE BOARD OF TRUSTEES

Notice is hereby given that a meeting of the Board of Trustees of the North East Independent School District will be held on March 14, 2022. The Board will convene in Open Session at 5:30 PM, then move into Executive Session and resume the public portion of the meeting no earlier than 6:15 PM. The Board will meet on the first floor of the Richard A. Middleton Education Center, 8961 Tesoro Drive, San Antonio, Texas 78217. Such meeting is a regular meeting.

The open session portion of the meeting is livestreamed, and members of the public may view the meeting by going to the North East Independent School District's YouTube channel. Click the link below or type it into your browser.

<https://www.youtube.com/c/NEISDtv>

Items will not necessarily be discussed or considered in the order they are printed. Anyone wishing exhibit information in accordance with Local Board Policy GBA, must contact the Public Information Officer.

MISSION STATEMENT

We challenge and encourage each student to achieve and demonstrate academic excellence, technical skills, and responsible citizenship.

I. ESTABLISHMENT OF QUORUM AND CALL TO ORDER

II. EXECUTIVE SESSION

- A. Personnel, including but not limited to Administrative Appointments pursuant to Government Code Section 551.074
 - 1. Routine Personnel including but not limited to Administrative Appointments
 - a. Director of Records Management
 - 2. Proposed Recommendation for Termination of Chapter 21 Term Contract Employee(s)
 - 3. Discussion Regarding Assignments and Duties of Personnel for Magnet Program
- B. Consultation with Board's Attorney pursuant to Government Code Section 551.071
 - 1. Pending and/or Possible Litigation
 - 2. Revision of Board Policy BDD(LOCAL)

III. RECONVENE INTO OPEN SESSION

IV. WELCOME FROM THE BOARD PRESIDENT

V. INVOCATION AND PLEDGE OF ALLEGIANCE

- A. Ed White Middle School
Presenter: Fernando Ruiz, Acting Principal

VI. RECOGNITIONS

- A. 2021-2022 TMEA All State
Presenter: Rudy Jimenez, Chief of Schools and Leadership
- B. UIL State Swim Meet

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Presenter: Rudy Jimenez, Chief of Schools and Leadership	
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Independent School District Fixed Rate Unlimited Tax
School Building and/or Refunding Bonds

Presenter: Dan Villarreal, Chief Financial Officer

D. Consent

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 - b. ESSER-III Funds HVAC Unit Ventilator and Energy Recovery Unit Replacement Project Bid Package C (5 Campuses) Bid Award Approval 192
 - c. ESSER-III Funds Madison High School Central Plant Chiller Replacement Project Bid Award Approval 194
3. Minutes from February, 2022
4. End of Consent

XI. **REPORTS**

- A. Interim Financial and Management Reports
- B. Awarded Bid Report

XII. **DISCUSSION AND POSSIBLE ACTION REGARDING BOARD MEMBERS' REQUEST(S) FOR ITEM(S) TO BE PLACED ON A FUTURE AGENDA AND/OR REQUEST(S) FOR REPORT(S) FROM THE ADMINISTRATION**

XIII. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in an Executive or Closed Session, the Board will convene in such Executive or Closed Session in accordance with the Open Meetings Act, Texas Government Code, Section 551.071, 551.072, and 551.074.

CERTIFICATE AS TO POSTING OR GIVING OF NOTICE

On this 11th day of March, no later than 5:30 PM, this notice was posted on a bulletin board located at a place readily accessible and convenient to the public at the Richard A. Middleton Education Center, 8961 Tesoro Drive, San Antonio, Texas.

The North East Independent School District does not discriminate on the basis of race, color, religion, gender, national origin, age or disability



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Rudy Jimenez
Chyla Whitton, Executive
Director for Human
Resources

Subject: Employment of Personnel
New Hires

Related Page(s): None

ACTION ITEM

BACKGROUND INFORMATION

Policy DC (LOCAL) states: "The Superintendent has sole authority to make recommendations to the Board regarding the selection of contractual personnel in the following categories: central office administrator from the director level and above and campus administrator, including principals and assistant principals." Final authority for employment of contractual personnel in these categories shall be retained by the Board.

ADMINISTRATIVE CONSIDERATION

Campus personnel are recommended for employment by campus principals in accordance with TEC § 11.202(b). All other personnel are recommended by appropriate supervisors. In both cases, the candidate deemed "best qualified" has been selected.

BUDGETARY CONSIDERATION

New hires associated with replacement of personnel have been budgeted prior to the hiring process. New hires associated with recently established positions are covered by a contingency fund established by the Board for this purpose. Should the cost of such positions exceed the funds so budgeted, then a separate budget amendment is brought before the Board prior to additional positions being filled.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees of the North East Independent School District approve the hiring of new personnel as presented.

BOARD ACTION REQUIRED

Approval/Disapproval



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Rudy Jimenez
Chyla Whitton
Executive Director
Human Resources

Subject: Proposed Recommendation
For Termination of Chapter 21
Term Contract Employee(s)

Related Page(s): None

ACTION ITEM

BACKGROUND INFORMATION

In accordance with the Texas Education Code § 21.211(a) and Board Policy DFBA (Legal) "A board may terminate a term contract and discharge a teacher at any time for: (1) good cause as determined by the board."

ADMINISTRATIVE CONSIDERATION

Formal approval of the proposed recommendation for termination of Chapter 21 Term contract employee(s) by the Board of Trustees is required.

BUDGETARY CONSIDERATION

Money is budgeted each year in the appropriate accounts for potential Chapter 21 hearings before Hearing Examiners.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees of the North East Independent School District approve the proposed termination of the identified employee(s) Chapter 21 Term contract(s) discussed in executive session and notify the employee(s) of the proposed action to include the grounds for the action.

BOARD ACTION REQUIRED

Approval/Disapproval



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Anthony Jarrett
Esmeralda Munoz,
Executive Director,
Learning Support
Services, Terri Sanchez,
Director, Library Services

Subject: Library Update

Related Page(s): None

PRESENTATION

BACKGROUND INFORMATION

In the fall of 2021 out of an abundance of caution, NEISD initiated an additional review of all campus library collections to determine if books found on our library shelves were age-appropriate. Librarians were asked to review books from State Representative Matt Krause's list, in addition to a few other titles featured in local news and social media platforms to ensure the books did not have offensive or vulgar content. Essentially the identified books were only under review and remained in our catalog unless they violated our district policy and/or guidelines.

All books that were found to be appropriate and supported our district policy continued to be available for student use. Additionally, books that were identified for replacement during this process are being replaced with books of a similar nature to be added to the library collections and serve our diverse student population.

Considering all the learning we made during this process, our librarians and Library Services have established a comprehensive reconsideration process and collection development procedures for our schools to use.

ADMINISTRATIVE RECOMMENDATION

None

BOARD ACTION REQUIRED

None



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Susie Lackorn, Director
Budgets and Financial Analysis

Subject: Finance Update

Related Page(s): None

PRESENTATION

BACKGROUND INFORMATION

The 2021-2022 budget was adopted prior to multiple special sessions of the legislature and prior to the release of ESSER funding. These items along with the COVID-19 pandemic have impacted the District's finances. This presentation will provide information on the impact of these items, a look at the overall status of the District's finances and projections for the next three fiscal years.

BOARD ACTION REQUIRED

None



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Sean Maika
Superintendent

Subject: Board Policy Update 118,
Second and Final Reading

Related Page(s): Attachments

ACTION ITEM

BACKGROUND INFORMATION

Update 118 encompasses changes in law from the 87th Legislative Session that have an immediate effect on the governance and management of the district. Recommended changes to local policies address the following topics:

- | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> Activity Funds Cybersecurity Resignations by Contract Employees School Counselor Duties Human Sexuality Instruction | <ul style="list-style-type: none"> Accelerated Instruction, Retention & Promotion School Safety Transfers Optional Excused Absences for Students & Attendance for Credit Child Abuse & Neglect Reporting Student Records |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Please note that (LEGAL) policies reflect the ever-changing legal context for governance and management of the district. They should not be adopted, but rather, should inform local decision making. The (LOCAL) policy recommendations in this update will need close attention by both the administration and the board to ensure that they reflect the practices of the district and the intentions of the board. Board action is needed to adopt, revise, or repeal (LOCAL) policy.

ADMINISTRATIVE RECOMMENDATION

While most of the policies included in this update are (LEGAL) policies, the update recommends the Board add, revise, or delete twelve (12) (LOCAL) policies. The following (LOCAL) policies are presented to the Board for consideration.

CFD (LOCAL)	Accounting-Activity Funds Management	EIE (LOCAL)	Academic Achievement-Retention and Promotion
CQB (LOCAL)	Technology Resources-Cybersecurity	FDE (LOCAL)	Admissions-School Safety Transfers
DFE (LOCAL)	Termination of Employment	FEA (LOCAL)	Attendance-Compulsory Attendance
DP (LOCAL)	Personnel Positions	FEC (LOCAL)	Attendance-Attendance for Credit
EHAA (LOCAL)	Basic Instructional Program-Required Instruction (All Levels)	FFG (LOCAL)	Student Welfare-Child Abuse and Neglect
EHBC (LOCAL)	Specimen Programs-Compensatory/Accelerated Services	FL (LOCAL)	Student Records

RECOMMENDATION

It is recommended that the Board approve the second and final reading of the above listed local policies included in Update 118.

BOARD ACTION REQUIRED

Approval/Disapproval



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Sean Maika

Subject: Revision to Board Policy
BDD(LOCAL)

Related Page(s): BDD(LOCAL)

ACTION ITEM

BACKGROUND INFORMATION

During the December 13, 2021, Regular Board meeting, Dr. Maika shared several policies with the trustees, one of which was policy BDD (LOCAL). Based on the language of the policy, the Board voted to bring the policy back for a potential update.

ADMINISTRATIVE CONSIDERATION

The current policy states that trustees must work through the Board President or Superintendent to seek advice or ask questions of the District's legal counsel. Administration has prepared some revised language for consideration and the revised policy BDD (LOCAL) is presented.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees approve the revised Board Policy BDD (LOCAL) as presented.

BOARD ACTION REQUIRED

Approval/Disapproval

RESOLUTION

**NORTH EAST INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES**

WHEREAS, the Board of Trustees of the North East Independent School District understands that certain employees who work directly with students, such as classroom teachers, instructional and special education assistants, may have necessary medical devices they use to manage their own medical conditions and which they must have with them while in the classroom serving students;

WHEREAS, the Board acknowledges that employees who work with students may experience instances where in the course of addressing a student's behavior(s) the student may intentionally or accidentally damage or destroy an employee's necessary medical device, such as eyeglasses or an insulin pump;

WHEREAS, employees who have such medical devices currently have no recourse for assistance with the financial burden of repairing or replacing medical devices, and that it may prove financially difficult or impossible for employees to shoulder that financial burden;

WHEREAS, the Board wishes to direct the administration to develop a process by which employees who sustain damage to a necessary medical device may seek reimbursement assistance from the District toward the cost of repairing or replacing the device; and

WHEREAS, the Board finds that creation of a process to assist employees in the manner described above serves an educational purpose and is in the best interest of students and employees in the North East Independent School District under Section 45.105(c) of the Texas Education Code, as this will help reduce possible absenteeism for employees whose ability to attend work may be affected due to damaged medical devices and will also help employee morale, particularly for those employees who work with students who have high behavioral needs.

NOW THEREFORE BE IT RESOLVED that the Board of Trustees of North East Independent School District authorizes the administration to develop a process for employees to request reimbursement assistance for the repair or replacement of necessary medical devices damages while working with students in the course and scope of their employment, and then provide information to employees on how to utilize the process. **BE IT FURTHER RESOLVED** that the Board authorizes the administration to create appropriate definitions and criteria of what constitutes a necessary medical device and determine appropriate amounts of available reimbursement assistance to employees.

PASSED, APPROVED, AND ADOPTED BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT, this 14th day of March, 2022.

CERTIFICATE FOR RESOLUTION

I hereby certify that the foregoing resolution was presented to the Board of Trustees of the North East Independent School District during a properly noticed and scheduled meeting held on March 14, 2022. A quorum of the Board of Trustees being then present, it was duly moved and seconded that the resolution be adopted, and such resolution was then adopted according to the following vote:

Ayes: 6

Nays: 0

Abstentions: 0

To certify which, witness my hand and the official seal of the District this 14th day of March 2022.

President, Board of Trustees

NORTH EAST INDEPENDENT SCHOOL DISTRICT

By: Shannon Grona

Shannon Grona, President, Board of Trustees



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Shanna Toborg, Treasurer
Finance & Accounting

Subject: Consideration and approval of an order authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax Refunding Bonds, Series 2017"
Related Page(s): Attachment

ACTION ITEM

BACKGROUND INFORMATION

Consideration and approval of an order by the board of trustees of the North East Independent School District authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax Refunding Bonds, Series 2017"; amending certain terms of the order authorizing the issuance of the bonds; delegating the authority to certain members of the Board of Trustees and District Staff to approve and execute certain documents relating to the remarketing of the Bonds; and providing an effective date.

ADMINISTRATIVE CONSIDERATION

The order delegates to certain District officials and employees the ability to remarket the Bonds and approve various documents and closing certificates with respect to the Bonds. Hilltop Securities Inc., as the District's financial advisor, and Norton Rose Fulbright US LLP, as the District's bond counsel, will coordinate the administrative aspects for the issuance of the Bonds including the pricing, sale, and closing of the Bonds.

BUDGETARY CONSIDERATION

If the bonds are sold at a premium, the fees will be paid from the issuance of Bonds. If the bonds are sold at par, the fees will be paid by the Debt Service Fund.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees adopt an order authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax Refunding Bonds, Series 2017" pursuant to a delegated sale.

BOARD ACTION REQUIRED

Approval/Disapproval

AN ORDER BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT AUTHORIZING THE REMARKETING OF “NORTH EAST INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX REFUNDING BONDS, SERIES 2017”; AMENDING CERTAIN TERMS OF THE ORDER AUTHORIZING THE ISSUANCE OF THE BONDS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE REMARKETING OF THE BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF A REMARKETING MEMORANDUM AND THE AUTHORIZATION OF THE EXECUTION OF A REMARKETING AGREEMENT PERTAINING THERETO; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE BOARD OF TRUSTEES AND DISTRICT STAFF TO APPROVE AND EXECUTE CERTAIN DOCUMENTS RELATING TO THE REMARKETING OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Board of Trustees (the *Board*) of the North East Independent School District (the *District*) has previously adopted an order on November 13, 2017 (the *Original Bond Order*) authorizing the issuance of the District’s Variable Rate Unlimited Tax Refunding Bonds, Series 2017 (the *Bonds*);

WHEREAS, the Bonds are currently outstanding in an Initial Rate mode during which they bear interest at an Initial Rate for the Initial Rate Period (the *Initial Rate Period*) that expires on July 31, 2022;

WHEREAS, the Bond Order authorizes the District to remarket the Bonds into various interest rate modes, including modes during which the Bonds bear interest at a Term Rate or at Fixed Rates;

WHEREAS, the Board has determined that the remarketing of the Bonds in the principal amount of \$_____ and into a new interest mode and Rate Period effective at the conclusion of the Initial Rate Period will benefit the District and its residents, as herein provided; and

WHEREAS, given changes in law and market conditions, the District desires to amend the Bond Order to conform the terms of the Bonds with such changes in law and market conditions; now, therefore,

BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1: Conversion to New Rate Period. Pursuant to Sections 3.01 and 3.02 or 3.03 of the Bond Order, the Bonds in the principal amount of \$_____ shall be converted to a new Rate Period that is a Fixed Rate Period or a Term Rate Period (the period of any such mode, the *New Interest Period*), during which the Bonds will bear interest, in whole or in part, at Fixed Rates or Term Rates. The New Interest Period shall commence on August 1, 2022 and shall conclude, if the Bonds during such New Interest Period bear interest at (i) Term Rates, not later than July 31,

20__ and (ii) Fixed Rates, not later than the Bonds' stated maturity date, as specified in the Bond Order. If the Bonds in the New Interest Period bear interest at a Term Rate, neither the Term Rate nor the Stepped Rate applicable to the Bonds in such New Interest Period shall exceed the Highest Rate. If the Bonds in the New Interest Period bear interest at Fixed Rates (as provided by Section 3.03 of the Bond Order), no Fixed Rate shall exceed the Highest Rate. At the time of remarketing of the Bonds, an Authorized Official shall determine the principal amount of Bonds to bear interest at a Term Rate and the principal amount of Bonds to bear interest at Fixed Rates (and, with respect to such determination, the years of Stated Maturity of and redemption provisions, if any, applicable to such Bonds bearing interest at a Term Rate or Fixed Rates). Notwithstanding the foregoing, no remarketing of Bonds shall result in an extension of the final maturity of the Bonds, as specified in the Bond Order, or maximum annual debt service on the Bonds exceeding the highest year of debt service indicated in Table 8 of the Final Offering Memorandum relating to the initial issuance of the Bonds.

The Term Rate Conversion Date shall be August 1, 2022, which is an Interest Payment Date on which interest is payable for the Initial Rate Period from which conversion is to be made. The New Interest Period shall commence on August 1, 2022 and continue through the mandatory tender date of the Bonds.

SECTION 2: Notices; Ratification of Prior Action. (a) Conversion. The Paying Agent/Registrar is hereby authorized and directed to provide notice to the Owners of any conversion of the Rate Period for the Bonds authorized by this Order, such notice to be in the form and to the effect required by the Bond Order. In addition, each Authorized Official is authorized and directed to provide any notice required by the Bond Order in connection with any conversion of the Rate Period for the Bonds authorized by this Order.

The actions of the Authorized Officials, agents and representatives of the District taken prior to the date of this Order to accomplish the conversion of the Rate Period for the Bonds to a Term Rate Period are hereby ratified, confirmed and approved.

(b) Material Events Notice. The Authorized Officials, agents and representatives of the District are hereby authorized and directed to take any action, and to execute and deliver any and all documents, certificates or other instruments as are necessary or appropriate, for the filing of any material event notice required as a result of the transactions authorized by this Order and the District's continuing disclosure undertaking under United States Securities and Exchange Commission Rule 15c2-12 (the *Rule*) and the Bond Order.

SECTION 3: Remarketing Memorandum. The Board hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the *Remarketing Memorandum*) presented to the Board with this Order, in substantially the same form attached hereto as Exhibit A, and prepared for use by the Remarketing Agent in connection with the remarketing of the Bonds and the determination of the interest rate for the Bonds from time to time, including the Term Rate and/or any Fixed Rates, and authorizes the preparation of any addenda, supplements or amendments thereto as an Authorized Official may deem appropriate; and the District further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the Bonds and the determination of the Term Rate and/or any Fixed Rates. The Authorized Officials, officials, agents and representatives of the District are hereby authorized

and directed to execute and deliver any certificates, instruments, affidavits or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined and declared that the descriptions, statements and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board.

SECTION 4: Amendments to Bond Order Authorized. To accommodate changes in terms governing the Bonds, the District hereby approves the hereinafter-specified amendments to the Bond Order, which amendments are effectuated pursuant to Section 14.01(f) of the Bond Order. In connection therewith, such amendments will become effective as to the designated Bonds upon the Conversion Date applicable to the Bonds that are remarketed into a new Term Rate Period or the Fixed Rate Period pursuant to this Order, that notice of such amendments be delivered to the Paying Agent/Registrar, that Bonds reflecting such amended terms, as applicable or necessary, are delivered to the Paying Agent/Registrar in accordance with Section 14.04 of the Bond Order, and that any other prerequisites to the effectiveness of such amendments as specified in Article XIV of the Bond Order are satisfied.

(a) The definition of Authorized Official, as contained in Section 1.01 of the Bond Order is hereby amended and restated in its entirety as follows:

Authorized Official shall mean any of the President, Board of Trustees, the Secretary, Board of Trustees, the Superintendent of Schools, the Chief Financial Officer, and the Executive Director of Finance and Accounting or any individual serving in such capacity as any of the foregoing on either an interim or permanent basis (each individually an *Authorized Official*).

(b) The following sentence shall be added to the end of Section 5.05(a):

Except for Bonds redeemed on a Conversion Date and that are, on such date, subject to mandatory tender without the Holder's optional right to retain (which redemption(s) may be effected at the District's discretion), Bonds redeemed in part shall be selected for redemption at random and by lot.

(c) Section 12.03 of the Bond Order is hereby amended and restated in its entirety as follows:

Discharge by Deposit. Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Article when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable

arrangements therefor acceptable to the Paying Agent/ Registrar have been made) the redemption date thereof. In the event of a defeasance of the Bonds, the District shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent firm of certified public accountants, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. To the extent applicable, if at all, the District covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto. Prior to any defeasance of Term Rate Bonds, the District shall receive confirmation from Moody’s, S&P, and Fitch that the defeasance will not result in a reduction or withdrawal of the rating on the Bonds.

(d) Article XIII of the Bond Order is hereby replaced in its entirety with the following:

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB’s Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

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

SEC means the United States Securities and Exchange Commission.

Undertaking means the District’s continuing disclosure undertaking, described in Paragraphs 13.02 through 13.06 below, hereunder accepted and entered into by the District for the purpose of compliance with the Rule.

Section 13.02. Annual Reports.

The District shall file annually with the MSRB, (1) within six months after the end of each fiscal year ending in or after 2022 financial information and operating data with respect to the

District of the general type included in the final Offering Memorandum authorized by Section 8.01 of this Order, being the information described in Exhibit E hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the District, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit H hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, including, but not limited to, Chapter 44, as amended, Texas Education Code, the District must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified or permitted public accountant and must file each audit report with the Texas Education Agency within 150 days after the close of the District's fiscal year. Copies of each audit report must also be filed in the office of the District and with the Secretary, Board of Trustees. The District's fiscal records and audit reports are available for public inspection during the regular business hours of the Superintendent of Schools. Additionally, upon the filing of these financial statements and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the District changes its fiscal year, it will file notice of such change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 13.03. Notice of Certain Events.

The District shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;

- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States 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 District, 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 District, and (b) the District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

Section 13.04. Limitations, Disclaimers, and Amendments.

The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an Obligated Person with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time 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 of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The District may also repeal or amend the provisions of this Section 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 District also may amend the provisions of this Section 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 have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the District so amends the provisions of this Section, the District shall include with any amended financial information or operating data next provided in accordance with this Section 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.

Section 13.05. Information Format – Incorporation by Reference.

The District information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

Section 13.06. General Policies and Procedures Concerning Compliance with Federal Securities Laws.

Because the issuance of the Bonds is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale of the Bonds or the initial purchasers in a competitive sale of the Bonds may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the District hereby adopts, as a supplement (and not as a substitution or in replacement of) to the District’s existing policies and procedures pertaining to compliance with the Rule, the General Policies and Procedures Concerning Compliance with the Rule (the *Policies and Procedures*), attached hereto as Exhibit H, with which the District shall follow to assure compliance with the Undertaking. The District has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from its internal staff charged with administering the District’s financial affairs, its municipal or financial advisors, its legal counsel (including its Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the District and any such amendment will not be deemed to be an amendment to the Undertaking. Each Authorized Official is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Undertaking.

- (e) The following is added as a new Exhibit H to the Bond Order:

EXHIBIT H

General Policies and Procedures Concerning Compliance with the Rule*

I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Section 1.01 of the Order. “Bonds” refers to the Bonds that are the subject of the Order to which this Exhibit is attached.

II. As a capital markets participant, the District is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the District’s compliance with the Rule.

III. The District is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Article XIII of the Order, which provisions are a part of the Undertaking.

IV. The District is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the District is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.

V. The District now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the District’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the District’s obligations under the Rule, the advice from and discussions with the District’s internal senior staff (including staff charged with administering the District’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):

- (a) The Superintendent of Schools or the Chief Financial Officer or the Executive Director of Finance and Accounting (the *Compliance Officer*) shall be responsible for satisfying the District’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;

(b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the District’s information of the type described in Article 13 of the Order;

(c) the Compliance Officer shall promptly determine the occurrence of any of the events described in Article XIII of the Order;

(d) the Compliance Officer shall work with external consultants of the District, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the District and notice of the occurrence of any of the events referenced in Clauses (a) and (b) above, respectively, the foregoing being required to satisfy the terms of the Undertaking;

(e) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;

(f) upon identification of any Financial Obligation meeting the materiality standard identified in Clause (e) above, the Compliance Officer shall establish a process for identifying and monitoring any District agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;

(g) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the District; and

VI. the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the District’s internal staff identified by the Compliance Officer to assist with the District’s satisfaction of the terms and provisions of the Undertaking.

*The Policies and Procedures supplement (and are not a substitution or replacement of) the District’s existing policies and procedures pertaining to the District’s compliance with the Rule which have been previously adopted by the Board of Trustees of the District.

SECTION 5: Bonds Subject to Mandatory Tender Without Right of Retention. As required by Section 3.02(c) of the Bond Order, the Board hereby specifies that, at the end of the Term Rate Period into which the Bonds are remarketed pursuant to Section 1 hereof (and if such Bonds are remarketed into a Term Rate Period), such Bonds shall be subject to mandatory tender, without right of retention by the Owner; provided, however, that a failure of the Remarketing Agent to remarket the Bonds at the end of such Term Rate Period shall result in the holders of the

Bonds retaining such Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of the Bond Order (including Section 3.02(c)).

The paying agent of any bonds subject to mandatory tender is authorized and instructed to provide notice of this mandatory tender to the holders of the Bonds. A copy of the notice of mandatory tender pertaining to the Bonds is attached hereto as Exhibit D and such notice is incorporated herein by reference for all purposes.

SECTION 6. Redemption of Certain Bonds. The remarketing of the Bonds in the manner specified in Section 3.02(a)(ii) of the Bond Order, may result in additional proceeds that can be used to refund certain of the Bonds. In addition the Bonds are subject to redemption, in whole or in part, on August 1, 2022 (which is the first Interest Payment Date after the conclusion of the Term Rate Period) at the option of the District. If the remarketing of the Bonds produces proceeds in excess of the amount necessary to accomplish the settlement of the remarketing of such Bonds, and an Authorized Official determines that such excess proceeds shall be used to optionally redeem certain of the Bonds, then such Bonds determined to be optionally redeemed by the Authorized Official (to be evidenced in the Approval Certificate) are hereby called for redemption.

The District shall give written notice to the paying agent of any Bonds that have been called for redemption. A copy of the notice of redemption pertaining to any Bonds is attached hereto as Exhibit B and such notice is incorporated herein by reference for all purposes. The paying agent is authorized and instructed to provide notice of this redemption to the holders of any redeemed Bonds in the form and manner described in the Bond Order. Notwithstanding the foregoing, a notice of mandatory tender without retention rights shall satisfy any notice requirements for an optional redemption of Bonds which occurs on a Conversion Date, pursuant to Section 5.05 of the Bond Order.

SECTION 7. Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the Bond Order (including Section 6.10(a) thereof), the District authorizes each Authorized Official to appoint a bank or syndicate of banks to serve as the Remarketing Agent for the Bonds (the *Remarketing Agent*), to accomplish the remarketing of the Bonds in the manner contemplated under this Order. The Remarketing Agreement shall signify the acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit C (the *Remarketing Agreement*). Any Authorized Official is hereby authorized and directed to execute and deliver the Remarketing Agreement, for and on behalf of the District and this Board, and such agreement, as executed by the District and the Remarketing Agent shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and this Board. Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the Bond Order.

SECTION 8. Additional Actions Authorized; Authorized Officials. Pursuant to the authority provided by Chapter 1371, as amended, Texas Government Code, each Authorized Official, and all other appropriate officers, agents and representatives of the District are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the (i) conversion of the Rate Period for the designated Bonds to the Term Rate Period

or Fixed Rate Period; (ii) selection of a bank or syndicate of banks to serve as the Remarketing Agent and the execution of a Remarketing Agreement, memorializing the terms of such engagement; and (iii) preparation and distribution of replacement definitive Bonds and the Remarketing Memorandum, as contemplated by this Order, including, without limitation, executing, delivering, and accepting on behalf of the District all agreements certificates, consents, waivers, receipts, notices, requests and other documents as may be necessary or appropriate to carry out the actions contemplated by this Order, and shall execute a certificate to reflect the approval of the interest rates, stated maturities and redemption provisions of the Bonds in connection with the remarketing of the Bonds. In addition, each Authorized Official is hereby authorized to distribute notice of the matters described in this Order by delivering a letter, substantially the form attached hereto as Exhibit E, to any party having an interest in such matters.

SECTION 9: Public Meeting. It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 10: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Order are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 11: Further Procedures. The officers and employees of the District are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the remarketing and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Tender Agent Agreement, the Remarketing Agreement, and the Remarketing Memorandum. In addition, prior to the settlement of the remarketing of the Bonds, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Remarketing Memorandum, or (ii) obtain a rating from any of the national bond rating agencies, or (iii) coordinate any matter with the Texas Education Agency and the Texas Attorney General. In case any officer of the District whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 12: Issuer's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the Issuer hereby consents to and authorizes any Authorized Official, Bond Counsel to the Issuer, and/or Financial Advisor to the Issuer to provide

to the Texas MAC information and documentation requested by the Texas MAC relating to the Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Bonds.

SECTION 13: Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the Board, pursuant to Chapter 1371 and other applicable law, hereby delegates to the Superintendent of Schools and the Chief Financial Officer or the Executive Director of Finance and Accounting the authority to independently select the counterparty to any agreement with any securities depository, or any other contract that is determined by the Superintendent of Schools or the Chief Financial Officer or the Executive Director of Finance and Accounting, the District's Financial Advisor, or the District's Bond Counsel to be necessary or incidental to the issuance of the Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the Ancillary Bond Contracts) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the District. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 14: Effective Date. This Order shall be in force and effect from and after its passage on the date shown below.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED, this ____ day of March, 2022.

NORTH EAST INDEPENDENT SCHOOL
DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(DISTRICT SEAL)

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EXHIBIT A

Remarketing Memorandum

See Tab No. __

EXHIBIT B

Notice of Redemption

See Tab No. __

EXHIBIT C

Remarketing Agreement

See Tab No. __

EXHIBIT D

Notice of Mandatory Tender and Conversion of Bonds

TO: Owners of North East Independent School District (the *District*) Variable Rate Unlimited Tax Refunding Bonds, 2017 (the *Bonds*):

<u>CUSIP No.</u>	<u>Stated Maturity</u>	<u>Principal Amount (\$)</u>
659155JE6	August 1, 20__	\$ _____
659155JE6	August 1, 20__	\$ _____

Pursuant to Section 3.03 of the order authorizing the issuance of the referenced Bonds (as amended, the *Order*), and an order adopted by the District’s Board of Trustees on March 14, 2022, in which the District elected to exercise its right to convert the Bonds from the Initial Rate Period to a new [Fixed/Term] Rate Period, commencing on August 1, 2022 (the *Conversion Date*). The [duration (in years) for the Term Rate Period/Fixed Rates for each maturity of Bonds] during such [Term/Fixed] Rate Period [is/are] expected to be determined on or about _____, 2022 (the *Determination Date*). Notice of such [rate/rates] shall be sent by BOKF, NA, Dallas, Texas, as paying agent/registrar, on such Determination Date.

All Bonds are subject to mandatory tender, without right of retention by the Owners thereof, on the Conversion Date at the Purchase Price. Bonds must be tendered for purchase at or before 5:00 p.m., New York City time, on the Business Day next preceding the Conversion Date (or by noon, New York City time, on such date for Bonds held in the book-entry-only system) by delivering such Bonds by mail to: _____, _____, Texas. (the *Tender Agent*), [ADDRESS], Attention: _____.

Any Bond not delivered to the Tender Agent for purchase, as herein provided, shall be deemed tendered and purchased on the Conversion Date and shall constitute an Undelivered Bond under the Order. Any Owner of an Undelivered Bond shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of such Bond to the Tender Agent.

The District may elect to redeem on August 1, 2022 certain Bonds tendered for purchase rather than convert and remarket them to bear interest at a [Term/Fixed] Rate during the [Term/Fixed] Rate Period. In the event the District so elects, this Notice shall also serve as notice to the Holders of any such redemption.

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Order.

as Paying Agent/Registrar and Tender Agent

Dated: July 31, 2022

EXHIBIT E

Notice from District to Working Group

[DISTRICT LETTERHEAD]

Re: North East Independent School District Variable Rate Unlimited Tax Refunding Bonds,
2017

TO THE ATTACHED DISTRIBUTION LIST:

The Board of Trustees (the *Board*) of the North East Independent School District (the *District*) hereby notifies you, as a recipient of this letter, of the District's intent to convert and remarket to a [Term/Fixed] Rate Period those bonds of the captioned series (collectively, the *Bonds*) that are subject to mandatory tender, without optional right of retention, on August 1, 2022, and that remain outstanding after the District's optional redemption on such date of a portion of such Bonds mandatorily tendered for purchase. The Bonds are subject to mandatory tender on August 1, 2022 as a result of the July 31, 2022 expiration of their Initial Rate Period. The Bonds are currently outstanding in the principal amount of \$44,955,000. The Bonds will be remarketed in the manner described above, though the District has reserved the right to effect additional redemptions on August 1, 2022, conditioned on the results of the remarketing.

The Bonds are issued and outstanding pursuant to an order adopted by the Board on November 13, 2017 which order was amended by a subsequent order of the Board adopted on March 14, 2022 (such order authorizing the issuance of the Bonds, as amended, the *Order*). The conversion and remarketing of the Bonds into a [Term/Fixed] Rate Period is authorized pursuant to the aforementioned order of the Board adopted on March 14, 2022. Capitalized terms used, but not defined, herein have the meanings ascribed thereto in the Order.

This letter is provided in satisfaction of the requirements of the Order. Please contact Ms. Stephanie Leibe, Norton Rose Fulbright US LLP, the District's Bond Counsel, with any questions concerning this matter. Documents will be circulated to the working group by Bond Counsel to effectuate the remarketing of the Bonds not redeemed as herein described.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

Mr. Dan Villarreal,
Chief Financial Officer

cc: Raul Villaseñor (Hilltop Securities, Inc.)
Michelle Aragon (Hilltop Securities, Inc.)
_____ (Paying/Tender Agent)
_____ (Fitch Ratings, Inc.)

_____ (Fitch Ratings, Inc.)
_____ (Moody's Investors Service, Inc.)
Stephanie Leibe (Norton Rose Fulbright US LLP)
Matt Lee (Norton Rose Fulbright US LLP)
Chris Guevara (Norton Rose Fulbright US LLP)



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Shanna Toborg, Treasurer
Finance & Accounting

Subject: Consideration and approval of an order authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013B" Related Page(s): Attachment

ACTION ITEM

BACKGROUND INFORMATION

Consideration and approval of an order by the Board of Trustees of the North East Independent School District authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013B"; delegating the authority to certain members of the Board of Trustees and District Staff to approve and execute certain documents relating to the remarketing of the Bonds; and providing an effective date.

ADMINISTRATIVE CONSIDERATION

The order delegates to certain District officials and employees the ability to remarket the Bonds and approve various documents and closing certificates with respect to the Bonds. Hilltop Securities Inc., as the District's financial advisor, and Norton Rose Fulbright US LLP, as the District's bond counsel, will coordinate the administrative aspects for the issuance of the Bonds including the pricing, sale, and closing of the Bonds.

BUDGETARY CONSIDERATION

If the bonds are sold at a premium, the fees will be paid from the issuance of Bonds. If the bonds are sold at par, the fees will be paid by the Debt Service Fund.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees adopt an order authorizing the remarketing of "North East Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013B" pursuant to a delegated sale.

BOARD ACTION REQUIRED

Approval/Disapproval

AN ORDER BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT AUTHORIZING THE REMARKETING OF “NORTH EAST INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2013B”; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE REMARKETING OF THE BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF A REMARKETING MEMORANDUM AND THE AUTHORIZATION OF THE EXECUTION OF A REMARKETING AGREEMENT PERTAINING THERETO; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE BOARD OF TRUSTEES AND DISTRICT STAFF TO APPROVE AND EXECUTE CERTAIN DOCUMENTS RELATING TO THE REMARKETING OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Board of Trustees (the *Board*) of the North East Independent School District (the *District*) has previously adopted an order on June 3, 2013 (the *Original Bond Order*) authorizing the issuance of the District’s Variable Rate Unlimited Tax School Building Bonds, Series 2013B (the *Original Bonds*);

WHEREAS, the Board adopted orders on June 1, 2015, June 13, 2016, and June 14, 2021 (the Original Bond Order as amended, the *Bond Order*) authorizing amendment of certain terms of the Original Bond Order and the remarketing of the Original Bonds (the Original Bonds as remarketed, the *Bonds*);

WHEREAS, the Bonds are currently outstanding in a Term Rate mode during which they bear interest at a Term Rate for the Term Rate Period (the *Term Rate Period*) that expires on July 31, 2022;

WHEREAS, the Bond Order authorizes the District to remarket the Bonds into various interest rate modes, including modes during which the Bonds bear interest at a Term Rate or at Fixed Rates;

WHEREAS, the Board has determined that the remarketing of the Bonds in the principal amount of \$ _____ and into a new interest mode and Rate Period effective at the conclusion of the Term Rate Period will benefit the District and its residents, as herein provided; now, therefore,

BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1: Conversion to New Rate Period. Pursuant to Sections 3.01 and 3.02(f) or 3.04 of the Bond Order, the Bonds in the principal amount of \$ _____ shall be converted to a new Rate Period that is a Fixed Rate Period or a Term Rate Period (the period of any such mode, the *New Interest Period*), during which the Bonds will bear interest, in whole or in part, at Fixed Rates or Term Rates. The New Interest Period shall commence on August 1, 2022 and shall

conclude, if the Bonds during such New Interest Period bear interest at (i) Term Rates, not later than July 31, 20__ and (ii) Fixed Rates, not later than the Bonds' stated maturity date, as specified in the Bond Order. If the Bonds in the New Interest Period bear interest at a Term Rate, neither the Term Rate nor the Stepped Rate applicable to the Bonds in such New Interest Period shall exceed the Highest Lawful Rate. If the Bonds in the New Interest Period bear interest at Fixed Rates (as provided by Section 3.04 of the Bond Order), no Fixed Rate shall exceed the Highest Lawful Rate. At the time of remarketing of the Bonds, an Authorized Official shall determine the principal amount of Bonds to bear interest at a Term Rate and the principal amount of Bonds to bear interest at Fixed Rates (and, with respect to such determination, the years of Stated Maturity of and redemption provisions, if any, applicable to such Bonds bearing interest at a Term Rate or Fixed Rates). Notwithstanding the foregoing, no remarketing of Bonds shall result in an extension of the final maturity of the Bonds, as specified in the Bond Order, or maximum annual debt service on the Bonds exceeding the highest year of debt service indicated in Table 8 of the Final Offering Memorandum relating to the remarketing of the Original Bonds.

The Term Rate Conversion Date shall be August 1, 2022, which is an Interest Payment Date on which interest is payable for the Term Rate Period from which conversion is to be made. The New Interest Period shall commence on August 1, 2022 and continue through the mandatory tender date of the Bonds.

SECTION 2: Notices; Ratification of Prior Action. (a) Conversion. The Paying Agent/Registrar is hereby authorized and directed to provide notice to the Owners of any conversion of the Rate Period for the Bonds authorized by this Order, such notice to be in the form and to the effect required by the Bond Order. In addition, each Authorized Official is authorized and directed to provide any notice required by the Bond Order in connection with any conversion of the Rate Period for the Bonds authorized by this Order.

The actions of the Authorized Officials, agents and representatives of the District taken prior to the date of this Order to accomplish the conversion of the Rate Period for the Bonds to a Term Rate Period are hereby ratified, confirmed and approved.

(b) Material Events Notice. The Authorized Officials, agents and representatives of the District are hereby authorized and directed to take any action, and to execute and deliver any and all documents, certificates or other instruments as are necessary or appropriate, for the filing of any material event notice required as a result of the transactions authorized by this Order and the District's continuing disclosure undertaking under United States Securities and Exchange Commission Rule 15c2-12 (the *Rule*) and the Bond Order.

SECTION 3: Remarketing Memorandum. The Board hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the *Remarketing Memorandum*) presented to the Board with this Order, in substantially the same form attached hereto as Exhibit A, and prepared for use by the Remarketing Agent in connection with the remarketing of the Bonds and the determination of the interest rate for the Bonds from time to time, including the Term Rate and/or any Fixed Rates, and authorizes the preparation of any addenda, supplements or amendments thereto as an Authorized Official may deem appropriate; and the District further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the Bonds and the determination of the Term Rate and/or any Fixed Rates.

The Authorized Officials, officials, agents and representatives of the District are hereby authorized and directed to execute and deliver any certificates, instruments, affidavits or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined and declared that the descriptions, statements and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board.

SECTION 4: Bonds Subject to Mandatory Tender Without Right of Retention. As required by Section 3.02(g) of the Bond Order, the Board hereby specifies that, at the end of the Term Rate Period into which the Bonds are remarketed pursuant to Section 1 hereof (and if such Bonds are remarketed into a Term Rate Period), such Bonds shall be subject to mandatory tender, without right of retention by the Owner; provided, however, that a failure of the Remarketing Agent to remarket the Bonds at the end of such Term Rate Period shall result in the holders of the Bonds retaining such Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of the Bond Order (including Section 3.02(g)).

The paying agent of any bonds subject to mandatory tender is authorized and instructed to provide notice of this mandatory tender to the holders of the Bonds. A copy of the notice of mandatory tender pertaining to the Bonds is attached hereto as Exhibit D and such notice is incorporated herein by reference for all purposes.

SECTION 5. Redemption of Certain Bonds. Bonds in the amount of \$1,665,000 are subject to mandatory sinking fund redemption on August 1, 2022 pursuant to the provisions of the Bond Order. In addition, the remarketing of the Bonds in the manner specified in Section 3.02(a)(ii) of the Bond Order, may result in additional proceeds that can be used to refund certain of the Bonds. In addition to the aforementioned Bonds that are subject to mandatory sinking fund redemption, the remaining Bonds are subject to redemption, in whole or in part, on August 1, 2022 (which is the first Interest Payment Date after the conclusion of the Term Rate Period) at the option of the District. If the remarketing of the Bonds produces proceeds in excess of the amount necessary to accomplish the settlement of the remarketing of such Bonds, and an Authorized Official determines that such excess proceeds shall be used to optionally redeem certain of the Bonds, then such Bonds determined to be optionally redeemed by the Authorized Official (to be evidenced in the Approval Certificate) are hereby called for redemption.

The District shall give written notice to the paying agent of any Bonds that have been called for redemption. A copy of the notice of redemption pertaining to any Bonds is attached hereto as Exhibit B and such notice is incorporated herein by reference for all purposes. The paying agent is authorized and instructed to provide notice of this redemption to the holders of any redeemed Bonds in the form and manner described in the Bond Order. Notwithstanding the foregoing, a notice of mandatory tender without retention rights shall satisfy any notice requirements for an optional redemption of Bonds which occurs on a Conversion Date, pursuant to Section 5.06 of the Bond Order.

SECTION 6. Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the Bond Order (including Section 6.10(a) thereof), the District authorizes each Authorized Official to appoint a bank or syndicate of banks to serve as the Remarketing Agent for the Bonds (the *Remarketing Agent*), to accomplish the remarketing of the Bonds in the manner

contemplated under this Order. The Remarketing Agreement shall signify the acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit C (the *Remarketing Agreement*). Any Authorized Official is hereby authorized and directed to execute and deliver the Remarketing Agreement, for and on behalf of the District and this Board, and such agreement, as executed by the District and the Remarketing Agent shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and this Board. Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the Bond Order.

SECTION 7. Additional Actions Authorized; Authorized Officials. Pursuant to the authority provided by Chapter 1371, as amended, Texas Government Code, each Authorized Official, and all other appropriate officers, agents and representatives of the District are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the (i) conversion of the Rate Period for the designated Bonds to the Term Rate Period or Fixed Rate Period; (ii) selection of a bank or syndicate of banks to serve as the Remarketing Agent and the execution of a Remarketing Agreement, memorializing the terms of such engagement; and (iii) preparation and distribution of replacement definitive Bonds and the Remarketing Memorandum, as contemplated by this Order, including, without limitation, executing, delivering, and accepting on behalf of the District all agreements certificates, consents, waivers, receipts, notices, requests and other documents as may be necessary or appropriate to carry out the actions contemplated by this Order, and shall execute a certificate to reflect the approval of the interest rates, stated maturities and redemption provisions of the Bonds in connection with the remarketing of the Bonds. In addition, each Authorized Official is hereby authorized to distribute notice of the matters described in this Order by delivering a letter, substantially the form attached hereto as Exhibit E, to any party having an interest in such matters.

SECTION 8: Public Meeting. It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 9: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Order are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 10: Further Procedures. The officers and employees of the District are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the remarketing and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Tender Agent Agreement, the Remarketing Agreement, and the Remarketing Memorandum. In addition, prior to the settlement of the remarketing of the Bonds, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any

ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Remarketing Memorandum, or (ii) obtain a rating from any of the national bond rating agencies, or (iii) coordinate any matter with the Texas Education Agency and the Texas Attorney General. In case any officer of the District whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 11: Issuer's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the Issuer hereby consents to and authorizes any Authorized Official, Bond Counsel to the Issuer, and/or Financial Advisor to the Issuer to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Bonds.

SECTION 12: Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the Board, pursuant to Chapter 1371 and other applicable law, hereby delegates to the Superintendent of Schools and the Chief Financial Officer or the Executive Director of Finance and Accounting the authority to independently select the counterparty to any agreement with any securities depository, or any other contract that is determined by the Superintendent of Schools or the Chief Financial Officer or the Executive Director of Finance and Accounting, the District's Financial Advisor, or the District's Bond Counsel to be necessary or incidental to the issuance of the Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the Ancillary Bond Contracts) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the District. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 13: Effective Date. This Order shall be in force and effect from and after its passage on the date shown below.

[The remainder of this page intentionally left blank.]

PASSED AND ADOPTED, this ____ day of March, 2022.

NORTH EAST INDEPENDENT SCHOOL
DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(DISTRICT SEAL)

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EXHIBIT A

Remarketing Memorandum

See Tab No. __

EXHIBIT B

Notice of Redemption

See Tab No. __

EXHIBIT C

Remarketing Agreement

See Tab No. __

EXHIBIT D

Notice of Mandatory Tender and Conversion of Bonds

TO: Owners of North East Independent School District (the *District*) Variable Rate Unlimited Tax School Building Bonds, 2013B (the *Bonds*):

<u>CUSIP No.</u>	<u>Stated Maturity</u>	<u>Principal Amount (\$)</u>
659155PJ8	August 1, 2032	\$ _____

Pursuant to Section 3.04(d) of the order authorizing the issuance of the referenced Bonds (as amended, the *Order*), and an order adopted by the District's Board of Trustees on March 14, 2022, in which the District elected to exercise its right to convert the Bonds from the Term Rate Period to a new [Fixed/Term] Rate Period, commencing on August 1, 2022 (the *Conversion Date*). The [duration (in years) for the Term Rate Period/Fixed Rates for each maturity of Bonds] during such [Term/Fixed] Rate Period [is/are] expected to be determined on or about _____, 2022 (the *Determination Date*). Notice of such [rate/rates] shall be sent by _____, as paying agent/registrar, on such Determination Date.

All Bonds are subject to mandatory tender, without right of retention by the Owners thereof, on the Conversion Date at the Purchase Price. Bonds must be tendered for purchase at or before 5:00 p.m., New York City time, on the Business Day next preceding the Conversion Date (or by noon, New York City time, on such date for Bonds held in the book-entry-only system) by delivering such Bonds by mail to: _____, _____, Texas. (the *Tender Agent*), [ADDRESS], Attention: _____.

Any Bond not delivered to the Tender Agent for purchase, as herein provided, shall be deemed tendered and purchased on the Conversion Date and shall constitute an Undelivered Bond under the Order. Any Owner of an Undelivered Bond shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of such Bond to the Tender Agent.

The District may elect to redeem on August 1, 2022 certain Bonds tendered for purchase rather than convert and remarket them to bear interest at a [Term/Fixed] Rate during the [Term/Fixed] Rate Period. In the event the District so elects, this Notice shall also serve as notice to the Holders of any such redemption.

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Order.

as Paying Agent/Registrar and Tender Agent

Dated: July 31, 2022

EXHIBIT E

Notice from District to Working Group

[DISTRICT LETTERHEAD]

Re: North East Independent School District Variable Rate Unlimited Tax School Building Bonds, 2013B

TO THE ATTACHED DISTRIBUTION LIST:

The Board of Trustees (the *Board*) of the North East Independent School District (the *District*) hereby notifies you, as a recipient of this letter, of the District's intent to convert and remarket to a [Term/Fixed] Rate Period those bonds of the captioned series (collectively, the *Bonds*) that are subject to mandatory tender, without optional right of retention, on August 1, 2022, and that remain outstanding after the District's redemption on such date of a portion of such Bonds mandatorily tendered for purchase. The Bonds are subject to mandatory tender on August 1, 2022 as a result of the July 31, 2022 expiration of their Term Rate Period. The Bonds are currently outstanding in the principal amount of \$_____. On August 1, 2022, \$1,665,000 in Bonds will be subject to mandatory sinking fund redemption. The balance of the Bonds will be remarketed in the manner described above, though the District has reserved the right to effect additional redemptions on August 1, 2022, conditioned on the results of the remarketing.

The Bonds are issued and outstanding pursuant to an order adopted by the Board on June 3, 2013 which order was amended by subsequent orders of the Board adopted on June 1, 2015, June 13, 2016, and June 14, 2021 (such order authorizing the issuance of the Bonds, as amended, the *Order*). The conversion and remarketing of the Bonds into a [Term/Fixed] Rate Period is authorized pursuant to an order of the Board adopted on March 14, 2022. Capitalized terms used, but not defined, herein have the meanings ascribed thereto in the Order.

This letter is provided in satisfaction of the requirements of the Order. Please contact Ms. Stephanie Leibe, Norton Rose Fulbright US LLP, the District's Bond Counsel, with any questions concerning this matter. Documents will be circulated to the working group by Bond Counsel to effectuate the remarketing of the Bonds not redeemed as herein described.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

Mr. Dan Villarreal,
Chief Financial Officer

cc:

Raul Villaseñor (Hilltop Securities, Inc.)
Michelle Aragon (Hilltop Securities, Inc.)

_____ (Paying/Tender Agent)
_____ (Fitch Ratings, Inc.)
_____ (Fitch Ratings, Inc.)
_____ (Moody's Investors Service, Inc.)
Stephanie Leibe (Norton Rose Fulbright US LLP)
Matt Lee (Norton Rose Fulbright US LLP)
Chris Guevara (Norton Rose Fulbright US LLP)



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Shanna Toborg, Treasurer
Finance & Accounting

Subject: Consideration and approval of an order authorizing the issuance of North East Independent School District Variable Rate Unlimited Tax School Building and/or Refunding Bonds

Related Page(s): Draft Bond Order

ACTION ITEM

BACKGROUND INFORMATION

Consideration and approval of an order authorizing the issuance by the North East Independent School District of its Variable Rate Unlimited Tax School Building and/or Refunding Bonds, in one or more series (as designated by purpose and series); levying a continuing direct annual ad valorem tax for the payment of one or more series of Bonds; delegating the authority to certain members of the Board of Trustees and District Staff to approve and execute certain documents relating to the sale of each series of Bonds; and providing an effective date.

ADMINISTRATIVE CONSIDERATION

The order delegates to certain District officials and employees the ability to sell the Bonds and approve various documents and closing certificates with respect to the Bonds. Hilltop Securities Inc., as the District's financial advisor, and Norton Rose Fulbright US LLP, as the District's bond counsel, will coordinate the administrative aspects for the issuance of the Bonds including the pricing, sale, and closing of the Bonds.

BUDGETARY CONSIDERATION

If the bonds are sold at a premium, the fees will be paid from the issuance of Bonds. If the bonds are sold at par, the fees will be paid by the Debt Service Fund.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees adopt an order authorizing the issuance by the North East Independent School District of its Variable Rate Unlimited Tax School Building And/Or Refunding Bonds in one or more series (as designated by purpose and series) pursuant to a delegated sale.

BOARD ACTION REQUIRED

Approval/Disapproval

AN ORDER AUTHORIZING THE ISSUANCE BY THE NORTH EAST INDEPENDENT SCHOOL DISTRICT OF ITS VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING AND/OR REFUNDING BONDS, IN ONE OR MORE SERIES (AS DESIGNATED BY PURPOSE AND SERIES); LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF ONE OR MORE SERIES OF BONDS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT AND DELIVERY OF ONE OR MORE SERIES OF BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF ONE OR MORE OFFERING MEMORANDUMS PERTAINING THERETO; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS, ESCROW AGREEMENTS, REMARKETING AGREEMENTS, PURCHASE CONTRACTS, AND TENDER AGENT AGREEMENTS, AS NECESSARY AND IF APPLICABLE AND EACH RELATING TO A SERIES OF BONDS; COMPLYING WITH THE LETTER OF REPRESENTATIONS ON FILE WITH THE DEPOSITORY TRUST COMPANY; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE BOARD OF TRUSTEES AND DISTRICT STAFF TO APPROVE AND EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF EACH SERIES OF BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Board of Trustees (the *Board* or *Governing Body*) of the North East Independent School District (the *District* or *Issuer*) hereby finds and determines that \$_____ (representing the principal amount of \$_____ and a portion of premium of \$_____) should be issued and sold at this time, in principal amount of the unlimited tax bonds approved and authorized to be issued hereunder; and

WHEREAS, the portion of the unlimited tax bonds approved and authorized to be issued hereunder, being such portion utilized to refund the Commercial Paper Notes, represents the _____ installment or series of bonds approved and authorized to be issued at an election held on November 3, 2015 (the *2015 Authorization*) for the purposes of constructing, renovating, acquiring, and equipping school facilities in the District, to-wit: designing, constructing, renovating, acquiring, and equipping school facilities (and any necessary or related removal of existing facilities), the purchase of new school buses, the principal amounts authorized, amounts now being issued, and amounts remaining to be issued from the 2015 Authorization subsequent hereto being as follows:

Amount Originally <u>Authorized</u>	Amount Previously <u>Issued</u>	Amount Being <u>Issued</u>	Premium Allocated to <u>Voted Authorization</u>	Unissued <u>Balance</u>
\$499,950,000	\$399,950,000	\$	\$	\$

WHEREAS, pursuant to the provisions of Chapter 1207, as amended, Texas Government Code (*Chapter 1207*), the Board is authorized to issue refunding bonds and deposit the proceeds of sale directly with any designated escrow agent for the District's unlimited tax bonds refunded with the proceeds of such refunding bonds and, in reliance on this authority, the District has delegated to an Authorized Official (defined herein) authority to determine, pursuant to the applicable provisions hereof, whether to issue refunding bonds hereunder for such purpose; and

WHEREAS, the Board has heretofore issued, sold, and delivered, and there is currently outstanding obligations, payable from ad valorem taxes, in the aggregate original principal amount of \$ _____, being those obligations disclosed on Schedule II attached hereto and incorporated by reference for all purposes to this order (the *Refunded Obligations*); and

WHEREAS, pursuant to the provisions of Chapter 1207, the Board is authorized to issue refunding bonds and deposit the proceeds of sale directly with any designated escrow agent for the Refunded Obligations, and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the stated maturity or redemption dates, as applicable, of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose and may not be included in or considered to be an indebtedness of the District for the purpose of a limitation on outstanding indebtedness or taxation or for any other purpose; and

WHEREAS, the Chapter 1207 permits that the deposit of the proceeds from the sale of the refunding bonds be deposited directly with any designated escrow agent for the Refunded Obligations which is not the depository bank of the District; and

WHEREAS, U.S. Bank Trust Company, National Association, Dallas, Texas serves as a paying agent/registrant for the 2013B Refunded Bonds; and

WHEREAS, BOKF, NA, Dallas, Texas serves as a paying agent/registrant for the 2015 Refunded Bonds, the 2015A Refunded Bonds, and the 2017 Refunded Bonds; and

WHEREAS, Zions Bancorporation, National Association, Houston, Texas currently serves as the issuing and paying agent for the Commercial Paper Notes; and

WHEREAS, _____ which is not a depository bank of the District, is hereby designated as the Escrow Agent (hereinafter defined) for the refunding bonds; and

WHEREAS, _____, _____, _____ is hereby designated as the Paying Agent/Registrant (hereinafter defined) for the refunding bonds; and

WHEREAS, the Board hereby finds and determines that the Refunded Obligations are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized; and

WHEREAS, the Board hereby finds and determines that the refunding of the Refunded Obligations is in the District's best interests, and, with respect to the refunding of the Commercial Paper Notes, will increase the capacity of the District's commercial paper program; accordingly, and, as permitted by the provisions of Section 1207.008, as amended, Texas Government Code, it is not practicable to calculate the savings resulting from the issuance of the Bonds; and

WHEREAS, the Board hereby finds and determines that, pursuant to applicable Texas law, the delegation to the Authorized Officials with the authority to execute the Approval Certificate (a form of which is attached hereto as Schedule I) to approve the final terms of the Bonds as set forth in the Approval Certificate is in the best interest of the District; and

WHEREAS, the Governing Body hereby finds and determines that the issuance of the unlimited tax bonds is in the best interests of the residents of the District; now, therefore,

BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT:

ARTICLE I
DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise in this Order, the following terms shall have the meanings specified below:

Advanced Refunding Candidates shall mean, collectively, the 2015 Refunded Bonds and the 2015A Refunded Bonds.

Authorized Denominations shall mean \$5,000 and any integral multiple thereof.

Authorized Official shall mean any of the President, Board of Trustees, the Secretary, Board of Trustees, the Superintendent of Schools, the Chief Financial Officer, and any successor thereto or person holding such position on an interim basis.

Board or Governing Body shall mean the Board of Trustees of the District.

Bonds shall mean the \$_____ in original principal amount "North East Independent School District Variable Rate Unlimited Tax School Building and/or Refunding Bonds, Series 2022" authorized for issuance pursuant to the terms of this Order.

Book-Entry-Only System shall mean the system maintained by the Securities Depository described in Section 2.07 and 2.09.

Business Day shall mean any day other than a Saturday, Sunday, legal holiday or any other day when banking institutions in New York, New York, or San Antonio, Texas are authorized or obligated by law or executive order to close or a day when the New York Stock Exchange is closed. Any payments required hereunder to be made on any day which is not a Business Day may be made instead on the next succeeding Business day, and (except as to Purchased Bonds) no interest shall accrue on such payments in the interim.

Chapter 1371 shall mean Chapter 1371, as amended, Texas Government Code.

Closing Date shall mean the date of the initial delivery of and payment for the Bonds.

Concurrently Adopted Order shall mean the order of the Governing Body adopted on the date of and concurrently with this Order pursuant to which the Series 2022 Fixed Rate Bonds, from time to time in one or more series, are authorized to be issued.

Code shall mean the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date, including applicable regulations, published rulings, and court decisions.

Conversion Date shall mean: (a) with respect to the Fixed Rate Period, the Fixed Rate Conversion Date and (b) with respect to the Term Rate Period, the Term Rate Conversion Date, as applicable.

Current Refunding Candidates shall mean, collectively, the 2013B Refunded Bonds, the 2017 Refunded Bonds and the Commercial Paper Notes.

Dated Date shall mean _____, 2022.

District shall mean the North East Independent School District.

DTC shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

DTC Participant shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

Event of Default shall mean any event of default as defined in Section 11.01 of this Order.

Fitch shall mean Fitch Ratings, Inc., and its successors and assigns.

Fixed Rate shall mean the per annum rate or rates of interest the Bonds shall bear during the Fixed Rate Period.

Fixed Rate Conversion Date shall mean the date on which the Bonds previously bearing interest at the Initial Rate or a Term Rate begin to bear interest at a Fixed Rate pursuant to Section 3.03, which Fixed Rate Conversion Date shall be an Interest Payment Date on which interest is payable for the Initial Rate Period or Term Rate Period from which the conversion is made.

Fixed Rate Period shall mean the period beginning on the Fixed Rate Conversion Date and ending at the stated maturity or maturities of the Bonds, during which the Bonds bear interest at one or more Fixed Rates.

Government Securities shall mean (i) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by, the United States of

America; (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the Governing Body adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Governing Body adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

Highest Rate shall mean with respect to the Bonds, the lesser of (a) _____% per annum or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code, Section 1204.006, as amended, or the maximum net effective interest rate permitted by applicable law at the time of issuance of the Bonds.

Initial Bond shall mean the initial Bond authorized by Section 2.04(d) of this Order.

Initial Rate shall mean the initial interest rate or rates the Bonds shall bear for the Initial Rate Period.

Initial Rate Period shall mean the period commencing on the Closing Date and ending on [July 31, 20__] during which period the Bonds bear interest at the single rate of interest set forth in Section 3.01 of this Order.

Interest and Sinking Fund shall mean the interest and sinking fund established by Section 2.14 of this Order.

Interest Payment Date shall mean _____, 2022 and each _____ and _____ thereafter until stated maturity or prior redemption and each mandatory tender date during any Stepped Rate Period.

Interest Period shall mean (i) during the Initial Rate Period, the period from and including the Closing Date through [July 31, 20__] and (b) upon the expiration of the Initial Rate Period, the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

Moody's shall mean Moody's Investors Service, Inc., and its successors and assigns.

MSRB shall mean the Municipal Securities Rulemaking Board.

Opinion of Bond Counsel shall mean an opinion of nationally recognized bond counsel, to the effect that the conversion of the interest rate on the Bonds in accordance with the terms of this Order will not have an adverse effect on the exclusion from federal income tax of the interest on the Bonds and is in compliance with State law.

Order shall mean this order authorizing the issuance of the Bonds adopted by the Governing Body on March 14, 2022.

Owner or *Holder* shall mean the person who is the registered owner of a Bond or Bonds, as shown in the Register.

Outstanding shall mean when used to modify Bonds, Bonds issued, authenticated and delivered under this Order, excluding (i) Bonds which have been exchanged or replaced or otherwise surrendered for cancellation, (ii) Bonds which have been paid, (iii) Bonds which have become due and for the payment of which money has been duly provided, (iv) Bonds deemed tendered for purchase and not delivered to the Tender Agent on the applicable purchase date, provided sufficient funds for payment of the Purchase Price are on deposit with the Tender Agent, and (v) Bonds with respect to which this Order has been discharged pursuant to Article XII.

Paying Agent/Registrar shall mean, initially, _____, _____, _____, or any successor thereto as provided in this Order.

Payment Fund shall mean the fund described in Section 4.02(e)(ii) hereof.

Purchase Price shall mean, with respect to each Bond (or any portion thereof) tendered for purchase pursuant to Article IV hereof, the par amount thereof, plus accrued but unpaid interest thereon to the date of purchase; provided, however, that in no event shall the amount of interest paid as part of the Purchase Price of any tendered Bond exceed an amount equal to the interest which would have accrued on such tendered Bond for a period of 187 days at the Highest Rate.

Rate Determination Date shall mean the date when the Remarketing Agent determines the rate of interest to be borne by the Bonds pursuant to Section 3.02(b).

Rating Agency shall mean Moody's or Fitch.

Record Date shall mean the fifteenth day of the month immediately preceding such Interest Payment Date.

Refunding Candidates shall mean those obligations styled:

- (1) North East Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013B (the *2013B Refunded Bonds*), dated June 15, 2013, in the original principal amount of \$73,795,000 and scheduled to mature on August 1, 2032 in the aggregate principal amount of \$19,875,000 and subject to redemption on August 1, 2022 or any date thereafter;
- (2) North East Independent School District Unlimited Tax Refunding Bonds, Series 2015 (the *2015 Refunded Bonds*), dated March 15, 2015, in the original principal amount of \$345,185,000 and scheduled to mature on August 1 in each of the years 2026 through 2037 in the aggregate principal amount of \$263,725,000 and subject to redemption on August 1, 2025 or any date thereafter;

- (3) North East Independent School District Unlimited Tax Refunding Bonds, Series 2015A (the *2015A Refunded Bonds*), dated May 1, 2015, in the original principal amount of \$51,495,000 and scheduled to mature on August 1, in each of the years 2026 through 2030 in the aggregate principal amount of \$19,295,000 and subject to redemption on February 1, 2025 or any date thereafter;
- (4) North East Independent School District Variable Rate Unlimited Tax Refunding Bonds, Series 2017 (the *2017 Refunded Bonds*), dated November 15, 2017, in the original principal amount of \$44,955,000 and scheduled to mature on August 1, 2047 in the aggregate principal amount of \$44,955,000 and subject to redemption on August 1, 2022 or any date thereafter; and
- (5) North East Independent School District Unlimited Tax Commercial Paper Notes (the *Commercial Paper Notes*), Series A, outstanding in the principal amount up to \$99,000,000.

Register shall mean the Register specified in Section 2.06(a) of this Order.

Related Documents shall mean and includes the Bonds, the Remarketing Agreement (if any), the Tender Agent Agreement, this Order and any and all other documents which the District has executed and delivered, or may hereafter execute and deliver, to evidence or secure the District's obligations thereunder.

Remarketing Agent shall mean the party selected from time to time by the District to serve as the remarketing agent for the Bonds while the Bonds are Outstanding in a Term Rate Period or Stepped Rate Period.

Remarketing Agreement shall mean any Remarketing Agreement between the District and the Remarketing Agent, pertaining to the Bonds.

Rule shall mean SEC Rule 15c2-12, as amended from time to time.

SEC shall mean the United States Securities and Exchange Commission.

Series 2022 Fixed Rate Bonds shall mean one or more series of unlimited tax refunding bonds known as "North East Independent School District Unlimited Tax School Building and/or Refunding Bonds, Series 2022" authorized and issued pursuant to the Concurrently Adopted Order.

Stepped Rate shall mean, initially, _____% per annum and thereafter, the interest rate applicable to the Bonds during a Stepped Rate Period as determined by the Remarketing Agent at the time of remarketing of the Bonds into the then-applicable Term Rate Period that will immediately precede the Stepped Rate Period (if any); provided, however, that the Stepped Rate shall never exceed the Highest Rate.

Stepped Rate Period shall mean the period of time commencing on the mandatory tender date described in Sections 4.02(f) and 4.04 and continuing through a subsequent remarketing or redemption of the Bonds.

Tender Agent shall mean, initially, _____, _____, _____, or any successor thereto.

Tender Agent Agreement shall mean the Tender Agent Agreement, dated as of March 14, 2022, between the District and the Tender Agent, pertaining to the Bonds or any similar agreement entered into from time to time with any successor Tender Agent.

Term Rate shall mean the interest rate to be determined for the Bonds of a term of one or more years pursuant to Section 3.02(b).

Term Rate Conversion Date shall mean the day which is the first day of a calendar month and the day the Bonds first bear interest at a Term Rate pursuant to Section 3.02(b).

Term Rate Period shall mean each period during which the Bonds bear interest at a Term Rate.

Unclaimed Payments shall mean money deposited with the Paying Agent/Registrar for the payment of principal, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity.

Undelivered Bonds shall mean Bonds which are required to be delivered to the Tender Agent pursuant to the terms of this Order and which are not in fact delivered.

Underwriters shall mean the initial purchasers of the Bonds identified in Section 8.01(a).

Section 1.02. Table of Contents Titles, and Headings. The table of contents, titles, and headings of the Articles and Sections of this Order have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Order or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.03. Interpretation. (a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) This Order and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

ARTICLE II
AUTHORIZATION; GENERAL TERMS; TAX LAW;
INTEREST AND SINKING FUND

Section 2.01. Authorization. The District's bonds, to be designated "North East Independent School District Variable Rate Unlimited Tax School Building and Refunding Bonds, Series 2022 (the *Bonds*) are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Chapter 45, as amended, Texas

Education Code, Chapter 1207 and Chapter 1371. The Bonds shall be issued in the aggregate principal amount of \$ _____ to provide funds for (i) the purposes authorized under the 2015 Authorization, (ii) the discharge and final payment of the Refunded Obligations, and (ii) the payment of the costs and expenses of issuance of the Bonds.

As authorized by Chapter 1207 and Chapter 1371, any Authorized Official is hereby authorized, appointed and designated as an officer of the District authorized to act on behalf of the District in selling and delivering, in one or more series, the Bonds authorized herein and carrying out the procedures specified in this Order, including approval, designation, and establishment of the following terms and provisions for each series of Bonds:

1. Whether such series of Bonds shall be issued as school building, refunding, or school building and refunding bonds and if refunding or school building and refunding bonds, the identification and selection from the Refunding Candidates of those District obligations to be included as the Refunded Obligations refunded with proceeds of such series of Bonds.

2. The style of each series of Bonds, which style indicates (with respect to each series of Bonds) the use of proceeds thereof, calendar year of issuance and to include (if necessary or desired) a letter or other sequential identification indicating that multiple series of Bonds of the same or similar type have been or will be issued hereunder during a particular calendar year.

3. The aggregate principal amount of each series of Bonds, as well as the principal amount of each stated maturity within a series of Bonds.

4. The rate or rates of interest to be borne on the principal amount of each stated maturity within a series of Bonds, the length of the Initial Rate Period (as the same relates to one or more Bonds of a particular series), or Initial Rate Periods (as is the case if the Bonds are structured as one or more term Bonds of a particular series having Initial Rate Periods of different durations and bearing interest at different applicable Initial Rates during each of such Initial Rate Periods), and the Stepped Rate applicable to a series of Bonds.

5. The redemption provisions (including the determination of a mandatory redemption schedule or schedules) for Bonds of a particular series.

6. The Dated Date for Bonds of a particular series.

7. The selection of the senior managing underwriter and the co-managers (if any) to serve as the underwriter or syndicate of underwriters for Bonds of a particular series.

8. Pricing for each series of Bonds, including generation and use of original issue reoffering premium and/or discount, determination of underwriters' compensation, and applicable costs of issuance.

9. Whether or not to issue such series of Bonds on a taxable or tax-exempt basis and, if on a tax-exempt basis, to designate such series of Bonds as designated or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, subject to market conditions at the time of pricing and sale of such series of Bonds.

Each series of Bonds authorized by this Order shall be issued within the following parameters:

1. The combined principal amount of all series of Bonds issued hereunder shall not exceed \$446,850,000, being:

- a. the combined principal amount not to exceed \$14,000,000 in new money school building bonds (when combined with the new money portion of all series of new money school building bonds issued pursuant to the Concurrently Adopted Order (determined as the amount of principal of and related premium (if any) to such bonds allocated to the 2015 Authorization)); and
- b. the combined principal amount not to exceed \$432,850,000 in refunding bonds (when combined with the refunding portion of all series of refunding bonds issued pursuant to the Concurrently Adopted Order), which consists of the Current Refunding Candidates in the combined principal amount not to exceed \$149,830,000, and the Advanced Refunding Candidates in the combined principal amount not to exceed \$283,020,000.

2. The maximum maturity of any series of new money Bonds authorized to be issued pursuant to this Order will be August 31, 2052, the maximum maturity of any series of refunding Bonds authorized to be issued pursuant to this Order to refund the Commercial Paper Notes will be August 31, 2052, the maximum maturity of any series of Refunding Bonds authorized to be issued to refund the Current Refunding Candidates will be August 1, 2047, the maximum maturity of any series of Refunding Bonds authorized to be issued to refund the Advanced Refunding Candidates will be August 1, 2037 and the duration of any Initial Rate Period applicable to the Bonds shall not exceed 10 years.

3. The interest rate or rates (i.e. coupon) and Stepped Rate, respectively, applicable to any series of Bonds during (or after, as the case may be) the Initial Rate Period shall not exceed the Highest Rate.

4. The final series of Bonds issued hereunder must be sold not later than March 14, 2023 (though the closing of a particular series of Bonds sold in accordance with this provision may occur after March 14, 2023, so long as such closing period is determined by an Authorized Official to be of reasonable duration).

Each Authorized Official, acting for and on behalf of the District, is authorized, with respect to a series of Bonds, to complete and execute an Approval Certificate, in substantially the form attached as Schedule I hereto. The execution of the Approval Certificate shall evidence the sale date of each series of Bonds by the District to the initial purchasers thereof. Upon execution of an Approval Certificate, Bond Counsel is authorized to complete a copy of this Order as evidence of the issuance of a series of Bonds pursuant to the delegated authority granted hereunder and to reflect such final terms for such series of Bonds, which includes (A) completion of the preamble to this Order, included deletion of those recitals that are not applicable to the particular series of Bonds then being issued, (B) selection of the appropriate terms to reflect the final transaction structure and terms of sale evidenced in an applicable Approval Certificate, (C) if

applicable, completion of Schedule II with those Refunding Candidates selected as Refunded Obligations to be refunded with the proceeds of a particular series of Bonds issued as refunding bonds or school building and refunding bonds, and (D) such other necessary technical modifications to this Order (including the renumbering of sections hereof) to accommodate all other terms and provisions of this Section 2. In addition to the foregoing, each Authorized Official is authorized to execute, as the act and deed of the District and on behalf of the Board, any and all contracts, agreements, letters, and certificates, relative to any series of Bonds that may be required by this Order, as supplemented in the manner described above, or determined to be necessary or advisable in connection with an issuance of Bonds hereunder. It is further provided, however, that notwithstanding the foregoing provisions, no Bonds shall be delivered unless prior to delivery, the particular series of Bonds shall have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.

Section 2.02. Date, Denomination Maturities, and Interest. (a) The Bonds shall be dated _____, 2022. The Bonds shall be in fully registered form, without coupons, in Authorized Denominations, the Initial Bond shall each be numbered T-1 and the definitive Bonds shall be numbered separately from R-1 upward in order of their authentication. The Bonds shall mature on [August 1, 20__], and accrued interest on the unpaid principal amount of the Bonds shall be payable on each Interest Payment Date.

(b) Interest shall accrue on each Bond respectively until its maturity or prior redemption from the later of the Closing Date (anticipated to occur on or about _____, 2022) or the most recent Interest Payment Date to which interest has been paid or duly provided for, at the rate or rates per annum all as specified in Article III. Interest on Bonds shall be calculated on the basis of a 360-day year composed of 12 months of 30 days each.

Section 2.03. Medium, Method, and Place of Payment. (a) The principal of, redemption premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners appearing in the Register at the close of business on the Record Date.

(c) Other than as provided in Section 2.08 with respect to Bonds held in the Book-Entry-Only System, principal and interest shall be paid by check, dated as of the Interest Payment Date, and sent by first-class mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address shown in the Register, or by such other customary banking arrangement acceptable to the Paying Agent/Registrar at the request of and at the risk and expense of the Owner.

(d) The principal of each Bond shall be paid to the Owners on the due date, whether at the maturity date or the date of prior redemption, only upon presentation and surrender of such Bond at the designated office of the Paying Agent/Registrar.

(e) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day and payment on such date shall for all purposes be deemed to have been made on the due date thereof.

(f) Unclaimed Payments that remain unclaimed by the Owners for ninety days after the applicable payment or redemption date shall be held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owners of the Bonds to which the Unclaimed Payments pertain. Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

Section 2.04. Execution and Registration of Bonds. (a) The Bonds shall be executed on behalf of the District by the President and Secretary of the Board, by their manual or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds.

(b) If any officer of the District whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except for the Initial Bond, which need not be authenticated, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable to the Underwriters, or their designee, executed by the manual or facsimile signature of the President and Secretary of the Board, approved by the Attorney General of the State of Texas, and registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed thereto, will be delivered to the Underwriters or their designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds through DTC in accordance with instructions received from the Underwriters or their designee. The District and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representation attached hereto as Exhibit G (the *Representation Letter*). To the extent the Paying Agent/Registrar is eligible to participate in DTC's FAST System, as evidenced by agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 2.05. Ownership. (a) The District, the Paying Agent/Registrar, and any other person may treat the person whose name appears in the Register as the registered owner of any Bond as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof and redemption premium, if any, thereon, for the further purpose of making and receiving payment of the interest thereon (except interest shall be paid to the person in whose name

the Bond is registered on the *Record Date*), and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the District and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 2.06. Registration, Transfer, and Exchange. (a) While any Bonds remain Outstanding, the District shall cause the Paying Agent/Registrar to keep the Register, in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall record the names and addresses of the Owners of the Bonds and information relating the payment and transfer of Bonds in accordance with this Order.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the designated trust office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the designated office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any Authorized Denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, any subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, as applicable, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, or exchange of a Bond.

(f) Following a Fixed Rate Conversion Date, neither the District nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption prior to maturity, in whole or in part, within thirty (30) days prior to the date fixed for redemption; provided, however, such limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

Section 2.07. Book-Entry-Only. The definitive Bonds shall be initially issued in the form of a single fully registered Bond. Upon initial issuance, the ownership of such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 2.08 hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the

provisions in this Order with respect to interest checks being mailed to the Owner at the close of business on the Record Date, the word “Cede & Co.” in this Order shall refer to such new nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District, the Tender Agent and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the District, the Tender Agent and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (c) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register of any amount with respect to principal of Bonds, premium, if any, or interest on the Bonds.

Except as provided in Section 2.09 of this Order, the District, the Tender Agent and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of Bonds, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District’s obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner shall receive a Bond certificate evidencing the obligation of the District to make payments of amounts due pursuant to this Order.

Section 2.08. Payments and Notices to Cede & Co. Notwithstanding any other provision of this Order to the contrary, while any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on the Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter of the District to DTC.

Section 2.09. Successor Securities Depository: Transfer Book-Entry-Only System. In the event that the District or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter of the District to DTC, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District or the Paying Agent/Registrar shall (a) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (b) notify DTC of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC,

but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

Section 2.10. Term Rate Bonds Held in Book-Entry-Only System. This Section 2.10 shall apply with respect to tenders and purchases of Term Rate Bonds held in the Book-Entry System. The Remarketing Agent will transfer proceeds from the remarketing of tendered Term Rate Bonds, whether at their initial remarketing or in conjunction with a subsequent remarketing, directly to DTC to be distributed in accordance with DTC's normal procedures. Evidence of beneficial ownership in Term Rate Bonds purchased with such remarketing proceeds shall be provided to the purchasers thereof according to DTC's normal procedures. To the extent the Remarketing Agent is unable to successfully remarket tendered Term Rate Bonds and such failure is of a type specified in Sections 4.02(e) or 4.04, no change in the beneficial owner of the Bonds shall occur. Pursuant to the Remarketing Agreement, the Remarketing Agent shall continue its attempts to remarket the Bonds that are the subject of a failed remarketing as described in Sections 4.02(e) or 4.04.

Section 2.11. Cancellation. All Bonds paid or redeemed before scheduled maturity in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Order, shall be canceled and proper records made regarding such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall destroy such canceled Bonds and periodically furnish the District with certificates of destruction of such Bonds.

Section 2.12. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The District or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Paying Agent/Registrar shall deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

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

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

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

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

(c) After the delivery of such replacement Bond, if a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost, or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

(d) If any such mutilated, lost, apparently destroyed, or wrongfully taken Bond has become or is about to become due and payable, the District, in its discretion, instead of issuing a replacement Bond, may authorize the Paying Agent/Registrar to pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 2.13. Tax Levy. (a) Pursuant to the authority granted by the Constitution and laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year hereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the District at a rate sufficient, without limit as to rate or amount, to pay the principal of and interest on the Bonds when due and payable, full allowance being made for delinquencies and costs of collection, taking into account any available or otherwise unencumbered funds of the District which are on deposit in the Interest and Sinking Fund established in Section 2.14 and are available to pay debt service on the Bonds, assuming the Highest Rate if the Bonds then bear interest at a Stepped Rate or at a Term Rate for a period shorter than the period for which taxes are then being assessed, and using the actual rate if the Bonds then bear interest at Fixed Rates or a Term Rate that remains in effect through the period for which taxes are then being assessed.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the District most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Order.

(d) To the extent that the District receives an allocation from the Existing Debt Allotment Program or the Instructional Facilities Allotment Program (collectively, the *Program*) established pursuant to Chapter 46, as amended, Texas Education Code or credits a portion of its Basic Allotment established pursuant to Subchapter B of Chapter 42, as amended, Texas Education Code, in order to satisfy Section 45.0031 as amended, Texas Education Code, the District will

comply with the provisions of Section 46.009(d) as amended, Texas Education Code, and the aforementioned Section 45.0031, concerning the deposit of these funds into the Interest and Sinking Fund.

(e) In connection with the issuance of the Bonds, the District may make application to the Texas Education Agency for financial assistance from the State of Texas (the *State*) in accordance with the Program. In each fiscal year in which the District received funding under the Program or any successor State funding program which provides a debt service subsidy for the bonds (such funds being collectively referred to herein as *Debt Subsidy Funds*), the District shall deposit immediately upon receipt the Debt Subsidy Funds received to the credit of the Interest and Sinking Fund created pursuant to Section 2.14 hereof. Notwithstanding the requirements of this Section 2.13, if the Debt Subsidy Funds are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to this Section 2.13 shall be reduced to the extent and by the amount of the Debt Subsidy Funds then on deposit in the Interest and Sinking Fund.

Section 2.14. Interest and Sinking Fund. (a) The District hereby establishes a special fund or account, to be designated the “North East Independent School District Variable Rate Unlimited Tax School Building and Refunding Bonds, Series 2022 Interest and Sinking Fund”, said fund to be kept at an official depository bank of the District and established and maintained on the books and records of the District separate and apart from all other funds and accounts of the District.

(b) Money on deposit in or required by this Order to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable.

Section 2.15. Escrow Agreement Approval and Execution. The [Escrow Deposit Letter/Escrow and Trust Agreement], dated as of March 14, 2022 (the *Agreement*), by and between the District and _____, _____, _____ (the *Escrow Agent*), attached hereto as Exhibit H and incorporated herein by reference as a part of this Order for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the District, is hereby authorized to be executed by an Authorized Official for and on behalf of the District and as the act and deed of this Board of Trustees; and such Agreement as executed by said officials shall be deemed approved by the Board and constitute the Agreement herein approved.

Furthermore, any Authorized Official and Bond Counsel in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities, if any, referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Underwriters for deposit to the credit of the “NORTH EAST INDEPENDENT SCHOOL DISTRICT VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2022 ESCROW FUND” (the *Escrow Fund*), including the execution of the subscription forms, if any, for the purchase and issuance of the “United States Treasury Securities - State and Local Government Series” for

deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Act, this Order, and the Agreement.

Section 2.16. Defeasance of Refunded Obligations; Redemption of Refunded Bonds. The District hereby authorizes and directs any Authorized Official to take all necessary steps to use the proceeds of the Bonds and other available revenues of the District, if any, to pay the principal of and interest on the respective payment dates set forth in Schedule II hereto.

The Refunded Bonds referenced in the preamble hereof become subject to redemption prior to their stated maturity at the price of par and accrued interest to the date of redemption. The District shall give written notice to the paying agent that the Refunded Obligations have been called for redemption, and the District orders that such obligations are called for redemption on the redemption date specified in each respective notice of redemption, and such order to redeem the Refunded Obligations on such date shall be irrevocable upon the delivery of the Bonds. A copy of each such notice of redemption pertaining to the applicable series of Refunded Obligations is attached to this Order as Exhibit I and such notices are incorporated herein by reference for all purposes. The paying agent is authorized and instructed to provide notice of redemption to the holders of the Refunded Obligations in the form and manner described in the order authorizing the respective issuance of the applicable series of Refunded Obligations.

Additionally, on or immediately prior to the date of the initial delivery of the Bonds to the Underwriters, an Authorized Official shall cause to be transferred any necessary funds in immediately available funds to the Escrow Agent from money on deposit in the interest and sinking fund(s) maintained for the payment of the Refunded Obligations certain funds to accomplish the refunding of the Refunded Obligations.

ARTICLE III INTEREST RATES ON BONDS

Section 3.01. Initial Interest Rates; Subsequent Interest Rates. The Bonds shall bear interest at the Initial Rate, being % per annum for the duration of the Initial Rate Period,. At the end of the Initial Rate Period, the Bonds shall be subject to mandatory tender, without right of retention by the Owner; provided, however, that a failure of the Remarketing Agent to remarket the Bonds at the end of the Initial Rate Period, as further described in Section 4.04, shall result in the holders of the Bonds retaining such Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of this Order. Thereafter, the Bonds shall bear interest at the Term Rate determined in accordance with the provisions of Section 3.02, except that the interest period applicable to the Bonds may be converted from the Initial Rate Period to a Term Rate Period of the same or different duration or to the Fixed Rate Period pursuant to Section 3.02 or 3.03, respectively. Notwithstanding the foregoing, if the Remarketing Agent fails to remarket the Bonds, resulting in the holders thereof retaining such Bonds subsequent to the end of the Initial Rate Period, those Bonds shall bear interest at the Stepped Rate for the duration of the Stepped Rate Period. No Opinion of Bond Counsel is required prior to or in conjunction with a conversion from the Initial Rate Period to a Term Rate Period (being the Term Rate Conversion Date).

Section 3.02. Term Rates; Conversions among Term Rate Periods. (a) Determination by Remarketing Agent. Subject to the further provisions of this Article III with respect to particular

Term Rate or conversions between Term Rates, the Term Rate or Rates to be applicable to any Bonds during any Term Rate Period shall be determined by the Remarketing Agent. The Remarketing Agent shall determine the Term Rate in accordance with this section on the Rate Determination Date. The Term Rate so determined shall become effective on the first day of the next succeeding Term Rate Period.

(i) In each case, the Term Rate for the Term Rate Period in question shall be determined by the Remarketing Agent on the Rate Determination Date required pursuant to Section 3.02(b) below.

(ii) Each Term Rate determined by the Remarketing Agent shall be the lowest rate of interest which, in the judgment of the Remarketing Agent, in consultation with and as approved by the District, would cause the Bonds to have a market value not less than equal to the principal amount thereof, plus accrued interest, under prevailing market conditions as of the Rate Determination Date; provided, however, that any excess proceeds resultant from a pricing structure that produces a net reoffering premium shall (after applying a portion of such reoffering premium to the costs incurred by the District in connection with such reoffering and conversion, if so desired by the District) be used to reduce the principal amount of Bonds that are outstanding after the Term Rate conversion (with the redemption dates and prices determined pursuant to Article V hereof), and make the Term Rate available to the Paying Agent/Registrar; provided, further, however, that in no event shall any Bonds converted to a new Term Rate Period during which they bear interest at a Term Rate bear interest at a rate exceeding the Highest Rate.

(iii) All determinations of Term Rates pursuant to this Section shall be conclusive and binding, absent manifest error, upon the District, the Tender Agent, the Paying Agent/Registrar, and the Owners of the Bonds to which such rates are applicable. The District, the Tender Agent, the Paying Agent/Registrar and the Remarketing Agent shall not be liable to any Owners for failure to give any notice required above or for failure of any Owners to receive such notice.

(b) Manner of Term Rate Determination. A Term Rate shall be determined for each Term Rate Period as follows:

(i) Term Rate Periods shall (A) commence initially on the applicable Term Rate Conversion Date; and (B) end on the last day preceding either the commencement date of the following Term Rate Period or the Conversion Date on which a different Rate Period shall become effective.

(ii) The Term Rate for each Term Rate Period shall be effective from and including the commencement date of such Period and remain in effect through and including the last day thereof. Each such Term Rate shall be determined for each Term Rate Period not later than 12:00 p.m., New York City time on the Rate Determination Date, which date shall be a day not more than the 35th day immediately preceding the commencement date of such Term Rate Period (as determined by the District and the Remarketing Agent), and each such Term Rate shall be made available to the Paying

Agent/Registrar and the Tender Agent by the Remarketing Agent by the close of business on its Rate Determination Date.

(iii) Notice of each Term Rate shall be given by the Paying Agent/Registrar by first-class mail to each Owner promptly after such Term Rate is determined.

(iv) At the expiration of the Initial Rate Period and any Term Rate Period into which any Bonds have been remarketed thereafter, respectively, the District shall be obligated to remarket such Bonds pursuant to Section 3.02(c) hereof.

(v) If, at the expiration of the then-applicable Initial Rate Period or Term Rate Period, there occurs a failed remarketing of the type described in Section 4.02(f) hereto, such Bonds shall bear interest at the Stepped Rate for the duration of the Stepped Rate Period.

(c) Conversions between Term Rate Periods. At the option of the District, and pursuant to an order of the Board, the Bonds may be converted from the Initial Rate Period to a Term Rate Period or from one Term Rate Period to another. In addition, such order of the Board shall identify the Remarketing Agent that will accomplish the remarketing of the Bonds on the District's behalf at the time of such conversion. The District shall, in connection with the identification of the Remarketing Agent, authorize execution of a Remarketing Agreement therefor if no such agreement is then in place. To accomplish the proposed conversion, the District shall give written notice of the proposed conversion together with a copy of the Opinion of Bond Counsel, if required, to the Remarketing Agent on the date that notice is required to be given pursuant to Section 3.02(c)(ii). The conversion shall be accomplished as follows:

(i) The Conversion Date of a conversion to a new Term Rate Period shall be an Interest Payment Date on which interest is payable for the Initial Rate Period or Term Rate Period, as applicable, from which the conversion is to be made.

(ii) The District shall give written notice of any such conversion to the Paying Agent/Registrar, and the Tender Agent not less than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date.

(iii) Not less than thirty (30) days prior to the Conversion Date, the Paying Agent/Registrar shall mail (by first-class mail) a written notice of the conversion to the Owners. Such notice shall:

(A) contain the information set forth in the notice from the District pursuant to Section 3.02(c)(ii) above,

(B) set forth the date by which the Remarketing Agent will determine and the Paying Agent/Registrar will notify the Owners of the Term Rate for the Term Rate Period commencing on the Term Rate Conversion Date pursuant to Section 3.02(g)(iv) below, and

(C) set forth the matters required to be stated pursuant to Section 4.03 with respect to purchases of such Bonds governed by such Section.

(iv) The Term Rate for the Term Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner provided in Section 3.02(a) above on the date set forth in Section 3.02(b) above.

(v) Any conversion pursuant to this Section 3.02 shall be subject to the condition that on or before two (2) days prior to the date the Paying Agent/Registrar is required to give notice of the date of such conversion, the District shall have delivered to the Paying Agent/Registrar and the Remarketing Agent an Opinion of Bond Counsel, if such conversion results in a reissuance under the Code.. If such Opinion of Bond Counsel is required and not delivered, the conversion shall not occur and the Bonds shall not be converted but shall remain in the same Initial Rate Period or Term Rate Period, as applicable; provided, however, that such Bonds shall be subject to mandatory tender as provided herein. For the avoidance of doubt, no opinion of Bond Counsel is required when a conversion of Bonds under this Section 3.02 does not result in a reissuance under the Code.

Section 3.03. Fixed Rate Conversion at Option of the District. At the option of the District, and pursuant to an order of the Board, Bonds bearing interest at the Initial Rate or at a Term Rate may be converted in whole or in part to a Fixed Rate to their maturity or prior redemption. A partial conversion to a Fixed Rate shall, with respect to Bonds so converted, be completed solely at the District's discretion and in the manner so provided by the Board. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(b) hereof.

(b) (i) The District shall give written notice of any such conversion to the Remarketing Agent, the Paying Agent/Registrar, and the Tender Agent not less than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the Fixed Rate Conversion Date and the principal amount of Bonds to be converted.

(ii) Not less than thirty (30) days prior to the Fixed Rate Conversion Date, the Paying Agent/Registrar shall mail (by first-class mail) a written notice of the conversion to the Owner of all Bonds to be converted, specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 3.03(c).

(c) Notice of conversion shall be given by first-class mail by the Paying Agent/Registrar to Moody's and Fitch and the Owners of all Bonds to be converted. Such notice shall inform the Owners of:

(i) the proposed Fixed Rate Conversion Date;

(ii) the date by which the Remarketing Agent will determine and the Paying Agent/Registrar will notify the Owners of the Fixed Rate pursuant to Section 3.03(d) below;

(iii) the conditions to the conversion pursuant to Section 3.03(e) below;

(iv) statement of whether such conversion is a partial conversion of Bonds or a conversion of all Bonds then Outstanding; and

(v) the matters required to be stated pursuant to Section 4.03 with respect to purchases of Bonds governed by such Section.

(d) Not later than 12:00 p.m., New York City time, on or before the seventh (7th) Business Day prior to the Fixed Rate Conversion Date the Remarketing Agent shall, in consultation with and subject to the approval of the District, determine the Fixed Rate or Rates for the Bonds being converted to a Fixed Rate Period which will cause such Bonds to have a market value equal to not less than the principal amount thereof, provided that any excess proceeds resultant from a pricing structure that produces a net reoffering premium shall (after applying a portion of such reoffering premium to the costs incurred by the District in connection with such reoffering and conversion, if so desired by the District) be used to reduce the principal amount of Bonds that are Outstanding after such conversion to a Fixed Rate Period (with the redemption dates and prices determined pursuant to Section 5.02(c) hereof), and make the Fixed Rate or Rates available to the Paying Agent/Registrar; provided, however, in no event shall the Bonds converted to Fixed Rate bear interest at a rate exceeding the Highest Rate. Such determination shall be conclusive and binding upon the District, the Paying Agent/Registrar and the Owners of the Bond to which such Rate will be applicable. Promptly after the date of determination, the Paying Agent/Registrar shall give notice of such Fixed Rate or Rates by first-class mail to the Tender Agent.

(e) Any conversion to a Fixed Rate pursuant to this Section 3.03 shall be subject to the following conditions:

(i) on or before the Fixed Rate Conversion Date, the District shall have delivered to the Paying Agent/Registrar and the Remarketing Agent an Opinion of Bond Counsel; and

(ii) as of the Fixed Rate Conversion Date, sufficient funds shall be available to purchase Bonds which are then required to be purchased pursuant to Section 4.04.

If the foregoing conditions are not met for any reason, the conversion shall not be effective, the Bonds shall continue to bear interest at the last effective Term Rate or Stepped Rate, as applicable. The Paying Agent/Registrar shall promptly notify the Owners of such fact and shall give all additional notices and take all further actions required pursuant to Section 4.04 (to the extent applicable).

(f) At its option, the District also may determine the serial or term maturities, redemption provisions and other terms which shall be applicable to the pricing of the Bonds on and after the Fixed Rate Conversion Date; provided, however, that no such determination shall result in a greater amount of combined debt service on the Bonds in any year than is reflected in the Bonds' debt service schedule included in the final Offering Memorandum. Following the Fixed Rate Conversion Date, the Bonds shall be subject to optional and mandatory sinking fund redemption, if at all, in whole or in part on such dates as shall be determined at the time of the conversion.

ARTICLE IV
TENDER AND PURCHASE OF BONDS

Section 4.01. No Optional Tender. The Bonds are not subject to optional tender by the Holders thereof.

Section 4.02. Mandatory Tender Upon Term Rate Conversion.

(a) Conversions to Term Rate Periods. While the District is obligated to remarket the Bonds pursuant to Section 3.02(b)(iv), on any Term Rate Conversion Date pursuant to Section 3.02(c), such Bonds shall be converted from the Initial Rate Period to another Term Rate Period are subject to mandatory tender for purchase on the Term Rate Conversion Date at the Purchase Price.

(b) Notice to Owners. Any notice of a Term Rate Conversion Date given to Owners pursuant to Section 3.02(c)(iii) shall, in addition to the requirements of such Section, state whether the Bonds to be converted will be subject to mandatory tender for purchase on the Term Rate Conversion Date and the time at which the Bonds are to be tendered for purchase.

(c) Remarketing. Unless the Remarketing Agreement then in effect specifies that such remarketing shall constitute a firm financial arrangement with the Remarketing Agent, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the Purchase Price of tendered Bonds to the Remarketing Agent in immediately available funds at or before 9:30 a.m., New York City time, on the Term Rate Conversion Date.

(d) Purchase of Tendered Bonds.

(i) Notice. At or before 3:00 p.m., New York City time, on the Business Day immediately preceding the date fixed for purchase of tendered Bonds, the Remarketing Agent shall give notice by telephone, facsimile, electronic mail transmission, or other similar communication to the Tender Agent of the principal amount of tendered Bonds which were not remarketed. Not later than 4:00 p.m., New York City time, on the date of receipt of such notice the Tender Agent shall give notice by telephone, facsimile, electronic mail transmission, or other similar communication to an Authorized Official and the Paying Agent/Registrar specifying the principal amount of tendered Bonds as to which the Remarketing Agent has not found a purchaser. At or before 3:00 p.m., New York City time, on the Business Day prior to the purchase date, to the extent known to the Remarketing Agent, but in any event, no later than 10:30 a.m., New York City time, on the date fixed for purchase, the Remarketing Agent shall give notice to the Tender Agent by telephone (promptly confirmed in writing) of any change in the names, addresses, and taxpayer identification numbers of the purchaser and, if available, payment instructions for regularly scheduled interest payments.

(ii) Sources of Payment. At or before 10:30 a.m., New York City time, the Remarketing Agent shall cause to be paid to the Tender Agent for deposit in the “North East Independent School District Remarketing Proceeds Payment Fund, Series 2022” (the *Series 2022 Payment Fund*) on the date fixed for purchase of the tendered Bonds, all

amounts representing proceeds of the remarketing of such Bonds, such payments to be made in the manner and at the time specified in Section 4.02(d) above. If such amounts, plus all other amounts received by the Tender Agent for the purchase of tendered Bonds, are not sufficient to pay the Purchase Price, the Tender Agent shall immediately notify an Authorized Official of any deficiency no later than 11:00 a.m., New York City time, on such date; provided, however, in the event the date of purchase of the tendered Bonds is an Interest Payment Date, payment of the accrued interest portion of the Purchase Price for the tendered Bonds shall be the sole responsibility of the District. The District (if the District is obligated to pay the interest portion of the Purchase Price) shall deliver to the Tender Agent immediately available funds in an amount at least equal to its portion of the Purchase Price agreed to be paid on the tender date of such unremarketed tendered Bonds prior to 2:00 p.m., New York City time, on the date set for purchase of such tendered Bonds. All money received by the Tender Agent as remarketing proceeds and additional amounts, if any, received from the District to pay the Purchase Price of the tendered Bonds shall be deposited by the Tender Agent in the Series 2022 Payment Fund to be used solely for the payment of the Purchase Price of such tendered Bonds and shall not be commingled with other funds held by the Tender Agent and shall remain uninvested.

(iii) Payments by the Tender Agent. At or before 2:30 p.m., New York City time, on the date set for purchase of tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Purchase Price of the tendered Bonds, the Tender Agent shall pay the Purchase Price of such Bonds to the Owners thereof at its designated office or by bank wire transfer. Such payments shall be made in immediately available funds. The Tender Agent shall apply in order (A) money paid to it by the Remarketing Agent as proceeds of the remarketing of such Bonds by the Remarketing Agent and (B) money, if any, paid by the District. If sufficient funds are not available for the purchase of all tendered Bonds, no purchase shall be consummated, in which case the provisions of Section 4.02(f) shall apply.

(iv) Registration and Delivery of Tendered or Purchased Bonds. On the purchase date, the Tender Agent shall register and deliver (or hold) or cancel all Bonds purchased or remarketed by the Remarketing Agent and shall deliver to the new registered owner(s) in accordance with the instructions of the Remarketing Agent by 2:00 p.m., New York City time.

Notwithstanding anything to the contrary in the foregoing paragraph, for so long as the Bonds are held in the Book-Entry-Only System of DTC in accordance with Section 2.07 hereof, any Bond remarketed by the Remarketing Agent shall be delivered to the new beneficial owner thereof by a transfer in the Book-Entry-Only System of DTC of such remarketed Bond to the applicable DTC Participant account for such beneficial owner.

(v) Delivery of Bonds; Effect of Failure to Surrender Bonds. All Bonds to be purchased on any date shall be required to be delivered to the office of the Tender Agent at or before 5:00 p.m., New York City time, on the Business Day next preceding the purchase date (12:00 noon New York City time on the tender date for Bonds held in book entry only system). If the Owner of any Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such Bond to the Tender Agent for purchase on the

purchase date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and shall constitute an Undelivered Bond. Ownership of Undelivered Bonds (or portions thereof) shall be transferred to the purchaser thereof as provided in Section 4.02(d)(iv) above. Any Owner of Undelivered Bonds shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Tender Agent. The Tender Agent shall, as to any Undelivered Bonds, (A) promptly notify the Remarketing Agent of such nondelivery and (B) place a stop transfer against such Undelivered Bonds.

(e) Failure to Remarket Tendered Bonds. In the event that Bonds in the Initial Rate Period or any Term Rate Period are not converted and remarketed to new purchasers on the applicable Conversion Date, the District shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under this Order or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the Holders thereof), and (v) will be deemed to continue in the Initial Rate Period or Term Rate Period for all other purposes of this Order, though bearing interest during such time at the Stepped Rate, calculated on the basis of twelve 30 day months and the number of days actually elapsed, until remarketed or redeemed in accordance with the terms of this Order. In the event of a failed conversion and remarketing as described above, the District will cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at no less than par, in such interest rate mode or modes as the District directs, bearing interest at a rate not exceeding the Highest Rate. All other provisions of Section 4.02 shall apply to and govern Bonds described in this Subsection (f) to the extent such terms are not in conflict with those included herein.

Section 4.03. Mandatory Tender Upon Fixed Rate Conversion. (a) Mandatory Tender Upon Conversion. Any Bonds to be converted to a Fixed Rate Period pursuant to Section 3.03 shall be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at the Purchase Price. The Owners shall not have the right to elect to retain their Bonds.

(b) Notice to Owners. Any notice of conversion given to Owners pursuant to Section 3.03(c) shall, in addition to the requirements of such Section, state that Owners shall not have the right to waive mandatory tender and that Bonds not delivered to the Tender Agent for purchase on the date specified in the notice shall be deemed tendered on such date and that after such date Owners will not be entitled to any payment (including interest to accrue subsequent to the required purchase date) other than the Purchase Price for such Undelivered Bonds and such Undelivered Bonds shall no longer be entitled to the benefits of this Order.

(c) Remarketing. Unless the Remarketing Agreement then in effect specifies that such remarketing shall constitute a firm financial arrangement with the Remarketing Agent, the Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Bonds.

The terms of any sale by the Remarketing Agent shall provide for the payment of the Purchase Price to the Remarketing Agent of the tendered Bonds in immediately available funds at or before 9:30 a.m., New York City time on the Fixed Rate Conversion Date.

(d) Purchase of Tendered Bonds. The provisions of Section 4.02(e) shall apply to mandatory tenders pursuant to this Section 4.03.

Section 4.04. Mandatory Tender at End of Initial Rate Period. Notwithstanding any provisions of this Order to the contrary, the Bonds issued hereunder shall be subject to mandatory tender on the Conversion Date immediately following the end of the Initial Rate Period, without right of retention by the Owner, at the Purchase Price. Bonds tendered pursuant to this Section 4.04 shall be delivered to the Remarketing Agent against payment therefor in accordance with the provisions of Section 4.02(e). In the event that such Bonds are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the District shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under this Order or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to the Bonds subject to such failed remarketing only, and such Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the Holders thereof), and (v) will be deemed to continue in an Initial Rate Period for all other purposes of this Order, though bearing interest during such time at the Stepped Rate, calculated on the basis of twelve 30 day months and the number of days actually elapsed, until remarketed or redeemed in accordance with the terms of this Order. In the event of a failed conversion and remarketing as described above, the District will cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at a price not less than par, in such interest rate mode or modes as the District directs, bearing interest at a rate not exceeding the Highest Rate.

ARTICLE V REDEMPTION OF BONDS BEFORE MATURITY

Section 5.01. Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in this Article V.

Section 5.02. Optional Redemption. (a) Except as hereafter specified, Bonds bearing interest at the Initial Rate are not, during the Initial Rate Period, subject to redemption at the option of the District.

(b) Prior to the Fixed Rate Conversion Date, Bonds bearing interest at a Term Rate during a Term Rate Period are subject to redemption, if at all, at the times, at the prices, and in the manner determined by the District on a Term Rate Conversion Date (and as evidenced in an Approval Certificate). Upon conversion, Bonds bearing interest at Fixed Rates during a Fixed Rate Period are subject to redemption, if at all, at the option of the District, in whole or in part, on

the dates and at the prices determined and established by the District on the Fixed Rate Conversion Date (and as evidenced in an Approval Certificate).

(c) All Bonds are callable, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on any Conversion Date.

(d) Bonds bearing interest at the Stepped Rate during the Stepped Rate Period are subject to redemption, in whole or in part, at the option of the District, at a redemption price equal to the principal amount thereof plus interest accrued thereon at the Stepped Rate to the redemption date, on any date.

(e) The District shall deliver notice to the Paying Agent/Registrar of its intention to redeem Bonds, which notice shall specify the principal amount of the Bonds to be redeemed (i) with respect to Bonds bearing interest at a Stepped Rate, at least two (2) days prior to the redemption date and (ii) with respect to Bonds bearing interest at a Term Rate or at Fixed Rates, at least thirty (30) days prior to the redemption date.

(f) On or prior to the date established for optional redemption of any Bonds, the District shall have deposited an amount sufficient to pay the redemption price of the Bonds to be redeemed with the Paying Agent/Registrar. Such money shall be invested, if at all, in Government Securities.

Section 5.03. Mandatory Redemption. The Bonds are subject to mandatory redemption from money on deposit in the Interest and Sinking Fund at a price of par plus accrued interest to the date fixed for redemption, on August 1 in each of the years and in the amounts set out below.

<u>Year</u>	<u>Amount (\$)</u>
8/1	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	
20__	

*Stated Maturity

The principal amount of Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the District, by the principal amount of any Bonds which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the District and delivered to the Paying Agent/Registrar for

cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with money in the Interest and Sinking Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofor credited against a mandatory redemption requirement.

Notwithstanding the provisions of Section 2.13 hereof, in addition, each fiscal year the Bonds are Outstanding and accruing interest, the District shall, at the District's discretion, and with respect to Bonds other than Bonds bearing interest at Fixed Rates, budget for such fiscal year and levy taxes for the payment of interest on the Bonds based on an interest rate on the Bonds equal to the actual rate borne thereby or up to 5.00% per annum (unless the Bonds at such time bear interest in excess of 5.00% in which case the actual rate of interest shall be used). At the end of the fiscal year in which the District levies a tax based on the interest rate on the Bonds as heretofore described, the District shall determine whether the interest paid on the Bonds in such fiscal year is less than such interest rate used to levy a tax. If in such circumstance the amount of interest paid on the Bonds is less than the interest rate used to levy a tax, the District shall cause the difference between the amount budgeted and the amount paid on the Bonds (*Excess Interest Funds*) to be allocated and appropriated for the payment of the mandatory redemption of Bonds (other than Bonds bearing interest at Fixed Rates) on the first August 1 next following the end of such fiscal year; provided the amount of such Excess Interest Funds is equal to or greater than \$100,000. In each fiscal year when the amount of Excess Interest Funds is equal to or greater than \$100,000, the District shall cause Bonds in a principal amount equivalent to the Excess Interest Funds to be redeemed on the August 1 next following the end of such fiscal year at the redemption price of par plus accrued interest to the date of redemption. The mandatory redemption of Bonds in accordance with the provisions of this paragraph shall be in addition to the amount of Bonds to be mandatorily redeemed as set forth in the schedule above in the years shown.

On or before June 15 of each year preceding each mandatory redemption date the Bonds are to be mandatorily redeemed, the District will notify the Paying Agent/Registrar in writing of the principal amount of Bonds to be mandatorily redeemed with Excess Interest Funds on the following August 1, and instruct the Paying Agent/Registrar to select by lot or other customary random selection method the Bonds or portions thereof to be redeemed.

Section 5.04. Partial Redemption. (a) Except for Bonds redeemed on a Conversion Date and that are, on such date, subject to mandatory tender, Bonds redeemed in part shall be selected for redemption at random and by lot.

(b) A portion of a single Bond of a denomination greater than an Authorized Denomination may be redeemed but only in a principal amount equal to a minimum Authorized Denomination or any integral multiple thereof. The Paying Agent/Registrar shall treat each minimum Authorized Denomination of such Bond as though it were a single Bond for purposes of selection for redemption.

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

Section 5.05. Notice of Redemption. (a) The Paying Agent/Registrar shall cause notice of redemption of any Bond to be redeemed in whole or in part to be mailed first-class mail to the Owner thereof at the address of the Owner appearing in the Register (i) with respect to a Bond bearing interest at a Stepped Rate, at least one (1) day prior to the redemption date and (ii) with respect to a Bond bearing interest at the Initial Interest Rate, a Term Rate, or a Fixed Rate, at least thirty (30) days prior to the redemption date.

(b) The notice of redemption shall identify the Bonds to be redeemed, and shall specify the numbers thereof, the redemption date and the redemption price. The notice shall state that (i) on the redemption date the Bonds called for redemption will be payable at the designated office of the Paying Agent/Registrar, and (ii) on and after the redemption date interest will cease to accrue.

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(d) Notwithstanding the foregoing, a notice of mandatory tender delivered in accordance with Section 4.02(b) hereof shall serve as notice of redemption of Bonds, if any such redemption is to occur, at the option of the District on a Conversion Date.

Section 5.06. Payment Upon Redemption. (a) By each redemption date, the District shall deposit (or cause to be deposited) with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date.

(b) Upon presentation and surrender of any Bond called for redemption at the designated office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of and accrued interest on such Bond to the date of redemption from the money provided for that purpose.

Section 5.07. Effect of Redemption. (a) Notice of redemption having been given, and due provision having been made for payment, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption; thereafter, such Bonds or portions thereof shall cease to bear interest from the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the District shall fail to make provision for the payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest until due provision is made for the payment of same by the District.

ARTICLE VI
PAYING AGENT/REGISTRAR; REMARKETING AGENT;
TENDER AGENT

Section 6.01. Appointment of Initial Paying Agent/Registrar.
_____, _____, _____ is hereby appointed as the initial Paying Agent/Registrar for the Bonds, and the Paying Agent/Registrar Agreement, attached hereto, in substantially final form, as Exhibit B, is hereby approved and authorized to be executed by an Authorized Official for and on behalf of the District and the Board. Such agreement, as executed by an Authorized

Official, shall be deemed to be the Paying Agent/Registrar Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and the Board.

Section 6.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the United States or any state, or other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 6.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the District will maintain a Paying Agent/Registrar that is qualified under Section 6.02 of this Order. Each Authorized Official is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the District and the Paying Agent/ Registrar.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the District will promptly appoint a replacement.

Section 6.04. Termination. The District, upon not less than forty-five (45) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering written notice of such termination.

Section 6.05. Notice of Change to Owners. Promptly upon each change in the entity serving as Paying Agent/Registrar, the District will cause notice of the change to be sent to each Owner by first-class United States mail, postage prepaid, at the address shown in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 6.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar and executing a paying agent/registrar agreement with the District, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Order and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 6.07. Delivery of Records to Successor. If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

Section 6.08. Appointment of Initial Remarketing Agent. The District hereby authorizes each Authorized Official to identify and select the Remarketing Agent for the Bonds while they are in the Initial Rate Period, if determined thereby to be necessary or beneficial (subject to the requirement to select a Remarketing Agent as provided in Section 6.10 below). The Remarketing Agent shall signify its acceptance of the duties and obligations imposed on it hereunder by its execution of the Remarketing Agreement, the execution of which is hereby approved. Additionally, each Authorized Official is hereby authorized and directed to execute and deliver the Remarketing Agreement, attached hereto, in substantially final form, as Exhibit C, for and on behalf of the District and this Board, and such Remarketing Agreement as executed by an Authorized Official shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and this Board.

Section 6.09. Appointment of Initial Tender Agent. The District hereby appoints _____, _____, _____, as initial Tender Agent for the Bonds. The Tender Agent shall signify its acceptance of the duties and obligations imposed on it hereunder by its execution of the Tender Agent Agreement, the execution of which is hereby approved. Additionally, each Authorized Official is hereby authorized and directed to execute and deliver the Tender Agent Agreement, attached hereto, in substantially final form, as Exhibit D, for and on behalf of the District and this Board, and such Tender Agent Agreement, as executed by an Authorized Official shall be deemed to be the Tender Agent Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and this Board.

Each Tender Agent shall be a commercial bank or trust company organized under the laws of the United States or any state, or other entity duly qualified and legally authorized to serve as and perform the duties and services of tender agent for the Bonds.

Section 6.10. Maintaining Remarketing Agent and Tender Agent. (a) The District need not maintain a Remarketing Agreement for the Bonds during the Initial Rate Period or any Term Rate Period so long as the Board, in the order required under Section 3.02(c), identifies and names therein the party to serve as Remarketing Agent in connection with the conversion in such order contemplated and at such time executes a Remarketing Agreement evidencing the Remarketing Agent's agreement to serve in such capacity in addition to the terms governing such agreement. No resignation or removal of the Remarketing Agent (if required to be maintained) or Tender Agent shall become effective until a successor has been appointed and accepted such appointment. Any successor Tender Agent shall have capital of not less than \$50,000,000.

(b) Promptly upon each change in the entity serving as Remarketing Agent or Tender Agent, the District will cause notice of such change to be sent to each Owner by first-class mail.

ARTICLE VII FORM OF THE BONDS

Section 7.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification [(including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including the guarantee of the Permanent School Fund, insurance legends in the event the Bonds (or any Stated Maturities thereof) are insured, and any reproduction of an opinion of Bond Counsel (hereinafter referenced))] thereon as, consistently herewith, may be determined by the District or by the officers executing such Bonds, as evidenced by their execution.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds may be typewritten, photocopied, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced with the series as designated in the form and the headings “Interest Rate” and “CUSIP No.” shall both be omitted.

(e) If bond insurance is obtained by the Underwriters or if the Bonds are guaranteed by the Permanent School Fund of the State of Texas, the definitive Bonds and the Initial Bond shall bear an appropriate legend as provided by the Insurer or the Texas Education Agency, as applicable, to appear under the following header (as applicable):

[BOND INSURANCE] [PERMANENT SCHOOL FUND GUARANTEE]

Section 7.02. Form of the Bonds. The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the form of Certificate of the Paying Agent/Registrar, and the form of Assignment appearing on the Bonds, shall be substantially as set forth in Exhibit A attached hereto.

Section 7.03. CUSIP Registration. The District may secure identification numbers through the CUSIP Global Services, managed by Standard & Poor’s Financial Services LLC on behalf of The American Bankers Association, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the District nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 7.04. Legal Opinion. The obligation of the Underwriters to accept delivery of the Bonds is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, San Antonio, Texas (*Bond Counsel*), approving such Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for such Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof is hereby authorized to be either printed on definitive printed obligations or deposited with DTC along with the global certificates for the implementation and use of the Book–Entry System used in the settlement and transfer of the Bonds.

ARTICLE VIII SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 8.01. Sale of Bonds; Offering Memorandum. (a) The Bonds authorized by this Order are hereby sold by the District to _____, _____, _____ (the *Underwriters*) in accordance with the provisions of the Purchase Contract (the *Purchase Contract*) attached hereto as Exhibit F. The Initial Bond shall be registered in the name of _____.

(b) Any Authorized Official is hereby authorized and directed to execute the Purchase Contract for and on behalf of the District and as the act and deed of the Board, and in regard to the

approval and execution of the Purchase Contract, the Board hereby finds, determines and declares that the representations, warranties, and agreements of the District contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the District. Delivery of the Bonds to the Underwriters shall occur as soon as practicable after the adoption of this Order, upon payment therefor in accordance with the terms of the Purchase Contract.

(c) The form and substance of the Offering Memorandum, and any addenda, supplement or amendment thereto (the *Offering Memorandum*) presented to and considered at this meeting, are hereby in all respects approved and adopted, and is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of the Rule and the President and Secretary of the Board are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof to the Underwriters. The Offering Memorandum as thus approved, executed and delivered, with such appropriate variations as shall be approved by an Authorized Official and the Underwriters, may be used by the Underwriters in the public offering and sale thereof.

(d) All officers of the District are authorized and directed to execute such documents, certificates and receipts as they may deem appropriate to consummate the delivery of the Bonds.

(e) The obligation of the Underwriters to accept delivery of the Bonds is subject to such Underwriters being furnished with the final, approving opinions of the Attorney General of the State of Texas and of Norton Rose Fulbright US LLP, Bond Counsel for the District.

(f) [The Bonds were sold at par and no accrued interest. Proceeds from the sale of the Bonds shall be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Bonds. This special construction account shall be established and maintained at the depository bank of the District and shall be invested in accordance with the provisions of Article IX of this Order. Interest earned on the proceeds of the Bonds pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts not expended for authorized purposes shall be deposited into the Interest and Sinking Fund, and such amounts so deposited shall reduce the sum otherwise required to be deposited in the Interest and Sinking Fund from ad valorem taxes.]

(g) Proceeds from the sale of the Bonds shall be applied as follows:

(i) The District received a [net] reoffering premium from the sale of the Bonds of \$ _____, of which \$ _____ is attributable to the refunding portion of the Bonds (the *Refunding Premium*) and \$ _____ is attributable to the new money portion of the Bonds (the *New Money Premium*). The New Money Premium is hereby allocated by the District in the following manner: (1) \$ _____ to pay the Underwriters' compensation, (2) \$ _____ to pay certain costs of issuance, (3) \$ _____ as the contingency amount, and (4) \$ _____ shall be counted against the 2015 Authorization and deposited into the construction fund as described in paragraph (ii) below. The Refunding Premium is hereby allocated by the District in the following

manner: (1) \$ _____ to pay the Underwriters' compensation, (2) \$ _____ to pay certain costs of issuance, (3) \$ _____ as the contingency amount, and (4) \$ _____ shall be deposited into the Escrow Fund to provide for the refunding of the Refunded Obligations.

(ii) The amount of \$ _____ (being principal of the Bonds in the amount of \$ _____ and a portion of the New Money Premium in the amount of \$ _____ being allocated against the 2015 Authorization) derived from the sale of the Bonds shall be deposited into the special construction account or accounts created for the projects to be constructed with the Bond proceeds. This special construction account shall be established and maintained at the Issuer's depository bank and shall be invested in accordance with the provisions of Section 9.02 of this Order. Interest earned on the proceeds of the Bonds pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 9.02.

(iii) The balance of the proceeds derived from the sale of the Bonds, being principal of the Bonds in the amount of \$ _____ and a portion of the Refunding Premium in the amount of \$ _____, together with a District contribution of \$ _____, with the Escrow Agent for application and disbursement in accordance with the provisions of the Agreement. The proceeds of sale of the Bonds not so deposited with the Escrow Agent for the refunding of the Refunded Obligations shall be disbursed for payment of costs of issuance or deposited in the Bond Fund for the Bonds, all in accordance with written instructions an Authorized Official.

Section 8.02. Control and Delivery of Bonds. (a) The President of the Board is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination, and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts, delivery of the Bonds shall be made to the Underwriters against receipt by the District of all amounts due to the District under the terms of sale.

ARTICLE IX INVESTMENTS

Section 9.01. Investments. (a) Money in the Interest and Sinking Fund created by this Order, at the option of the District, may be invested in such securities or obligations as permitted under applicable law, and pending the disbursement of the proceeds of sale of the Bonds for authorized purposes, such proceeds of sale may be invested in authorized investments in accordance with the Public Funds Investment Act (V.T.C.A., Government Code, Chapter 2256), as amended, or other applicable law.

(b) Any securities or obligations in which money is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

Section 9.02. Investment Income. (a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such fund.

(b) Interest and income derived from investment of the proceeds of sale of the Bonds and the payment of the costs of issuance shall be credited to the fund or account where deposited and shall be used for such purposes, with any funds remaining after the accomplishment of such purposes to be transferred to the Interest and Sinking fund as received.

ARTICLE X PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. On or before each Interest Payment Date for the Bonds, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such principal, redemption premium, if any, and interest on the Bonds as will accrue or mature on the applicable Interest Payment Date or date of prior redemption.

Section 10.02. Other Representations and Covenants. (a) The District will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Order and in each Bond; the District will promptly pay or cause to be paid the principal, redemption premium, if any, and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the District will, at the times and in the manner prescribed by this Order, deposit or cause to be deposited the amounts of money specified by this Order.

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

Section 10.03. Covenants to Maintain Tax-Exempt Status [/ Taxable Obligations. The Bonds are not “state or local bonds” within the meaning of Section 103(a) and (c) of the Internal Revenue Code of 1986, as amended; therefore, the interest on the Bonds is not excludable from the gross income of the holders thereof for federal income tax purposes.] (a) Definitions. When used in this Section 10.03, the following terms have the following meanings:

Computation Date has the meaning set forth in Section 1.148-1(b) of the Regulations.

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

Investment has the meaning set forth in Section 1.148-1(b) of the Regulations.

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

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

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

Yield of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Bonds and the concurrently issued Series 2022 Fixed Rate Bonds, as a single issue, has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The District 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 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 District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except to the extent it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the District shall at all times prior to the last Stated Maturity of Bonds:

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

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations), other than taxes of general application within the

District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent it will not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the District shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested), if as a result of such investment the Yield from the Issue Date (as defined in the Regulations) of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

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

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

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

(1) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the District shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The District shall maintain such calculations with its

official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Underwriter and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the District shall pay to the United States out of the Interest and Sinking Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The District shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) [Bonds Not Hedge Bonds.

(1) At the time the Refunded Obligations were issued, the District 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 Refunded Obligations were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

(3) The District reasonably expects to spend 85% of the spendable proceeds of the Bonds within three years after the date of issuance thereof.]

(k) Current Refunding of the Refunded Obligations. The Bonds are issued, in part, to refund the Refunded Obligations, and the Bonds will be issued, and certain proceeds thereof used,

within 90 days after the Closing Date for the redemption or payment at stated maturity of the Refunded Obligations. In the issuance of the Bonds, the District has employed no “device” to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates. The District has complied with the covenants, representations, and warranties contained in the documents executed in connection with the issuance of the Refunded Obligations. Accordingly, the District expects to invest the Bond proceeds to be used to refund the Refunded Obligations without regard to Yield restrictions.

(l) Elections. The District hereby directs and authorizes any Authorized Official, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

Section 10.04. Continuing Obligation. Notwithstanding any other provision of this Order, the District’s obligations under the covenants and provisions of this Article X shall survive the defeasance and discharge of the Bonds.

ARTICLE XI DEFAULT AND REMEDIES

Section 11.01. Events of Default. Each of the following occurrences or events for the purpose of this Order, specifically to exclude events described in Section 4.02(e) and 4.04, respectively, is hereby declared to be an Event of Default:

- (i) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement, or obligation of the District, which default materially and adversely affects the rights of the Owners, including but not limited to their prospect or ability to be repaid in accordance with this Order, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the District.

Section 11.02. Remedies for Default. (a) Upon the happening of any Event of Default, then any Owner or an Authorized Official thereof, including but not limited to a trustee or trustees therefor, may proceed against the District for the purpose of protecting and enforcing the rights of the Owners under this Order by mandamus or other suit, action, or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) All such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 11.03. Remedies Not Exclusive. (a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or

under the Bonds or now or hereafter existing at law or in equity; provided, however, that the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Order.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XII DISCHARGE

Section 12.01. General Provisions. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Order, then the pledge of taxes levied under this Order and all covenants, agreements, and other obligations of the District to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Section 12.02. Discharge by Payment. When all Bonds have been paid in full as to principal, interest, and redemption premium, if any, or when all Bonds have become due and payable, whether at maturity or by prior redemption or otherwise, and the District shall have provided for the payment of the whole amount due or to become due on all of such Bonds then Outstanding, including all interest that has accrued thereon or that may accrue to the date of maturity or prior redemption, and any premium due or that may become due at maturity or prior redemption, by depositing with the Paying Agent/Registrar, for payment of the principal of such Outstanding Bonds and the interest accrued thereon and any redemption premium due thereon, the entire amount due or to become due thereon, and the District shall also have paid or caused to be paid all sums payable under this Order by the District, including the compensation due or to become due the Paying Agent/Registrar, then the Paying Agent/Registrar, upon receipt of a letter of instructions from the District requesting the same, shall discharge and release the lien of this Order and execute and deliver to the District such releases or other instruments as shall be requisite to release the lien hereof.

Section 12.03. Discharge by Deposit. Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Article when (i) money sufficient to pay in full such Bonds or the principal amount thereof at Stated Maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities will mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/ Registrar have been made) the redemption date thereof for the Bonds. In the event of a defeasance of the Bonds, the District shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent firm of certified public accountants, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. As and to the extent applicable, if at

all, the District covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amounts thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the District or deposited as directed by the District. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity or applicable redemption date of the Bonds such money was deposited and is held in trust to pay shall, upon the request of the District, be remitted to the District against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the District expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

ARTICLE XIII CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB’s Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

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

SEC means the United States Securities and Exchange Commission.

Undertaking means the District's continuing disclosure undertaking, described in Paragraphs 13.02 through 13.06 below, hereunder accepted and entered into by the District for the purpose of compliance with the Rule.

Section 13.02. Annual Reports.

The District shall file annually with the MSRB, (1) within six months after the end of each fiscal year ending in or after 2022 financial information and operating data with respect to the District of the general type included in the final Offering Memorandum authorized by Section 8.01 of this Order, being the information described in Exhibit E hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the District, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit E hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, including, but not limited to, Chapter 44, as amended, Texas Education Code, the District must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified or permitted public accountant and must file each audit report with the Texas Education Agency within 150 days after the close of the District's fiscal year. Copies of each audit report must also be filed in the office of the District and with the Secretary, Board of Trustees. The District's fiscal records and audit reports are available for public inspection during the regular business hours of the Superintendent of Schools. Additionally, upon the filing of these financial statements and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the District changes its fiscal year, it will file notice of such change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

Section 13.03. Notice of Certain Events.

The District shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States 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 District, 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 District, and (b) the District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2022.

The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

Section 13.04. Limitations, Disclaimers, and Amendments.

The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time 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 of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any

amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The District may also repeal or amend the provisions of this Section 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 District also may amend the provisions of this Section 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 have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule. If the District so amends the provisions of this Section, the District shall include with any amended financial information or operating data next provided in accordance with this Section 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.

Section 13.05. Information Format – Incorporation by Reference.

The District information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

Section 13.06. General Policies and Procedures Concerning Compliance with Federal Securities Laws.

Because the issuance of the Bonds is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale of the Bonds or the initial purchasers in a competitive sale of the Bonds may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the District hereby adopts, as a supplement (and not as a substitution or in replacement of) to the District’s existing policies and procedures pertaining to compliance with the Rule, the General Policies and Procedures Concerning Compliance with the Rule (the *Policies and Procedures*), attached hereto as Exhibit J, with which the District shall follow to assure compliance with the Undertaking. The District has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from its internal staff charged with administering the District’s financial affairs, its municipal or financial advisors, its

legal counsel (including its Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the District and any such amendment will not be deemed to be an amendment to the Undertaking. Each Authorized Official is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Undertaking.

ARTICLE XIV AMENDMENTS AND SUPPLEMENTS TO ORDER

Section 14.01. Without Consent of Owners. Without notice to or the consent of any Owner, the District may, at any time, amend this Order to cure any ambiguity or cure, correct or supplement any defective or inconsistent provision contained in this Order or make any other change that does not, in the opinion of bond counsel for the District, in any respect, materially and adversely affect the interests of the Owners. Without limiting the foregoing, the District may amend or supplement this Order without notice to or the consent of any Owner:

(a) to modify this Order or the Bonds to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(b) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to this Order regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of a technical nature;

(c) to increase or decrease the number of days specified for the giving of notices in Article III and to make corresponding changes to the period for notice of redemption of the Bonds provided that no decreases in any such number of days shall become effective except while the Bonds bear interest at a Term Rate and until 30 days after the Paying Agent/Registrar has given notice to the Owners of the Bonds;

(d) to provide for an uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry-Only System for the Bonds;

(e) to make any change to this Order when (i) all Bonds have been tendered to the Remarketing Agent pursuant to the terms of this Order, but have not been remarketed following such tender; provided, however, that the Remarketing Agent has received notice of such amendment or supplement; or

(f) effective upon any Conversion Date to a new Term Rate Period or Fixed Rate Period to make any amendment affecting only the Bonds being converted.

Section 14.02. With Consent of Owners. If an amendment of or supplement to this Order or the Bonds without any consent of Owners is not permitted by the preceding Section, the District may enter into such amendment or supplement without prior notice to any Owners but with the consent of Owners of at least a majority in principal amount of the Bonds then Outstanding.

However, nothing herein contained shall permit or be construed to permit the amendment, without the consent of each Owner affected thereby, of or supplement to the terms and conditions in this Order, so as to:

- (a) change the sinking fund requirements, if any, interest payment dates, rights to tender or the maturity or maturities of the Outstanding Bonds;
- (b) reduce the rate of interest borne by any of the Outstanding Bonds;
- (c) reduce the amount of the principal or purchase price of or premium, if any, payable on the Outstanding Bonds;
- (d) modify the terms of payment of principal or purchase price of, premium, if any, or interest on the Outstanding Bonds, or impose any conditions with respect to such payments;
- (e) affect the rights of the Owners of fewer than all of the Outstanding Bonds; or
- (f) decrease the minimum percentage of the principal amount of Outstanding Bonds necessary for consent to any such amendment.

In addition, if money or investments have been deposited or set aside with the Paying Agent/Registrar pursuant to Article XII for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of that Article shall be made without the consent of the Owner of each of those Bonds affected.

Section 14.03. Effect of Consents. Any consent received pursuant to Section 14.02 will bind each Owner delivering such consent and each subsequent Owner of a Bond or portion of a Bond evidencing the same debt as the consenting Owner's Bond.

Section 14.04. Notation on or Exchange of Bonds. If an amendment or supplement changes the terms of a Bond, the Paying Agent/Registrar may require the Owner to deliver it to the Paying Agent/Registrar. The Paying Agent/Registrar may place an appropriate notation on the Bond about the changed terms and return it to the Owner. Alternatively, if the Paying Agent/Registrar and the District determine, the District in exchange for the Bond will issue and the Paying Agent/Registrar will authenticate a new Bond that reflects the changed terms.

Section 14.05. Notice to Owners. Upon receipt of notice of an amendment or change to the Order, the Paying Agent/Registrar shall cause notice of the execution of each supplement or amendment to this Order to be mailed to the Owners. The notice will, at the option of the Paying Agent/Registrar, either (i) briefly state the nature of the amendment or supplement and that copies of it are on file with the Paying Agent/Registrar for inspection by Owners or (ii) enclose a copy of such amendment or supplement.

ARTICLE XV PERMANENT SCHOOL FUND GUARANTY

Section 15.01. General. In accordance with the provisions of Subchapter C of Chapter 45 of the Texas Education Code, as amended, and 19 Texas Administrative Code Section 33.65, the

District has made application to, and received approval from, the Commissioner of Education of the State of Texas (the *Commissioner*) for the Bonds to be guaranteed as to the payment of principal and interest thereon by the “Permanent School Fund”, created, established, and maintained pursuant to Article VII, Section 5 of the Constitution of the State of Texas, subject to compliance with the Texas Education Agency’s rules and regulations. This constitutional provision also provides for the creation and funding of the “Available School Fund”.

Section 15.02. Permanent School Fund Covenants. By virtue of the approval of the Bonds being eligible for such guarantee, the District hereby covenants, agrees, and acknowledges that:

(a) Immediately following a determination by the District of its inability to pay any principal payment or interest installment on the Bonds, and in no event later than five (5) days prior to a Stated Maturity or Interest Payment Date, the Superintendent of Schools of the District shall notify the Commissioner, in the name of the District, of (1) the District’s inability to pay all or any portion of the principal amount or interest installment of one or more Bonds, (2) the total dollar amount of funds required by the District to pay in full the principal of and interest on the Bonds which the District is unable to pay, (3) the name and address of the Paying Agent/Registrar for the Bonds, (4) the date when funds for the payment of the Bonds or interest thereon shall be required to be furnished to the District and deposited with the Paying Agent/Registrar, and (5) such other information as the Commissioner shall require;

(b) Any notices to be given to the Holders hereunder shall additionally be given to the Commissioner, when and as mailed to the Holders;

(c) If the District fails to pay the principal of and interest on any bond and the payment thereof is provided with funds from the Permanent School Fund in accordance with the guarantee, the provisions of Section 45.059(b) of the Texas Education Code, as amended, shall prevail, to the extent of conflict, over the provisions of Section 2.11 hereof and such amount or amounts paid with funds from the Permanent School Fund or the Available School Fund, plus interest on such amount or amounts, shall be deducted from the first funds (being foundation school fund payments first, then available school fund payments) the District would otherwise be lawfully entitled to receive from the State of Texas, until full reimbursement of such amount or amounts has been made to the Permanent School Fund;

(d) If two or more payments from the Permanent School Fund are made pursuant to the guarantee and the Commissioner determines that the District is acting in bad faith under the guarantee, the Attorney General of the State of Texas may institute appropriate legal action to compel the District and its officers, agents, and employees to comply with the duties required by law in regard to the Bonds; and

(e) If the District fails to pay principal or interest on a guaranteed Bond when it matures, other amounts not yet mature shall not be accelerated and shall not become due by virtue of the District’s default.

Section 15.03. Effect of Defeasance of Guaranteed Bonds. If the principal of, premium, if any, and interest on the Bonds are paid prior to Stated Maturity or if the Bonds are defeased as provided in Section 12.03 hereof, the guarantee as to payment of principal of and interest on the

Bonds by the corpus and income of the Permanent School Fund shall immediately be terminated and be removed in its entirety. Notice of any such prepayment, redemption, or defeasance shall be forwarded to the Commissioner within ten (10) calendar days of such action.

ARTICLE XVI
MISCELLANEOUS

Section 16.01. Notice. Any notice, demand, direction, request or other instrument authorized or required by this Order to be given to or filed with the District, the Tender Agent, the Remarketing Agent or the Paying Agent/Registrar shall be deemed to have been given only upon receipt in written or electronic form. Any notice shall be sent by first-class mail, postage prepaid, to the address specified below or, to such other address as may be designated in writing by the parties:

DISTRICT:

North East Independent School District
8961 Tesoro Drive
San Antonio, Texas 78217
Attention: Chief Financial Officer

PAYING AGENT/REGISTRAR-TENDER AGENT:

Attention:

REMARKETING AGENT:

As specified in the Remarketing Agreement

Section 16.02. Notice to Rating Agencies. At any time during which the Bonds are rated by Moody's or Fitch, the Paying Agent/Registrar shall notify Moody's and Fitch promptly of (i) any change in the Paying Agent/Registrar, Tender Agent, or Remarketing Agent, (ii) the expiration, termination, extension or any other material change to this Order or the Remarketing Agreement, and (iii) the redemption, defeasance or payment of all of the Bonds or conversion of the Bonds to a Fixed Rate. Any such notice shall be sent by first-class mail, postage prepaid, to: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Group—Texas Local Ratings; and Fitch Ratings, One State Street Plaza, New York, New York, 10004, Attention: Municipal Structured Finance.

Section 16.03. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

Section 16.04. Benefits of Order. Nothing in this Order, expressed or implied, is intended or shall be construed to confer upon any person other than the District, the Paying Agent/Registrar, Bond Counsel, Financial Advisors, the Underwriters, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Order or any provision hereof, this Order and all its provisions being intended to be and being for the sole and exclusive benefit of the District, the Paying Agent/Registrar, Bond Counsel, Financial Advisors, the Underwriters, and the Holders.

Section 16.05. Inconsistent Provisions. All orders, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters herein provided.

Section 16.06. Construction of Terms. If appropriate in the context of this Order, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

Section 16.07. Governing Law. This Order shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 16.08. Severability. If any provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order and the application thereof to other persons or circumstances shall nevertheless be valid, and the Board hereby declares that this Order would have been enacted without such invalid provision.

Section 16.09. Public Meeting. It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 16.10. Incorporation of Preamble Recitals. The recitals contained in the preamble to this Order are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Board.

Section 16.11. Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Order shall be given in such other manner and at such time or times as in the judgment of the District or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Order be deemed to be in compliance with the requirements for publication thereof.

Section 16.12. No Recourse Against District Officials. No recourse shall be had for the payment of principal of, premium, if any, and interest on any Bond or for any claim based thereon or on this Order against any official of the District or any person executing any Bond.

Section 16.13. Further Procedures. The officers and employees of the District are hereby authorized, empowered and directed from time to time and at any time to do and perform all such

acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Agreement, Purchase Contract, the Remarketing Agreement, the Tender Agent Agreement, and the Offering Memorandum. In addition, prior to the initial delivery of the Bonds, any Authorized Official and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Offering Memorandum, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office. In case any officer of the District whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 16.14. Issuer's Consent to Provide Information and Documentation to the Texas MAC. The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the Issuer hereby consents to and authorizes any Authorized Official, Bond Counsel to the Issuer, and/or Financial Advisor to the Issuer to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Bonds.

Section 16.15. Delegation Authorization Pursuant to HB 1295. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the Board, pursuant to Chapter 1371 and other applicable law, hereby delegates to the Superintendent of Schools and the Chief Financial Officer the authority to independently select the counterparty to any agreement with paying agent/registrar, tender agent, any rating agency, securities depository, or any other contract that is determined by the Superintendent of Schools or the Chief Financial Officer, the District's Financial Advisor, or the District's Bond Counsel to be necessary or incidental to the issuance of the Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the *Ancillary Bond Contracts*) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the District. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

Section 16.16. Effective Date. This Order shall be in full force and effect from and upon its adoption.

[The remainder of this page intentionally left blank.]

FINALLY PASSED, APPROVED AND EFFECTIVE the ____ day of March, 2022.

President, Board of Trustees
North East Independent School District

ATTEST:

Secretary, Board of Trustees
North East Independent School District

(SEAL)

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INDEX OF EXHIBITS

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SCHEDULE I
Approval Certificate

SCHEDULE II

Refunded Obligations

[To be added from the Refunding Candidates at issuance.]

EXHIBIT A

I.

FORM OF SERIES 2022 BOND

REGISTERED
NO. _____

REGISTERED AMOUNT
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BEXAR
NORTH EAST INDEPENDENT SCHOOL DISTRICT
VARIABLE RATE UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BOND
SERIES 2022

Dated Date:
_____, 2022

Interest Rate:
Variable
(Term Rate of
____%)

Maturity Date:
August 1, 20__

CUSIP No.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The North East Independent School District (hereinafter referred to as the *District*), a body corporate and political subdivision in the County of Bexar, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the later of the Closing Date (anticipated to occur on or about _____, 2022) shown above or the most recent Interest Payment Date to which interest has been paid or provided for. The date of this Bond is _____, 2022, but interest shall accrue from the Closing Date.

Capitalized terms used herein and not otherwise defined shall have the meanings assigned thereto in the Order pursuant to which the Bonds are issued.

Interest on this Bond is payable to the registered owner hereof by check, dated as of the Interest Payment Date, and sent by first-class mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address shown on the Register or by such other customary banking arrangement acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of the Owner. The principal hereof is payable upon presentation and surrender of this Bond at the designated office of _____, _____, _____, as Paying Agent/Registrar, or any successor Paying Agent/Registrar.

For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered on the *Record Date*, which shall be the close of business on the fifteenth day of the month immediately preceding such Interest Payment Date.

As used herein, *Interest Payment Date* shall mean (i) with respect to Bonds during the Initial Rate Period, [February/August 1, 20__] and each [February/August] 1 and [February/August] 1 thereafter; (ii) with respect to Bonds bearing interest at the Term Rate, the first day of the sixth calendar month following the month in which the Term Rate Conversion Date occurs and the first day of each sixth month thereafter; (iii) with respect to Bonds bearing interest at the Fixed Rate, each February 1 and August 1, beginning on the first such date occurring after the Fixed Rate Conversion Date and (iv) each mandatory tender date during the Stepped Rate Period.

Any payments required to be made hereunder on any day which is not a Business Day (as defined below) shall be made instead on the next succeeding Business Day and no interest shall accrue on such payments in the interim. A *Business Day* shall mean any day (i) other than a Saturday or Sunday or other day on which banks located in New York, New York or San Antonio, Texas are authorized or required by law to remain closed and (ii) on which the New York Stock Exchange is not closed.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$_____ (herein referred to as the *Bonds*), issued pursuant to an order adopted by the Board of Trustees of the District on March 14, 2022 (the *Order*) for the purpose of providing funds for (i) the purposes authorized under the 2015 Authorization, (ii) the purpose of providing funds for the discharge and final payment of the Refunded Obligations, and (iii) paying the costs and expenses of issuance of the Bonds.

The Bonds are payable from the proceeds of an ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District.

This Bond shall not be valid or obligatory for any purpose unless it is registered by the Comptroller of Public Accounts of Texas by certificate affixed or attached hereto or authenticated by the Paying Agent/Registrar by due execution of the Authentication Certificate provided herein.

Even though initially issued and from time to time Outstanding in a Variable Rate (defined herein) mode, the Bonds are not benefited by a third-party liquidity and are not subject to optional tender by the Holders thereof.

INTEREST PROVISIONS

This Bond bears interest at an Initial Rate or a Term Rate (each a *Variable Rate*) or a Fixed Rate.

This Bond initially shall bear interest at the Initial Rate per annum from the Closing Date stated above through July 31, 20__ (the *Initial Rate Period*). The Bonds shall be subject to mandatory tender, without right of retention by the owners thereof, on August 1, 20__ and shall be tendered to the Remarketing Agent against payment therefor. Thereafter, this Bond shall bear

interest at a Term Rate until converted to a Fixed Rate Period during which it shall bear interest at a Fixed Rate.

Subsequent to the Initial Rate Period, the rate of interest applicable to any Bond shall be determined in accordance with the applicable provisions of the Order and, with respect to Term Rate Periods or Fixed Rate Periods, pursuant to the terms of the Remarketing Agreement between the District and the Remarketing Agent named by the District from time to time under the Order (the *Remarketing Agent*).

Interest on Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

In addition to the Initial Rate, Bonds will bear interest from time to time, at Term Rates or Fixed Rates established in accordance with the Order. While the Bonds bear interest at a Term Rate, the interest rate determined will remain in effect for a term of one year or any whole multiple of one year selected in accordance with the Order. At the option of the District, the Bonds bearing interest at a Variable Rate may be converted in whole or in part to bear interest at a Fixed Rate or Fixed Rates to the Maturity Date.

An interest rate mode will remain in effect until changed. During each Term Rate Period, and unless otherwise established by the District, the rate of interest on the Bonds shall be that rate which, in the determination of the Remarketing Agent, if borne by the Bonds on the date of such determination under prevailing market conditions, would result in the market value of the Bonds being equal to not less than 100% of the principal amount thereof. If the Remarketing Agent is unable, or fails, to determine the Term Rate, the Term Rate shall remain that in effect for the then current Term Rate Period. The provisions of this Bond, including, but not limited to this paragraph, are limited in all respects to those provisions of this Order which limit the interest rate on the Bonds to the lesser of (a) _____% per annum or (b) the maximum net effective interest rate permitted by law to be paid thereon as provided by Texas Government Code, Section 1204.006, as amended, or the maximum net effective interest rate permitted by applicable law at the time of issuance of the Bonds.

Bonds will be issued in denominations of \$5,000 and integral multiples thereof.

WRITTEN NOTICE OF RATE MODE CHANGE

While the Bonds bear interest at a Variable Rate, the Paying Agent/Registrar shall give notice to the registered owners of the conversion from one interest rate mode to another at the times described in the Order. ANY REGISTERED OWNER OF BONDS WHO MAY BE UNABLE TO TAKE TIMELY ACTION ON ANY NOTICE SHOULD CONSIDER WHETHER TO MAKE ARRANGEMENTS FOR ANOTHER PERSON TO ACT IN HIS OR HER STEAD. If a new interest rate mode for the Bonds is not selected in a timely fashion in accordance with the Order, the interest rate mode then in effect will continue until changed by timely notice.

MANDATORY TENDER

While this Bond bears interest at a Variable Rate, this Bond is subject to mandatory tender for purchase by the Tender Agent at a Purchase Price equal to the principal amount hereof plus

accrued interest hereon to the date of purchase, on the effective date of a change from one interest rate mode to a different interest rate mode.

ANY NOTICE OF ELECTION TO RETAIN BONDS GIVEN AS PROVIDED HEREIN AND IN THE ORDER SHALL BE IRREVOCABLE AND BINDING UPON THE OWNER DELIVERING SUCH NOTICE AND ALL SUBSEQUENT OWNERS OF THE BONDS TO BE RETAINED, INCLUDING BONDS ISSUED IN EXCHANGE THEREFOR OR UPON TRANSFER THEREOF.

The Bonds are subject to mandatory tender for purchase, without the right of Owners to retain Bonds, on the date specified in a notice to Owners, (i) on August 1, 20__, which is the interest payment date after the end of the Initial Rate Period ending on July 31, 20__ and (ii) on each subsequent Conversion Date.

FAILED REMARKETING

Initial Rate Period. In the event that this Bond bears interest at an Initial Rate and it is not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the District shall have no obligation to purchase this Bond tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under the Order or this Bond, the mandatory tender will be deemed to have been rescinded for that date with respect to this Bond, and this Bond (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of this Bond, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the holder hereof), and (v) will be deemed to continue in an Initial Rate Period for all other purposes of the Order, though bearing interest during such time at the Stepped Rate, until remarketed or redeemed in accordance with the terms of the Order. In the event of a failed conversion and remarketing as described above, the District will cause this Bond to be converted and remarketed on the earliest reasonably practical date on which it can be sold at par, in such interest rate mode or modes as the District directs, at a rate not exceeding the Highest Rate.

Term Rate Periods. If this Bond is subject to mandatory tender on the Term Rate Conversion Date because of conversion to a new Term Rate Period from an existing Term Rate Period, and this Bond is not converted and remarketed to new purchasers on the scheduled date of mandatory tender because of a failed remarketing, then the District shall have no obligation to purchase this Bond tendered on such date, the failed conversion and remarketing shall not constitute an Event of Default under the Order or this Bond, the mandatory tender will be deemed to have been rescinded for that date with respect to this Bond, and this Bond (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of this Bond, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the holders thereof), and (v) will be deemed to continue in a Term Rate Period for all other purposes of this Order, though bearing interest during such time at the Stepped Rate, calculated on the basis of twelve 30 days months and the

number of days actually elapsed, until remarketed or redeemed in accordance with the terms of this Order. In the event of a failed conversion and remarketing as described above, the District will cause this Bond to be converted and remarketed on the earliest reasonably practical date on which it can be sold at par, in such interest rate mode or modes as the District directs, at a rate not exceeding the Highest Rate.

UNDELIVERED BONDS

Bonds which are required to be tendered by the Owners thereof for purchase by the Tender Agent but which are not in fact delivered for purchase on the date and at the time required and for which there has been deposited an amount sufficient to pay the Purchase Price thereof, shall cease to accrue interest on the tender date, and the Owner thereof shall not be entitled to any payment other than the Purchase Price for such Bond. Such Bond shall no longer be outstanding and entitled to the benefits of the Order, except for the payment of the Purchase Price from money held by the Tender Agent for such payment. On the tender date, the Tender Agent shall authenticate and deliver substitute Bonds in lieu of such Undelivered Bonds.

REDEMPTION PROVISIONS

Optional Redemption. Prior to the Fixed Rate Conversion Date, Bonds bearing interest at the Initial Rate during the Initial Rate Period and at a Term Rate during a Term Rate Period are subject to redemption, if at all, at the times, at the prices, and in the manner determined by the District at the time of initial delivery or on a Term Rate Conversion Date (and as evidenced in an Approval Certificate); provided, however, that the Bonds are callable, at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on any Conversion Date. While the Bonds bear interest at the Initial Rate during the Initial Rate Period, the Bonds are not subject to redemption at the option of the District.

Bonds bearing interest at a Stepped Rate are subject to redemption, in whole or in part, at the option of the District, on any date at a redemption prices equal to the principal amount thereof plus interest accrued thereon at the Stepped Rate to the redemption date.

Bonds bearing interest at a Fixed Rate or Fixed Rates are subject to redemption on the dates and at the prices determined by the District on the Fixed Rate Conversion Date.

Mandatory Redemption. The Bonds are subject to mandatory redemption, at a price equal to the principal amount thereof plus interest accrued thereon, on August 1 of each year in the following minimum principal amounts:

Year	<u>Amount (\$)</u>
<u>8/1</u>	
20__	
20__	
20__	
20__	
20__	

Year	<u>Amount (\$)</u>
8/1	
20__	
20__	
20__	
20__	
20__	
20__	

*Stated Maturity

The principal amount of Bonds required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the District, by the principal amount of any Bonds which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with money in the Interest and Sinking Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth above and not theretofore credited against a mandatory redemption requirement.

Notwithstanding the provisions of Section 2.13 of the Order, in addition, each fiscal year each series of the Bonds are Outstanding and accruing interest, the District shall, at the District's discretion and with respect to Bonds other than Bonds bearing interest at Fixed Rates, budget for such fiscal year and levy taxes for the payment of interest on the Bonds based on an interest rate on the Bonds equal to the actual rate borne thereby or up to 5.00% per annum (unless the Bonds at such time bear interest in excess of 5.00%, in which case the actual rate of interest shall be used. At the end of the fiscal year in which the District levies a tax based on the interest rate on the Bonds as heretofore described, the District shall determine whether the interest paid on the Bonds in such fiscal year is less than such interest rate used to levy a tax. If in such circumstance the amount of interest paid on the Bonds is less than the interest rate used to levy a tax, the District shall cause the difference between the amount budgeted and the amount paid on the Bonds (*Excess Interest Funds*) to be allocated and appropriated for the payment of the mandatory redemption of Bonds (other than Bonds bearing interest at Fixed Rates) on the first August 1 next following the end of such fiscal year; provided the amount of such Excess Interest Funds is equal to or greater than \$100,000. In each fiscal year when the amount of Excess Interest Funds is equal to or greater than \$100,000, the District shall cause Bonds in a principal amount equivalent to the Excess Interest Funds to be redeemed on the August 1 next following the end of such fiscal year at the redemption price of par plus accrued interest to the date of redemption. The mandatory redemption of Bonds in accordance with the provisions of this paragraph shall be in addition to the amount of Bonds to be mandatorily redeemed as set forth in the schedule above in the years shown.

On or before June 15 of each year preceding each mandatory redemption date the Bonds are to be mandatorily redeemed, the District will notify the Paying Agent/Registrar in writing of the principal amount of Bonds to be mandatorily redeemed with Excess Interest Funds on the following August 1, and instruct the Paying Agent/Registrar to select by lot or other customary random selection method the Bonds or portions thereof to be redeemed.

The principal amount of Bonds subject to scheduled mandatory redemption shall be reduced, in inverse chronological order of redemption dates, by the amount of Bonds previously redeemed pursuant to additional mandatory redemption (from Excess Interest Funds), which mandatory redemptions have occurred pursuant to Section 5.03 of the Order.

Bonds to be redeemed in any year by mandatory redemption shall be redeemed at par, plus accrued interest to the date of redemption, and shall be selected by lot (provided that redemption of Bonds on a Conversion Date where there exists no Holder optional right to retain shall be effective solely at the option of the District). The District, at its option, may credit against any mandatory redemption requirement, Bonds which have been purchased by the District, using funds other than remarketing proceeds, if any, at a price not exceeding the principal amount of such Bonds plus accrued interest to the date of purchase and canceled by or on behalf of the District, or have been redeemed and not theretofore applied as a credit against any mandatory redemption requirement.

Notice of optional and scheduled mandatory redemption shall be given by first-class mail, postage prepaid, (i) with respect to Bonds bearing interest at a Stepped Rate, at least 1 day prior to the redemption date and (ii) with respect to Bonds bearing interest at a Term Rate or Fixed Rate, at least 30 days before the date fixed for redemption, to the Owner of each Bond to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue.

Notwithstanding the foregoing (and provided the Holders of Bonds subject to tender have not been granted an optional right to retain), a notice of mandatory tender delivered in accordance with the Order shall serve as notice of redemption of Bonds, if any such redemption is to occur at the option of the District, on the Interest Payment Date occurring immediately after the conclusion of such applicable Interest Period.

GENERAL PROVISIONS

As provided in the Order, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the designated office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity and interest rate mode, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

DELIVERY OF NOTICES AND BONDS

Any Bonds required to be delivered to the Tender Agent for purchase, and any notices required to be delivered to the Tender Agent hereunder shall be delivered to:
_____, _____, _____.

Bonds required to be tendered for purchase shall be delivered to the Tender Agent prior to 5:00 p.m. on the Business Day next preceding the date of purchase.

The District will identify the Remarketing Agent for the Bonds in the order authorizing the conversion upon apportionment of the Initial Rate Period.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law and has been authorized by a vote of the properly qualified electors of the District; that all acts, conditions, and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form, and manner, as required by law; that sufficient and proper provision for the levy and collection of taxes has been made, without limit as to rate or amount, which when collected shall be appropriated exclusively to the timely payment of the principal of, and interest on the Bonds; and that the total indebtedness of the District, including the Bonds, does not exceed any constitutional or statutory limitation.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF; the District has caused this Bond to be executed by the manual or facsimile signature of the President of the Board of Trustees of the District and countersigned by the manual or facsimile signature of the Secretary of the Board of Trustees of the District, and the official seal of the District has been duly impressed or placed in facsimile on this Bond.

President, Board of Trustees
North East Independent School District

Secretary, Board of Trustees
North East Independent School District

[SEAL]

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III.

Form of Comptroller's Registration to Appear on Initial Bond only

OFFICE OF THE COMPTROLLER OF §
PUBLIC ACCOUNTS §
THE STATE OF TEXAS § REGISTER NO. _____
§

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the North East Independent School District, and that this Bond has this day been registered by me.

WITNESS my signature and seal of office at Austin, Texas.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

IV.

Form of Authentication Certificate to Appear on Definitive Bonds only

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is to certify that this is one of the Bonds referred to in the within-mentioned Order.

Registered this date: _____, _____, _____,
as Paying Agent/Registrar

By: _____
Authorized Signature

IV.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers.

Signature guaranteed:

V.

PERMANENT SCHOOL FUND OR INSURANCE LEGEND

If bond insurance is obtained by the Underwriters or if the Bonds are guaranteed by the Permanent School Fund of the State of Texas, the definitive Bonds and the Initial Bond shall bear an appropriate legend as provided by the insurer.

EXHIBIT B

Paying Agent/Registrar Agreement

EXHIBIT C
Remarketing Agreement

EXHIBIT D

Tender Agent Agreement

EXHIBIT E

Description of Annual Financial Information

The following information is referred to in Section 13.02 of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are as specified (and included in the Appendix referred to) below:

1. The District's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the District appended to the Offering Memorandum as Appendix B, but for the most recently concluded fiscal year.
2. Tables 1 through 6 and 8 through 13 of the Offering Memorandum and in Appendix B.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT F
Purchase Contract

EXHIBIT G

DTC Letter of Representations

EXHIBIT H
Escrow Deposit Letter

EXHIBIT I
Notice of Redemption

EXHIBIT J

General Policies and Procedures Concerning Compliance with the Rule*

I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Sections 1.01 and 13.01 of the Order. “Bonds” refers to the Bonds that are the subject of the Order to which this Exhibit is attached.

II. As a capital markets participant, the District is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the District’s compliance with the Rule.

III. The District is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Article 13 of the Order, which provisions are a part of the Undertaking.

IV. The District is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the District is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.

V. The District now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the District’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the District’s obligations under the Rule, the advice from and discussions with the District’s internal senior staff (including staff charged with administering the District’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):

(a) The Superintendent of Schools or the Chief Financial Officer (the *Compliance Officer*) shall be responsible for satisfying the District’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;

(b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the District’s information of the type described in Article 13 of the Order;

(c) the Compliance Officer shall promptly determine the occurrence of any of the events described in Article 13 of the Order;

(d) the Compliance Officer shall work with external consultants of the District, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the District and notice of the occurrence of any of the events referenced in Clauses (a) and (b) above, respectively, the foregoing being required to satisfy the terms of the Undertaking;

(e) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;

(f) upon identification of any Financial Obligation meeting the materiality standard identified in Clause (e) above, the Compliance Officer shall establish a process for identifying and monitoring any District agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;

(g) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the District; and

VI. the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the District’s internal staff identified by the Compliance Officer to assist with the District’s satisfaction of the terms and provisions of the Undertaking.

*The Policies and Procedures supplement (and are not a substitution or replacement of) the District’s existing policies and procedures pertaining to the District’s compliance with the Rule which have been previously adopted by the Board of Trustees of the District.



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Shanna Toborg, Treasurer
Finance & Accounting

Subject: Consideration and approval of an order authorizing the issuance of North East Independent School District Fixed Rate Unlimited Tax School Building and/or Refunding Bonds

Related Page(s): Draft Bond Order

ACTION ITEM

BACKGROUND INFORMATION

Consideration and approval of an order authorizing the issuance by the North East Independent School District of its Fixed Rate Unlimited Tax School Building And/Or Refunding Bonds, in one or more series (as designated by purpose and series); levying a continuing direct annual ad valorem tax for the payment of one or more series of Bonds; delegating the authority to certain members of the Board of Trustees and District Staff to approve and execute certain documents relating to the sale of each series of Bonds; and providing an effective date.

ADMINISTRATIVE CONSIDERATION

The order delegates to certain District officials and employees the ability to sell the Bonds and approve various documents and closing certificates with respect to the Bonds. Hilltop Securities Inc., as the District's financial advisor, and Norton Rose Fulbright US LLP, as the District's bond counsel, will coordinate the administrative aspects for the issuance of the Bonds including the pricing, sale, and closing of the Bonds.

BUDGETARY CONSIDERATION

If the bonds are sold at a premium, the fees will be paid from the issuance of Bonds. If the bonds are sold at par, the fees will be paid by the Debt Service Fund.

ADMINISTRATIVE RECOMMENDATION

It is recommended that the Board of Trustees adopt an order authorizing the issuance by the North East Independent School District of its Fixed Rate Unlimited Tax School Building And/Or Refunding Bonds in one or more series (as designated by purpose and series) pursuant to a delegated sale.

BOARD ACTION REQUIRED

Approval/Disapproval

AN ORDER AUTHORIZING THE ISSUANCE BY THE NORTH EAST INDEPENDENT SCHOOL DISTRICT OF ITS FIXED RATE UNLIMITED TAX SCHOOL BUILDING AND/OR REFUNDING BONDS, IN ONE OR MORE SERIES (AS DESIGNATED BY PURPOSE AND SERIES); LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF ONE OR MORE SERIES OF BONDS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF ONE OR MORE SERIES OF BONDS, INCLUDING THE APPROVAL AND DISTRIBUTION OF ONE OR MORE OFFICIAL STATEMENTS PERTAINING THERETO; AUTHORIZING THE EXECUTION OF ONE OR MORE PAYING AGENT/REGISTRAR AGREEMENTS, PURCHASE CONTRACTS, AND ESCROW AGREEMENTS, EACH PERTAINING TO A SERIES OF BONDS; COMPLYING WITH THE LETTER OF REPRESENTATIONS ON FILE WITH THE DEPOSITORY TRUST COMPANY; DELEGATING THE AUTHORITY TO CERTAIN MEMBERS OF THE BOARD OF TRUSTEES AND DISTRICT STAFF TO APPROVE AND EXECUTE CERTAIN DOCUMENTS RELATING TO THE SALE OF EACH SERIES OF BONDS; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the Board of Trustees (the *Board* or *Governing Body*) of the North East Independent School District (the *District* or *Issuer*) hereby finds and determines that \$_____ (being the principal amount of \$_____ and a portion of premium of \$_____ allocated to the new money portion of the bonds, and the principal amount of \$_____ and a portion of premium of \$_____ allocated to the refunding portion of the bonds) in principal amount of the unlimited tax bonds approved and authorized to be issued hereunder should be issued and sold at this time; and

WHEREAS, the portion of the unlimited tax bonds approved and authorized to be issued hereunder represents the _____ installment or series of bonds approved and authorized to be issued at an election held on November 3, 2015 (the *2015 Authorization*) for the purposes of constructing, renovating, acquiring, and equipping school facilities in the District, to-wit: designing, constructing, renovating, acquiring, and equipping school facilities (and any necessary or related removal of existing facilities), the purchase of new school buses, the principal amounts authorized, amounts now being issued, and amounts remaining to be issued from the 2015 Authorization subsequent hereto being as follows:

<u>Amount Originally Authorized</u>	<u>Amount Previously Issued</u>	<u>Amount Being Issued</u>	<u>Premium Allocated to Voted Authorization</u>	<u>Unissued Balance</u>
\$499,950,000	\$399,950,000	\$	\$	\$

WHEREAS, pursuant to the provisions of Chapter 1207, as amended, Texas Government Code (*Chapter 1207*), the Board is authorized to issue refunding bonds and deposit the proceeds of sale directly with any designated escrow agent for the District's unlimited tax bonds refunded with the proceeds of such refunding bonds and, in reliance on this authority, the District has delegated to an Authorized Official (defined herein) authority to determine, pursuant to the applicable provisions hereof, whether to issue refunding bonds hereunder for such purpose; and

WHEREAS, the Board has heretofore issued, sold, and delivered, and there is currently outstanding obligations, payable from ad valorem taxes, in the aggregate original principal amount of \$ _____, being those obligations disclosed on Schedule II attached hereto and incorporated by reference for all purposes to this order (the *Refunded Obligations*); and

WHEREAS, pursuant to the provisions of Chapter 1207, the Board is authorized to issue refunding bonds and deposit the proceeds of sale directly with any designated escrow agent for the Refunded Obligations, and such deposit, when made in accordance with Chapter 1207, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the stated maturity or redemption date, as applicable, of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose and may not be included in or considered to be an indebtedness of the District for the purpose of a limitation on outstanding indebtedness or taxation or for any other purpose; and

WHEREAS, the Chapter 1207 permits that the deposit of the proceeds from the sale of the refunding bonds be deposited directly with any designated escrow agent for the Refunded Obligations which is not the depository bank of the District; and

WHEREAS, U.S. Bank Trust Company, National Association, Dallas, Texas serves as a paying agent/registrar for the 2013B Refunded Bonds; and

WHEREAS, BOKF, NA, Dallas, Texas serves as a paying agent/registrar for the 2015 Refunded Bonds, the 2015A Refunded Bonds, and the 2017 Refunded Bonds; and

WHEREAS, Zions Bancorporation, National Association, Houston, Texas currently serves as the issuing and paying agent for the Commercial Paper Notes; and

WHEREAS, _____ which is not a depository bank of the District, is hereby designated as the Escrow Agent (hereinafter defined) for the refunding bonds; and

WHEREAS, _____, _____, _____ is hereby designated as the Paying Agent/Registrar (hereinafter defined) for the refunding bonds; and

WHEREAS, the Board hereby finds and determines that the Refunded Obligations are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized; and

WHEREAS, the Board hereby finds and determines that the refunding of the Current Refunded Obligations will [convert the Commercial Paper Notes into] [be refunded with] long term, fixed-rate obligations and, with respect to the refunding of the Commercial Paper Notes, will increase the capacity of the District's commercial paper program; accordingly, and as permitted by the provisions of Section 1207.008, as amended, Texas Government Code, it is not practicable to calculate the savings from the conversion from variable rate debt to long term fixed rate debt; and

WHEREAS, the Board hereby finds and determines that the Advance Refunded Candidates (hereinafter defined) are scheduled to mature, or are subject to being redeemed, not more than twenty (20) years from the date of the refunding bonds herein authorized to realize debt service savings and such refunding will result in a gross savings of \$_____, taking into account the District's contribution of \$_____, and a net present value savings of \$_____ (_____%); and

WHEREAS, the Board hereby finds and determines that, pursuant to applicable Texas law, the delegation to the Authorized Officials with the authority to execute the Approval Certificate (a form of which is attached hereto as Schedule I) to approve the final terms of the Bonds as set forth in the Approval Certificate is in the best interest of the District; and

WHEREAS, the Governing Body hereby finds and determines that the issuance of the unlimited tax bonds is in the best interests of the residents of the District; now, therefore,

BE IT ORDERED BY THE BOARD OF TRUSTEES OF THE NORTH EAST INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1: Authorization - Designation - Principal Amount - Dated Date. The District's bonds, to be designated "North East Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2022B" (the *Bonds*) are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Chapter 45, as amended, Texas Education Code, Chapter 1207, and Chapter 1371, as amended Texas Government Code (*Chapter 1371*). The Bonds shall be issued in the aggregate principal amount of \$_____ to provide funds for (i) the discharge and final payment of the Refunded Obligations, (ii) the purposes authorized under the 2015 Authorization, and (iii) paying the costs and expenses of issuance of the Bonds.

As authorized by Chapter 1207 and Chapter 1371, each Authorized Official is hereby authorized, appointed, and designated as the official of the District authorized to individually act on behalf of the District in selling and delivering, in one or more series, the unlimited tax bonds authorized herein and carrying out the procedures specified in this Order, including approval of the following terms and provisions for each series of unlimited tax bonds:

1. Whether such series of Bonds shall be issued as school building, refunding, or school building and refunding bonds and if refunding or school building and refunding bonds, identification and selection from the Refunding Candidates of those District obligations to be included as the Refunded Obligations refunded with proceeds of such series of Bonds.

2. The style of each series of Bonds, which style indicates (with respect to each series of Bonds) the use of proceeds thereof, calendar year of issuance and to include (if necessary or desired) a letter or other sequential identification indicating that multiple series of Bonds of the same or similar type have been or will be issued hereunder during a particular calendar year.

3. The aggregate principal amount of each series of Bonds, as well as the principal amount of each stated maturity within a series of Bonds.

4. The rate of interest to be borne on the principal amount of each stated maturity of the Bonds and the interest payment dates for such series of Bonds.

5. The Dated Date for a particular series of Bonds.

6. The optional, extraordinary optional, and mandatory redemption provisions applicable, if at all, to such series of Bonds.

7. The selection of the senior managing underwriter and the co-managers to serve as the syndicate of underwriters selling the Bonds of a particular series.

8. Pricing for each series of Bonds, including generation and use of original issue reoffering premium and/or discount, determination of underwriters' compensation (if any), and applicable costs of issuance.

9. In connection with the refunding of the Advance Refunding Candidates, a series of Bonds shall produce net present value of savings, determined on a comparative basis to the prior debt service on the Advance Refunding Candidates then-being refunded by the particular series of Bonds, of at least 5.00% (taking into account any District contribution and applicable costs of issuance).

10. Whether or not to issue such series of Bonds on a taxable or tax-exempt basis and, if on a tax-exempt basis, to designate such series of Bonds as designated or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended, subject to market conditions at the time of pricing and sale of such series of Bonds.

The Bonds authorized by this Order shall be issued within the following parameters:

1. The combined principal amount of all series of Bonds issued hereunder shall not exceed \$446,850,000, being:

- a. the combined principal amount not to exceed \$14,000,000 in new money school building bonds (when combined with the new money portion of all series of new money school building bonds issued pursuant to the Concurrently Adopted Order

(determined as the amount of principal of and related premium (if any) to such bonds allocated to the 2015 Authorization)); and

- b. the combined principal amount not to exceed \$432,850,000 in refunding bonds (when combined with the refunding portion of all series of refunding bonds issued pursuant to the Concurrently Adopted Order), which consists of the Current Refunding Candidates in the combined principal amount not to exceed \$149,830,000, and the Advance Refunding Candidates in the combined principal amount not to exceed \$283,020,000.

2. The maximum maturity of any series of new money Bonds authorized to be issued pursuant to this Order will be August 31, 2052, the maximum maturity of any series of refunding Bonds authorized to be issued pursuant to this Order to refund the Commercial Paper Notes will be August 31, 2052, the maximum maturity of any series of Refunding Bonds authorized to be issued to refund the Current Refunding Candidates will be August 1, 2047, the maximum maturity of any series of Refunding Bonds authorized to be issued to refund the Advance Refunding Candidates will be August 1, 2037 and the duration of any Initial Rate Period applicable to the Bonds shall not exceed 10 years.

3. The true interest rate (federal arbitrage yield) on the Bonds authorized to be issued pursuant to this Order shall not exceed a rate greater than 5.00% per annum.

4. In connection with the refunding of the Advance Refunding Candidates, a series of Bonds shall produce net present value of savings, determined on a comparative basis to the prior debt service on the Advance Refunding Candidates then-being refunded by the particular series of Bonds, of at least 3.00% (taking into account any District contribution and applicable costs of issuance).

5. The final series of Bonds issued hereunder must be sold not later than March 14, 2023 (though the closing of a particular series of Bonds sold in accordance with this provision may occur after March 14, 2023, so long as such closing period is determined by an Authorized Official to be of reasonable duration).

Each Authorized Official, acting for and on behalf of the District, is authorized, with respect to a series of Bonds, to complete and execute an Approval Certificate, in substantially the form attached as Schedule I hereto. The execution of the Approval Certificate shall evidence the sale date of each series of Bonds by the District to the initial purchasers thereof. Upon execution of an Approval Certificate, Bond Counsel is authorized to complete a copy of this Order as evidence of the issuance of a series of Bonds pursuant to the delegated authority granted hereunder and to reflect such final terms for such series of Bonds, which includes (A) completion of the preamble to this Order, included deletion of those recitals that are not applicable to the particular series of Bonds then being issued, (B) selection of the appropriate terms to reflect the final transaction structure and terms of sale evidenced in an applicable Approval Certificate, (C) completion of Schedule II with those Refunding Candidates selected as Refunded Obligations to be refunded with the proceeds of a particular series of Bonds, and (D) such other necessary technical modifications to this Order (including the renumbering of sections hereof) to accommodate all other terms and provisions of this Section 1. In addition to the foregoing, each

Authorized Official is authorized to execute, as the act and deed of the District and on behalf of the Board, any and all contracts, agreements, letters, and certificates, relative to any series of Bonds that may be required by this Order, as supplemented in the manner described above, or determined to be necessary or advisable in connection with an issuance of Bonds hereunder. It is further provided, however, that notwithstanding the foregoing provisions, no Bonds shall be delivered unless prior to delivery, the Bonds shall have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long term obligations, as required by Chapter 1371.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations, without coupons, totaling \$ _____ in original principal amount. The Bonds shall be issued as fully registered obligations, without coupons, in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, shall be lettered “R” and numbered consecutively from One (1) upward and principal shall become due and payable on August 1 in each of the years and in amounts as described below (the *Stated Maturities*) and bear interest at the rates per annum in accordance with the following schedule:

<u>Years of Stated Maturity (8/1)</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
-------------------------------------------	-----------------------------------	-------------------------------

Years of
Stated Maturity (8/1)

Principal
Amounts (\$)

Interest
Rates (%)

The Bonds shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to occur on or about _____, 2022), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for to Stated Maturity or prior redemption, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 1 and August 1 in each year (each such date, an *Interest Payment Date*), commencing _____ 1, 20__.

SECTION 3: Payment of Bonds - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds due and payable by reason of Stated Maturity, redemption, or otherwise shall be payable, without exchange or collection charges to the registered owners of the Bonds (the *Holder* or *Holder*s), appearing on the Security Register (hereinafter defined) maintained by the Paying Agent/Registrar (hereinafter defined), in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The selection and appointment of _____, _____, _____ (the *Paying Agent/Registrar*) to serve as the initial Paying Agent/Registrar for the Bonds is hereby approved and confirmed, and the District agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment, and transfer of the Bonds, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached hereto, in substantially final form, as Exhibit A, and such reasonable rules and regulations as the Paying Agent/Registrar and the District may prescribe. The District covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution, (ii) an association or a corporation organized and doing business under the laws of the United States or any state, authorized under such laws to exercise trust powers. The Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and shall be authorized by law to serve as a Paying Agent/Registrar.

The District reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or order terminating such agency. Additionally, the District agrees to promptly cause a written notice of this substitution to be sent to each Holder by United States mail, first-class postage prepaid, which notice shall also give the address of the corporate trust office of the successor Paying Agent/Registrar.

Principal of, premium, if any, and interest on the Bonds, due and payable by reason of Stated Maturity, redemption or otherwise, shall be payable only to the Holder whose name appears

on the Security Register (i) on the Record Date (hereinafter defined) for purposes of paying interest on the Bonds, and (ii) on the date of surrender of the Bonds for purposes of receiving payment of principal thereof and redemption premium thereon, if any, upon redemption of the Bonds or at the Bonds' Stated Maturity. The District and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of a Bond for purposes of receiving payment and all other purposes whatsoever, and neither the District nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Bonds shall be payable only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its corporate trust office. Interest on the Bonds shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the fifteenth day of the month next preceding each Interest Payment Date for the Bonds) and shall be paid (i) by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Bonds was due.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder of a Bond appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

A. Mandatory Redemption of Term Bonds. The Bonds stated to mature on August 1, 20__ and August 1, 20__ are referred to herein as the "Term Bonds". The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on August 1 in each of the years as set forth below:

Term Bonds Stated to Mature on <u>August 1, 20</u>		Term Bonds Stated to Mature on <u>August 1, 20</u>	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the District and delivered to the Paying Agent/Registrar for cancellation (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

B. Optional Redemption of Bonds. The Bonds having Stated Maturities on and after August 1, 20__ shall be subject to redemption prior to Stated Maturity, at the option of the District, on August 1, 20__, or on any date thereafter, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying Agent/Registrar) at the redemption price of par plus accrued interest to the date of redemption.

C. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the redemption of the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the District shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem the Bonds, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the District to exercise the right to redeem the Bonds shall be entered in the minutes of the Board of the District.

D. Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall select at random and by lot the Bonds to be redeemed, provided that if less than the entire principal amount of a Bond is to be redeemed, the Paying Agent/Registrar shall treat such Bond then subject to redemption as representing the number of Bonds Outstanding which is obtained by dividing the principal amount of such Bond by \$5,000.

E. Notice of Redemption. Not less than thirty (30) days prior to the redemption date for the Bonds, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States Mail, first-class postage prepaid, in the name of the District and at the District's expense, by the Paying Agent/Registrar to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the time such notice of redemption is mailed, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder. This notice may also be published once in a financial publication, journal, or reporter of general circulation among securities dealers in the City of New York, New York (including, but not limited to, *The Bond Buyer* and *The Wall Street Journal*), or in the State of Texas (including, but not limited to, *The Texas Bond Reporter*).

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder.

If a Bond is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) so called for redemption shall become due and payable, and if money sufficient for the payment of such Bonds (or of the principal amount thereof to be redeemed) at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Bond (or the principal amount thereof to be redeemed) called for redemption shall cease to accrue and such Bonds shall not be deemed to be Outstanding.

F. Transfer/Exchange of Bonds. Neither the Issuer nor the Paying Agent/Registrar shall be required to transfer or exchange any Bonds called for redemption, in whole or in part, during a period beginning forty five (45) days prior to the redemption date; provided, however such limitation shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond which is subject to partial redemption.

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Bonds or, if appropriate, the nominee thereof. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond authorized in Section 7 hereof) at the corporate trust office of the Paying Agent/Registrar, the Paying Agent/Registrar

shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds executed on behalf of, and furnished by, the District of authorized denomination and having the same Stated Maturity and of a like aggregate principal amount and interest rate as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest, and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Bonds are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds executed on behalf of, and furnished by, the District to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered at the corporate trust office of the Paying Agent/Registrar, or sent by United States registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid obligations of the District, evidencing the same obligation to pay, and entitled to the same benefits under this Order, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Bonds, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Bonds shall include any Bond registered and delivered pursuant to Section 15 of this Order in lieu of a mutilated, lost, destroyed, or stolen Bond which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

SECTION 6: Execution - Registration. The Bonds shall be executed on behalf of the District by the President of the Governing Body under its seal reproduced or impressed thereon and attested by the Secretary of the Governing Body. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the District on the Dated Date shall be deemed to be duly executed on behalf of the District, notwithstanding that such individuals or either of them shall cease to hold such offices at the time of delivery of the Bonds to the Purchasers and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Bond shall be entitled to any right or benefit under this Order, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by

manual signature. Either of these certificates upon any Bond shall be conclusive evidence, and the only evidence required, that such Bond has been duly certified or registered and delivered.

SECTION 7: Initial Bond. The Bonds herein authorized shall be initially issued as a single fully registered Bond in the aggregate principal amount of \$ _____ with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1 (the *Initial Bond*), and the Initial Bond shall be registered in the name of the Purchasers or the designee thereof as further described in Section 16. The Initial Bond shall be the Bond submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Bond, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the designee thereof, shall cancel the Initial Bond delivered hereunder and exchange therefor definitive Bonds of like kind and of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms.

A. Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including the guarantee of the Permanent School Fund, insurance legends in the event the Bonds, or any Stated Maturities thereof, are insured and any reproduction of an opinion of Bond Counsel (hereinafter referenced)) thereon as may, consistent herewith, be established by the District or determined by the officers executing such Bonds as evidenced by their execution thereof. Any portion of the text of any Bond may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds shall be printed, lithographed, or engraved or produced in any other similar manner, all as determined by the officers executing the Bonds as evidenced by their execution thereof, but the Initial Bond submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

[The remainder of this page intentionally left blank.]

B. Form of Definitive Bonds.

REGISTERED
NO. R- _____

REGISTERED PRINCIPAL
AMOUNT
\$ _____

United States of America
State of Texas
County of Bexar
NORTH EAST INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BOND,
SERIES 2022B

Dated Date: _____, 2022
Stated Maturity: _____
Interest Rate: _____
CUSIP No. _____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The North East Independent School District (the *District*), a body corporate and political subdivision in the County of Bexar, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above (the *Holder*), or the registered assigns thereof, the Principal Amount specified above on the Stated Maturity Date specified above (or so much as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the Closing Date (anticipated to occur on or about _____, 2022), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or to Stated Maturity, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 in each year (each such date, an *Interest Payment Date*), commencing _____ 1, 2022.

Principal and premium, if any, of this Bond shall be payable to the Holder hereof, upon presentation and surrender, at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest shall be payable to the Holder of this Bond (or one or more Predecessor Bonds, as defined in the Order hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or before the appropriate date of payment, by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$ _____ (the *Bonds*) pursuant to an order adopted by the Governing Body of the District (the *Order*) for the purpose of providing funds for (i) the purpose of providing funds for the discharge and final payment of the Refunded Obligations, (ii) the purposes authorized under the 2015 Authorization, and (iii) paying the costs and expenses of issuance of the Bonds. The Bonds are issued under the Order and in conformity with the laws of the State of Texas, including Chapter 45, as amended, Texas Education Code, Chapters 1207 and 1371, as amended, Texas Government Code.

The Bonds are payable from the proceeds of an ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District.

As specified in the Order, the Bonds stated to mature on August 1, 20__ and August 1, 20__ are referred to herein as the “Term Bonds”. The Term Bonds are subject to mandatory sinking fund redemption prior to their stated maturities from money required to be deposited in the Bond Fund for such purpose and shall be redeemed in part, by lot or other customary method, at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on August 1 in each of the years as set forth below:

Term Bonds Stated to Mature on August 1, 20__		Term Bonds Stated to Mature on August 1, 20__	
<u>Year</u>	<u>Principal Amount (\$)</u>	<u>Year</u>	<u>Principal Amount (\$)</u>

*Payable at Stated Maturity

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of such Stated Maturity which, at least 50 days prior to the mandatory redemption date (1) shall have been defeased or acquired by the District and delivered to the Paying Agent/Registrar for cancellation (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District with money in the Bond Fund, or (3) shall have been redeemed pursuant to the optional redemption provisions set forth below and not theretofore credited against a mandatory redemption requirement.

As specified in the Order, the Bonds stated to mature on and after August 1, 20__ may be redeemed prior to their Stated Maturities, at the option of the District, on August 1, 20__, or on any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity selected at random and by lot by the Paying

Agent/Registrar) at the redemption price of par, together with accrued interest to the date of redemption, and upon thirty (30) days prior written notice being given by the Paying Agent/Registrar and subject to the terms and provisions relating thereto contained in the Order. If this Bond is subject to prior redemption and is of a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, upon the surrender of this Bond to the Paying Agent/Registrar at its corporate trust office there shall be issued to the Holder hereof, without charge therefor, for the then unredeemed balance of the principal sum hereof, a new Bond or Bonds of like Stated Maturity and interest rate in any authorized denominations provided by the Order.

If this Bond (or any portion of the principal sum hereof) shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Bond (or the portion of the principal sum hereof to be redeemed) shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable thereon from and after the redemption date on the principal amount scheduled to be redeemed. If this Bond is called for redemption, in whole or in part, the District or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Bond, within forty-five (45) days from the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond that is redeemed in part.

Reference is hereby made to the Order, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Order may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the District and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be redeemed or discharged at or prior to its Stated Maturity and deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned to them in the Order.

This Bond, subject to certain limitations contained in the Order, may be transferred only upon its presentation and surrender at the corporate trust office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Holder hereof, or his duly authorized agent, and such transfer is noted on the Security Register by the Paying Agent/Registrar. When a transfer occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate or remaining principal amount that remains Outstanding will be issued to the designated transferee or transferees.

The District and the Paying Agent/Registrar, and any agent of either, shall treat the Holder whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to

payment of principal hereof at its Stated Maturity, or redemption, in whole or in part, and (iii) on any date as the owner for all other purposes, and neither the District nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a *Special Record Date*) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* – which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented, and declared that the District is a duly organized and legally existing governmental agency under and by virtue of the laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions, and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the District have been properly done, have happened, and have been performed in regular and due time, form and manner as required by the laws of the State of Texas and the Order; that the Bonds do not exceed any Constitutional or statutory limitations; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforesated. In case any provision in this Bond or application thereof shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications of this Bond shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Order shall be construed in accordance with and shall be governed by the laws of the State of Texas.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the Board of Trustees of the District has caused this Bond to be duly executed under its official seal.

NORTH EAST INDEPENDENT SCHOOL
DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(DISTRICT SEAL)

[The remainder of this page intentionally left blank.]

C. *Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF §
PUBLIC ACCOUNTS §
THE STATE OF TEXAS § REGISTER NO. _____
§

I HEREBY CERTIFY that this Bond has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Do Not Print on Definitive Bonds.

D. *Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued under the provisions of the within-mentioned Order; the Bond or Bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

Registered this date: _____, _____, _____, as Paying
Agent/Registrar

By: _____
Authorized Signature

*NOTE TO PRINTER: Print on Definitive Bonds.

E. Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns, and transfers unto (Print or typewrite name, address, and zip code of transferee): _____

(Social Security or other identifying number): _____

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

Signature guaranteed:

[The remainder of this page intentionally left blank.]

F. The Initial Bond shall be in the form set forth in paragraph B of this Section, except as follows:

[Form of Initial Bond]

Heading and first two paragraphs shall be amended to read as follows:

REGISTERED NO. T-1 REGISTERED PRINCIPAL AMOUNT \$ _____

United States of America
State of Texas
County of Bexar
NORTH EAST INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BOND, SERIES 2022B

Dated Date: Stated Maturity Interest Rate: CUSIP No.
_____, 2022 As Shown Below As Shown Below

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ AND NO/100 DOLLARS

The North East Independent School District (the District), a body corporate and political subdivision in the County of Bexar, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above (the Holder), or the registered assigns thereof, the Principal Amount specified above on the first day of August in each of the years and in the Principal Amounts and bearing interest at the per annum rates in accordance with the following schedule:

Years of Stated Maturity Principal Amounts (\$) Interest Rates (%)

(Information to be inserted from schedule in Section 2 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on or about _____, 2022), or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to Stated Maturity, or prior redemption while Outstanding, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 in each year thereafter (each such date, an Interest Payment Date) commencing _____ 1, 2022.

Principal and premium, if any, of this Bond shall be payable at its Stated Maturity, or prior redemption while Outstanding, to the Holder hereof, upon its presentation and surrender, at the corporate trust office of _____, _____, _____ (the Paying Agent/Registrar). Interest shall be payable to the Holder of this Bond whose name appears on the Security Register maintained by

the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each Interest Payment Date. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

G. Permanent School Fund or Insurance Legends. If bond insurance is obtained by the Purchasers or if the Bonds are guaranteed by the Permanent School Fund of the State of Texas, the Definitive Bonds and the Initial Bond shall bear an appropriate legend as provided by the insurer or the Texas Education Agency, as applicable, to appear under the following header (as applicable):

[BOND INSURANCE] [PERMANENT SCHOOL FUND GUARANTEE]

SECTION 9: Definitions. For all purposes of this Order (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 19 and 39 of this Order have the meanings assigned to them in Sections 19 and 39 of this Order, and all such terms, include the plural as well as the singular; (ii) all references in this Order to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of this Order as originally adopted; and (iii) the words “herein”, “hereof”, and “hereunder” and other words of similar import refer to this Order as a whole and not to any particular Section or other subdivision.

A. The term *Advance Refunding Candidates* shall mean, collectively, the 2015 Refunded Bonds and the 2015A Refunded Bonds.

B. The term *Authorized Officials* shall mean the President, Board of Trustees, the Secretary, Board of Trustees, the Superintendent of Schools, the Chief Financial Officer, or any successor to any of the aforementioned persons serving in the indicated capacity.

C. The term *Closing Date* shall mean the date of physical delivery of the Initial Bond in exchange for the payment of the agreed purchase price for the Bonds.

D. The term *Concurrently Adopted Order* shall mean the order of the Governing Body adopted on the date of and concurrently with this Order pursuant to which the Series 2022 Variable Rate Bonds, from time to time in one or more series, are authorized to be issued.

E. *Current Refunding Candidates* shall mean, collectively, the 2013B Refunded Bonds, the 2017 Refunded Bonds and the Commercial Paper Notes.

F. The term *Government Securities* shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or

instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the Governing Body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iv) any additional securities and obligations hereafter authorized by the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Bonds.

G. The term *Holder* or *Holder*s shall mean the registered owner or owners of the Bonds appearing on the Security Register maintained by the Paying Agent/Registrar.

H. The term *Interest Payment Date* shall mean the date interest is payable on the Bonds, February 1 and August 1 of each year, commencing _____ 1, 2022, while any of the Bonds remain Outstanding.

I. The term *Order* shall mean this order adopted by the Governing Body on the date hereof.

J. The term *Outstanding* shall mean, as of the date of determination, all Bonds issued and delivered under this Order, except:

(1) those Bonds canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the District in accordance with the provisions of Section 22 of this Order; and

(3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 15 of this Order.

K. The term *Purchasers* shall mean the initial purchasers of the Bonds named in Section 16 of this Order.

L. The term *Refunding Candidates* shall mean those obligations styled:

(1) North East Independent School District Variable Rate Unlimited Tax School Building Bonds, Series 2013B (the *2013B Refunded Bonds*), dated June 15, 2013, in the original principal amount of \$73,795,000 and scheduled to mature on August 1, 2032 in the aggregate principal amount of \$19,875,000 and subject to redemption on August 1, 2022 or any date thereafter;

(2) North East Independent School District Unlimited Tax Refunding Bonds, Series 2015 (the *2015 Refunded Bonds*), dated March 15, 2015, in the original principal amount of \$345,185,000 and scheduled to mature on August 1 in each of the years 2026

through 2037 in the aggregate principal amount of \$263,725,000 and subject to redemption on August 1, 2025 or any date thereafter;

(3) North East Independent School District Unlimited Tax Refunding Bonds, Series 2015A (the *2015A Refunded Bonds*), dated May 1, 2015, in the original principal amount of \$51,495,000 and scheduled to mature on August 1, in each of the years 2026 through 2030 in the aggregate principal amount of \$19,295,000 and subject to redemption on February 1, 2025 or any date thereafter;

(4) North East Independent School District Variable Rate Unlimited Tax Refunding Bonds, Series 2017 (the *2017 Refunded Bonds*), dated November 15, 2017, in the original principal amount of \$44,955,000 and scheduled to mature on August 1, 2047 in the aggregate principal amount of \$44,955,000 and subject to redemption on August 1, 2022 or any date thereafter; and

(5) North East Independent School District Unlimited Tax Commercial Paper Notes (the *Commercial Paper Notes*), Series A, outstanding in the principal amount up to \$99,000,000.

M. The term *Series 2022 Variable Rate Bonds* shall mean one or more series of unlimited tax school building and refunding bonds known as “North East Independent School District Variable Rate Unlimited Tax School Building and/or Refunding Bonds, Series 2022A” authorized and issued pursuant to the Concurrently Adopted Order.

N. The term *Stated Maturity* shall mean the annual principal payments of the Bonds payable on August 1 of each year as set forth in Section 2 of this Order.

SECTION 10: Bond Fund — Investments. For the purpose of paying the principal of and interest on the Bonds, at the earlier of redemption or Stated Maturity, there shall be and is hereby created a special Fund to be designated “SERIES 2022B NORTH EAST INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS INTEREST AND SINKING FUND” (the *Bond Fund*), which Fund shall be kept and maintained at the District’s depository bank, and money deposited in such Fund shall be used for no other purpose and shall be maintained as provided in Section 16. Authorized Officials of the District are hereby authorized and directed to make withdrawals from the Bond Fund sufficient to pay the principal of and interest on the Bonds as the same become due and payable, or the purchase price thereof, and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Bond Fund an amount sufficient to pay the purchase price or the amount of principal, premium, if any, and/or interest stated to mature on the Bonds, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Bonds. To the extent that the District receives an allocation from the Existing Debt Allotment or the Instructional Facilities Allotment established pursuant to Chapter 46, as amended, Texas Education Code or credits a portion of its Basic Allotment established pursuant to Subchapter B of Chapter 42, as amended, Texas Education Code, in order to satisfy Section 45.0031, as amended, Texas Education Code, the District will

comply with the provisions of Section 46.009(d), as amended, Texas Education Code, and the aforementioned Section 45.0031 concerning the deposit of these funds into the Bond Fund.

Pending the transfer of funds to the Paying Agent/Registrar, money in any fund created and established pursuant to the provisions of this Order may, at the option of the District, be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from the Bond Fund will be available at the proper time or times. All interest and income derived from deposits and investments in any funds created pursuant to the provisions of this Order shall be credited to, and any losses debited to, such fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds.

SECTION 11: Levy of Taxes — Surplus Bond Proceeds. To provide for the payment of Bonds, there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the District, without legal limit as to rate or amount, sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same becomes due and payable; and such tax hereby levied on each one hundred dollars valuation of taxable property in the District for the payment of the Bonds shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of, premium, if any, and interest on the Bonds, while any Bond remains Outstanding; full allowance being made for delinquencies and costs of collection. The taxes levied, assessed, and collected for and on account of the Bonds shall be accounted for separate and apart from all other funds of the District and shall be deposited into the Bond Fund; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

Accrued interest and/or capitalized interest, if any, on the Bonds received from the Purchasers of the Bonds, along with any taxes collected after the Closing Date pertaining to the Refunded Obligations, shall be deposited into the Bond Fund. In addition, any surplus proceeds from the sale of the Bonds, (which includes unspent Bond proceeds and investment income therefrom) not expended for authorized purposes shall be deposited into the Bond Fund, and such amounts so deposited shall reduce the sum otherwise required to be deposited in the Bond Fund from ad valorem taxes.

SECTION 12: Security of Funds. All money on deposit in the Fund for which this Order makes provision (except any portion thereof as may be at any time properly invested as provided

herein) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and money on deposit in such Fund shall be used only for the purposes permitted by this Order.

SECTION 13: Notices to Holders - Waiver. Wherever this Order provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Order provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 14: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the District, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The District may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be destroyed as directed by the District.

SECTION 15: Mutilated - Destroyed - Lost and Stolen Bonds. If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the District and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the District and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the District or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the District shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity, interest rate, and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a new Bond, pay such Bond.

Upon the issuance of any new Bond, or payment in lieu thereof, under this Section, the District may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses or charges (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the District, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Order equally and ratably with all other Outstanding Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost, or stolen Bonds.

SECTION 16: Sale of Bonds — Approval of Purchase Contract — Official Statement Approval – Use of Proceeds – District Contribution. The Bonds authorized by this Order are hereby sold by the District to _____, _____, _____, as the authorized representative of a group of underwriters (the *Purchasers*, having all the rights, benefits, and obligations of a Holder), in accordance with the provisions of a Purchase Contract (the *Purchase Contract*), dated _____, 2022, attached hereto as Exhibit B and incorporated herein by reference as a part of this Order for all purposes. The pricing terms of the sale of the Bonds are hereby found and determined to be the most advantageous reasonably obtainable by the District. The Initial Bond shall be registered in the name of _____. Any Authorized Official is hereby authorized and directed to execute the Purchase Contract for and on behalf of the District and as the act and deed of the Governing Body, and in regard to the approval and execution of the Purchase Contract, the Governing Body hereby finds, determines and declares that the representations, warranties, and agreements of the District contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the District. Delivery of the Bonds to the Purchasers shall occur as soon as practicable after the adoption of this Order, upon payment therefor in accordance with the terms of the Purchase Contract.

Furthermore, the District hereby ratifies, confirms, and approves in all respects (i) the District’s prior determination that the Preliminary Official Statement was, as of its date, “deemed final” in accordance with the Rule (hereinafter defined) and (ii) the use and distribution of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds. The final Official Statement, being a modification and amendment of the Preliminary Official Statement to reflect the terms of sale (together with such changes approved by any Authorized Official), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute the final Official Statement, dated _____, 2022, in the reoffering, sale and delivery of the Bonds to the public. The President and Secretary of the Governing Body are further authorized and directed to manually execute and deliver for and on behalf of the District copies of the Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content manually executed by said officials shall be deemed to be approved by the Governing Body and constitute the Official Statement authorized for distribution and use by the Purchasers. The proper officials of the District are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

Proceeds from the sale of the Bonds shall be applied as follows:

A. The District received a [net] reoffering premium from the sale of the Bonds of \$ _____, of which \$ _____ is attributable to the refunding portion of the Bonds (the

Refunding Premium) and \$ _____ is attributable to the new money portion of the Bonds (the *New Money Premium*). The New Money Premium is hereby allocated by the District in the following manner: (1) \$ _____ to pay the Purchasers' compensation, (2) \$ _____ to pay certain costs of issuance, (3) \$ _____ as the contingency amount, and (4) \$ _____ shall be counted against the 2015 Authorization and deposited into the construction fund as described in paragraph B below. The Refunding Premium is hereby allocated by the District in the following manner: (1) \$ _____ to pay the Purchasers' compensation, (2) \$ _____ to pay certain costs of issuance, and (3) \$ _____ shall be deposited into the Escrow Fund (defined below) to provide for the refunding of the Refunded Obligations.

B. The amount of \$ _____ (being principal of the Bonds in the amount of \$ _____ and a portion of the New Money Premium in the amount of \$ _____ being allocated against the 2015 Authorization) derived from the sale of the Bonds shall be deposited into the special construction account or accounts created for the projects to be constructed with the Bond proceeds. This special construction account shall be established and maintained at the District's depository bank and shall be invested in accordance with the provisions of Section 10 of this Order. Interest earned on the proceeds of the Bonds pending completion of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 11.

C. The balance of the proceeds derived from the sale of the Bonds, being principal of the Bonds in the amount of \$ _____ and a portion of the Refunding Premium in the amount of \$ _____, together with a District contribution of \$ _____, shall be deposited with the Escrow Agent for application and disbursement in accordance with the provisions of the Agreement. The proceeds of sale of the Bonds not so deposited with the Escrow Agent for the refunding of the Refunded Obligations shall be disbursed for payment of costs of issuance or deposited in the Bond Fund for the Bonds, all in accordance with written instructions from an Authorized Official.

SECTION 17: Escrow Agreement Approval and Execution. The [Escrow Deposit Letter/Escrow and Trust Agreement], dated as of March 14, 2022 (the *Agreement*), by and between the District and _____, _____, _____ (the *Escrow Agent*), attached hereto as Exhibit F and incorporated herein by reference as a part of this Order for all purposes, is hereby approved as to form and content, and such Agreement in substantially the form and substance attached hereto, together with such changes or revisions as may be necessary to accomplish the refunding or benefit the District, is hereby authorized to be executed by an Authorized Official for and on behalf of the District and as the act and deed of the Governing Body; and such Agreement as executed by said officials shall be deemed approved by the Board and constitute the Agreement herein approved.

Furthermore, any Authorized Official and Bond Counsel in cooperation with the Escrow Agent are hereby authorized and directed to make the necessary arrangements for the purchase of the Escrowed Securities, if any, referenced in the Agreement and the delivery thereof to the Escrow Agent on the day of delivery of the Bonds to the Purchasers for deposit to the credit of the "NORTH EAST INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS, SERIES 2022B ESCROW FUND" (the *Escrow Fund*), including the

execution of the subscription forms, if any, for the purchase and issuance of the “United States Treasury Securities - State and Local Government Series” for deposit to the Escrow Fund; all as contemplated and provided by the provisions of the Act, this Order, and the Agreement.

SECTION 18: Redemption of Refunded Obligations. The Refunded Obligations referenced in the preamble hereof become subject to redemption prior to their stated maturity at the price of par and accrued interest to the date of redemption or stated maturity. The District shall give written notice to the paying agent that the Refunded Obligations have been called for redemption, and the District orders that such obligations are called for redemption on the redemption date or stated maturity date specified in each respective notice of redemption, and such order to redeem the Refunded Obligations on such date shall be irrevocable upon the delivery of the Bonds. A copy of each such notice of redemption pertaining to the applicable series of Refunded Obligations is attached to this Order as Exhibit C and such notices are incorporated herein by reference for all purposes. The paying agent is authorized and instructed to provide notice of redemption to the holders of the Refunded Obligations in the form and manner described in the order authorizing the respective issuance of the applicable series of Refunded Obligations.

Additionally, on or immediately prior to the date of the initial delivery of the Bonds to the Purchasers, an Authorized Official shall cause to be transferred any necessary funds in immediately available funds to the Escrow Agent from money on deposit in the interest and sinking fund(s) maintained for the payment of the Refunded Obligations certain funds to accomplish the refunding of the Refunded Obligations.

SECTION 19: Covenants to Maintain Tax — Exempt Status [/ Taxable Obligations. The Bonds are not “state or local bonds” within the meaning of Section 103(a) and (c) of the Internal Revenue Code of 1986, as amended; therefore, the interest on the Bonds is not excludable from the gross income of the holders thereof for federal income tax purposes.] .

A. Definitions. When used in this Section, the following terms have the following meanings:

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

Computation Date has the meaning set forth in Section 1.148-1(b) of the Regulations.

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

Investment has the meaning set forth in Section 1.148-1(b) of the Regulations.

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

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

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

Yield of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Bonds and the concurrently issued Series 2022 Variable Rate Bonds, as a single issue, has the meaning set forth in Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The District 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 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 District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the District shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the District shall at all times prior to the last Stated Maturity of Bonds:

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

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

D. No Private Loan. Except to the extent that it will not cause the Bonds to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent that it will not cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the District shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Bonds.

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

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

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

(1) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last Outstanding Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

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

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the District shall pay to the United States out of the Bond Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The District shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148-3(h) of the Regulations.

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

J. [Bonds Not Hedge Bonds.

(1) At the time the Refunded Obligations were issued, the District 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 Refunded Obligations were invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of four (4) years or more.

(3) The District reasonably expects to spend 85% of the spendable proceeds of the Bonds within three years after the date of issuance thereof.]

K. Current Refunding of the Refunded Obligations. The Bonds are issued, in part, to refund the Refunded Obligations, and the Bonds will be issued, and certain proceeds thereof used, within 90 days after the Closing Date for the redemption or payment at stated maturity of

the Refunded Obligations. In the issuance of the Bonds, the District has employed no “device” to obtain a material financial advantage (based on arbitrage), within the meaning of section 149(d)(4) of the Code, apart from savings attributable to lower interest rates. The District has complied with the covenants, representations, and warranties contained in the documents executed in connection with the issuance of the Refunded Obligations. Accordingly, the District expects to invest the Bond proceeds to be used to refund the Refunded Obligations without regard to Yield restrictions.

L. Elections. The District hereby directs and authorizes any Authorized Official, or any combination thereof, to make such elections in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document. Such elections shall be deemed to be made on the Closing Date.

SECTION 20: Permanent School Fund Guarantee. In accordance with the provisions of Subchapter C of Chapter 45 of the Texas Education Code, as amended, and 19 Texas Administrative Code Section 33.65, the District has made application to, and received approval from, the Commissioner of Education of the State of Texas (the *Commissioner*) for the Bonds to be guaranteed as to the payment of principal and interest thereon by the “Permanent School Fund”, created, established, and maintained pursuant to Article VII, Section 5 of the Constitution of the State of Texas, subject to compliance with the Texas Education Agency’s rules and regulations. This constitutional provision also provides for the creation and funding of the “Available School Fund”.

A. By virtue of the approval of the Bonds being eligible for such guarantee, the District hereby covenants, agrees, and acknowledges that:

(1) Immediately following a determination by the District of its inability to pay any principal payment or interest installment on the Bonds, and in no event later than five (5) days prior to a Stated Maturity or Interest Payment Date, the Superintendent of Schools of the District shall notify the Commissioner, in the name of the District, of (a) the District’s inability to pay all or any portion of the principal amount or interest installment of one or more Bonds, (b) the total dollar amount of funds required by the District to pay in full the principal of and interest on the Bonds which the District is unable to pay, (c) the name and address of the Paying Agent/Registrar for the Bonds, (d) the date when funds for the payment of the Bonds or interest thereon shall be required to be furnished to the District and deposited with the Paying Agent/Registrar, and (e) such other information as the Commissioner shall require;

(2) Any notices to be given to the Holders hereunder shall additionally be given to the Commissioner, when and as mailed to the Holders;

(3) If the District fails to pay the principal of and interest on any Bond and the payment thereof is provided with funds from the Permanent School Fund in accordance with the guarantee, the provisions of Section 45.059(b) of the Texas Education Code, as amended, shall prevail, to the extent of conflict, over the provisions of Section 14 hereof

and such amount or amounts paid with funds from the Permanent School Fund or the Available School Fund, plus interest on such amount or amounts, shall be deducted from the first funds (being foundation school fund payments first, then available school fund payments) the District would otherwise be lawfully entitled to receive from the State of Texas, until full reimbursement of such amount or amounts has been made to the Permanent School Fund;

(4) If two or more payments from the Permanent School Fund are made pursuant to the guarantee and the Commissioner determines that the District is acting in bad faith under the guarantee, the Attorney General of the State of Texas may institute appropriate legal action to compel the District and its officers, agents, and employees to comply with the duties required by law in regard to the Bonds; and

(5) If the District fails to pay principal or interest on a guaranteed bond when it matures, other amounts not yet mature shall not be accelerated and shall not become due by virtue of the District's default.

If the principal of, premium, if any, and interest on the Bonds are paid prior to Stated Maturity or if the Bonds are defeased as provided in Section 22, the guarantee as to payment of principal of and interest on the Bonds by the corpus and income of the Permanent School Fund shall immediately be terminated and be removed in its entirety. Notice of any such prepayment or defeasance shall be forwarded to the Commissioner within ten (10) calendar days of such action.

SECTION 21: Control and Custody of Bonds. The President of the Board shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond pending approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchasers.

Furthermore, any Authorized Official is hereby authorized and directed to furnish and execute such documents relating to the District and its financial affairs as may be necessary for the issuance of the Bonds, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the District's Financial Advisor, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Bond to the Purchasers and the initial exchange thereof for definitive Bonds.

SECTION 22: Satisfaction of Obligation of Issuer. If the District shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Order, then the pledge of taxes levied under this Order and all covenants, agreements, and other obligations of the District to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Bonds, or any principal amounts thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amounts thereof at Stated Maturity, or at the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held

in trust by the Paying Agent/Registrar, or an authorized escrow agent, and/or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities shall mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amounts thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof for the Bonds. In the event of a defeasance of the Bonds, the District shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, an independent certified public accountant, or another qualified third party concerning the sufficiency of the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Bonds. To the extent applicable, if at all, the District covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 19).

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amounts thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the District or deposited as directed by the District. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity or applicable redemption date of the Bonds such money was deposited and is held in trust to pay shall, upon the request of the District, be remitted to the District against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Order to the contrary, it is hereby provided that any determination not to redeem defeased Bonds that is made in conjunction with the payment arrangements specified in (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the District expressly reserves the right to call the defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Bonds immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Bonds, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Bonds.

SECTION 23: Order a Contract - Amendments - Outstanding Bonds. The District acknowledges that the covenants and obligations of the District herein contained are a material inducement to the purchase of the Bonds. This Order shall constitute a contract with the Holders from time to time, shall be binding on the District, and shall not be amended or repealed by the District so long as any Bond remains Outstanding except as permitted in this Section. The District, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Order in any manner not detrimental to the interests of the Holders, including the curing of

any ambiguity, inconsistency, or formal defect or omission herein. In addition, the District may, with the written consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Order; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition, or rescission.

SECTION 24: Facilities Allotment Revenues. In connection with the issuance of the Bonds, the District may make application to the Texas Education Agency for financial assistance from the State of Texas (the *State*) in accordance with the instructional facilities allotment funding program established pursuant to Chapter 46, Texas Education Code, as amended (the *Program*). In each fiscal year in which the District received funding under the existing debt allotment program, the Program, or any successor State funding programs which provide a debt service subsidy for the Bonds (such funds being collectively referred to herein as *Debt Subsidy Funds*), the District shall deposit immediately upon receipt the Debt Subsidy Funds received to the credit of the Bond Fund created pursuant to Section 10. Notwithstanding the requirements of Section 11, if the Debt Subsidy Funds are actually on deposit in the Bond Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes which otherwise would have been required to be levied pursuant to Section 11 shall be reduced to the extent and by the amount of the Debt Subsidy Funds then on deposit in the Bond Fund.

SECTION 25: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the District covenants and agrees particularly that in the event the District (a) defaults in the payments to be made to the Bond Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Order, the Holders of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the Governing Body and other officers of the District to observe and perform any covenant, condition, or obligation prescribed in this Order.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 26: Printed Opinion. The Purchasers' obligation to accept delivery of the Bonds is subject to its being furnished a final opinion of Norton Rose Fulbright US LLP, San Antonio, Texas, as Bond Counsel, approving certain legal matters as to the Bonds, the opinion to be dated and delivered as of the date of initial delivery and payment for such Bonds. Printing of a true and correct copy of the opinion on the reverse side of each of the Bonds, with an appropriate certificate pertaining thereto executed by the facsimile signature of the Secretary of the Governing Body, is hereby approved and authorized.

SECTION 27: CUSIP Numbers. CUSIP numbers may be printed on the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the District nor Bond Counsel are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

SECTION 28: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 29: Benefits of Order. Nothing in this Order, expressed or implied, is intended or shall be construed to confer upon any person other than the District, the Paying Agent/Registrar, Bond Counsel, Financial Advisors, the Purchasers, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Order or any provision hereof, this Order and all its provisions being intended to be and being for the sole and exclusive benefit of the District, the Paying Agent/Registrar, Bond Counsel, Financial Advisors, the Purchasers, and the Holders.

SECTION 30: Inconsistent Provisions. All orders, or parts thereof, which are in conflict or inconsistent with any provision of this Order are hereby repealed to the extent of such conflict, and the provisions of this Order shall be and remain controlling as to the matters herein provided.

SECTION 31: Construction of Terms. If appropriate in the context of this Order, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 32: Governing Law. This Order shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 33: Severability. If any provision of this Order or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Order and the application thereof to other persons or circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Order would have been enacted without such invalid provision.

SECTION 34: Public Meeting. It is officially found, determined, and declared that the meeting at which this Order is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Order, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 35: Authorization of Paying Agent/Registrar Agreement. The Governing Body hereby finds and determines that it is in the best interest of the District to authorize the execution of a Paying Agent/Registrar Agreement pertaining to the registration, transferability, and payment of the Bonds. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated herein by reference as fully as if recopied in its entirety in this Order.

SECTION 36: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Order are hereby found to be true, and such recitals are hereby made a part of this Order for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 37: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Order shall be given in such other manner and at such time or times as in the judgment of the District or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Order be deemed to be in compliance with the requirements for publication thereof.

SECTION 38: No Recourse Against Issuer Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Bond or for any claim based thereon or on this Order against any official of the District or any person executing any Bond.

SECTION 39: Continuing Disclosure Undertaking.

A. Definitions.

As used in this Section, the following terms have the meanings ascribed to such terms below:

EMMA means the MSRB's Electronic Municipal Market Access system, accessible by the general public, without charge, on the internet through the uniform resource locator (URL) <http://www.emma.msrb.org>.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

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

SEC means the United States Securities and Exchange Commission.

Undertaking means the District's continuing disclosure undertaking, described in Paragraphs B through E below, hereunder accepted and entered into by the District for the purpose of compliance with the Rule.

B. Annual Reports.

The District shall file annually with the MSRB (1) within six (6) months after the end of each fiscal year of the District ending in or after 2022, financial information and operating data with respect to the District of the general type included in the final Official Statement authorized by Section 16 of this Order, being the information described in Exhibit D hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of

the District, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit C hereto, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the District commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the District shall file unaudited financial statements within such period and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such financial statements becomes available. Under current Texas law, including, but not limited to, Chapter 44, as amended, Texas Education Code, the District must keep its fiscal records in accordance with generally accepted accounting principles, must have its financial accounts and records audited by a certified or permitted public accountant and must file each audit report with the Texas Education Agency within 150 days after the close of the District's fiscal year. Copies of each audit report must also be filed in the office of the District and with the Secretary, Board of Trustees. The District's fiscal records and audit reports are available for public inspection during the regular business hours of the Superintendent of Schools. Additionally, upon the filing of these financial statements and the annual audit, these documents are subject to the Texas Open Records Act, as amended, Texas Government Code, Chapter 552.

If the District changes its fiscal year, it will file notice of such change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

C. Notice of Certain Events.

The District shall file notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than ten (10) business days after occurrence of the event:

- (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 Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Holders of the Bonds, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the District, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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 a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material;
- (15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, 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 District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States 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 District, 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 District, and (b) the District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The District shall file notice with the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with this Section by the time required by this Section.

D. Limitations, Disclaimers, and Amendments.

The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with

respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit that causes the Bonds to be no longer Outstanding.

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITH OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall constitute a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time 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 of the District, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Order that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The District may also repeal or amend the provisions of this Section 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 District also may amend the provisions of this Section 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 have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and

(b) any amendments or interpretations of the Rule. If the District so amends the provisions of subsection B of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection B of this Section 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.

E. Information Format – Incorporation by Reference.

The District information required under this Section shall be filed with the MSRB through EMMA in such format and accompanied by such identifying information as may be specified from time to time thereby. Under the current rules of the MSRB, continuing disclosure documents submitted to EMMA must be in word-searchable portable document format (PDF) files that permit the document to be saved, viewed, printed, and retransmitted by electronic means and the series of obligations to which such continuing disclosure documents relate must be identified by CUSIP number or numbers.

Financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public through EMMA or filed with the SEC.

F. General Policies and Procedures Concerning Compliance with Federal Securities Laws.

Because the issuance of the Bonds is subject to the provisions of the Rule and because the potential “underwriters” in a negotiated sale of the Bonds or the initial purchasers in a competitive sale of the Bonds may be subject to MSRB rules and regulations with respect to such sale (including certain due diligence and suitability requirements, among others), the District hereby adopts, as a supplement (and not as a substitution or in replacement of) to the District’s existing policies and procedures pertaining to compliance with the Rule, the General Policies and Procedures Concerning Compliance with the Rule (the *Policies and Procedures*), attached hereto as Exhibit G, with which the District shall follow to assure compliance with the Undertaking. The District has developed these Policies and Procedures for the purpose of meeting its requirements of the Undertaking and, in connection therewith, has sought the guidance from its internal staff charged with administering the District’s financial affairs, its municipal or financial advisors, its legal counsel (including its Bond Counsel), and its independent accountants (to the extent determined to be necessary or advisable). The Policies and Procedures can be amended at the sole discretion of the District and any such amendment will not be deemed to be an amendment to the Undertaking. Each Authorized Official is hereby authorized to amend the Policies and Procedures as a result of a change in law, a future issuance of indebtedness subject to the Rule, or another purpose determined by the Authorized Official to be necessary or desirable for or with respect to future compliance with the Undertaking.

SECTION 40: Book-Entry-Only System.

The Bonds shall initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York or any successor

entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Bonds shall be issued (following cancellation of the Initial Bond described in Section 7) in the form of a separate single definitive Bond. Upon issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Bonds shall be registered in the name of Cede & Co., as the nominee of DTC. The District and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit E (the *Representation Letter*).

With respect to the Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Bonds from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Bonds (an *Indirect Participant*). Without limiting the immediately preceding sentence, the District and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Bonds, as shown on the Security Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of a Bond, of any amount with respect to principal of, premium, if any, or interest on the Bonds. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a bond certificate evidencing the obligation of the District to make payments of principal, premium, if any, and interest on the Bonds pursuant to this Order. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Order with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Order shall refer to such new nominee of DTC.

In the event that (a) the District determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the District determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the District shall notify the Paying Agent/Registrar, DTC, and DTC Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Bonds shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the District may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the District, or such depository's agent or designee, and if the District and the Paying Agent/Registrar do not select such alternate securities depository system then the Bonds may be registered in whatever name or names the Holders of Bonds transferring or exchanging the Bonds shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Order to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 41: Further Procedures. The officers and employees of the District are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the District all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Order, the initial sale and delivery of the Bonds, the Paying Agent/Registrar Agreement, the Purchase Contract, the Agreement, and the Official Statement. In addition, prior to the initial delivery of the Bonds, any Authorized Official, and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Order or to any of the instruments authorized and approved by this Order necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Order and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Texas Attorney General's office. In case any officer of the District whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 42: District's Consent to Provide Information and Documentation to the Texas MAC: The Municipal Advisory Council of Texas (the *Texas MAC*), a non-profit membership corporation organized exclusively for non-profit purposes described in section 501(c)(6) of the Internal Revenue Code and which serves as a comprehensive financial information repository regarding municipal debt issuers in Texas, requires provision of written documentation regarding the issuance of municipal debt by the issuers thereof. In support of the purpose of the Texas MAC and in compliance with applicable law, the District hereby consents to and authorizes any Authorized Official, Bond Counsel to the District, and/or Financial Advisor to the District to provide to the Texas MAC information and documentation requested by the Texas MAC relating to the Bonds; provided, however, that no such information and documentation shall be provided prior to the Closing Date. This consent and authorization relates only to information and documentation that is a part of the public record concerning the issuance of the Bonds.

SECTION 43: Delegation Authorization Pursuant to HB 1295: Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, pursuant to Chapter 1207 and Chapter 1371, and any other applicable law, the Board hereby delegates to the Superintendent of Schools and the Chief Financial Officer the authority to independently select the counterparty to the Paying Agent/Registrar Agreement, the Agreement, any agreement with any rating agency, open market securities bidding agent, verification agent, securities depository, or any other contract that is determined by such identified District official, the District's Financial Advisor, or the District's Bond Counsel to be necessary or incidental to the issuance of the Bonds as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code (collectively, the *Ancillary Bond Contracts*) and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the District. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 44: Effective Date. This Order shall be in force and effect from and after its passage on the date shown below.

PASSED AND ADOPTED, this ____ day of March, 2022.

NORTH EAST INDEPENDENT SCHOOL
DISTRICT

President, Board of Trustees

ATTEST:

Secretary, Board of Trustees

(SEAL)

INDEX OF SCHEDULES AND EXHIBITS

- Schedule I - Approval Certificate
- Schedule II - Refunded Obligations
- Exhibit A - Paying Agent/Registrar Agreement
- Exhibit B - Purchase Contract
- Exhibit C - Notices of Redemption
- Exhibit D - Description of Annual Financial Information
- Exhibit E - DTC Letter of Representations
- Exhibit F - Escrow Deposit Letter
- Exhibit G - General Policies and Procedures Concerning Compliance with the Rule

SCHEDULE I
Approval Certificate

See Tab No. __

SCHEDULE II

Refunded Obligations

[To be added from Refunding Candidates at pricing.]

EXHIBIT A

Paying Agent/Registrar Agreement

See Tab No. __

EXHIBIT B

Purchase Contract

See Tab No. __

EXHIBIT C

Notices of Redemption

See Tab No. __

EXHIBIT D

Description of Annual Financial Information

The following information is referred to in Section 39 of this Order.

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the District to be provided annually in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The District's audited financial statements for the most recently concluded fiscal year or to the extent these audited financial statements are not available, the portions of the unaudited financial statements of the District appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.

2. Tables 1 through 6 and 8 through 13 of the Official Statement and in Appendix B attached to the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are generally accepted accounting principles for governmental units as prescribed by the Government Accounting Standards Board from time to time.

EXHIBIT E

DTC Letter of Representations

See Tab No. __

EXHIBIT F

Escrow Agreement

See Tab No. __

EXHIBIT G

General Policies and Procedures Concerning Compliance with the Rule*

- I. Capitalized terms used in this Exhibit have the meanings ascribed thereto in Sections 9 and 39 of the Order. “Bonds” refers to the Bonds that are the subject of the Order to which this Exhibit is attached.
- II. As a capital markets participant, the District is aware of its continuing disclosure requirements and obligations existing under the Rule prior to February 27, 2019, the effective date of the most recent amendment to the Rule (the *Effective Date*), and has implemented and maintained internal policies, processes, and procedures to ensure compliance therewith. Adherence to these internal policies, processes, and procedures has enabled underwriters in non-exempt negotiated sales and initial purchasers in non-exempt competitive sales to comply with their obligations arising under various MSRB rules and regulations concerning due diligence and findings of suitability, among other matters, regarding the District’s compliance with the Rule.
- III. The District is aware that the Rule was amended as of the Effective Date (the *Rule Amendment*) and has accommodated this amendment by adding subparagraphs (15) and (16) to Section 39 of the Order, which provisions are a part of the Undertaking.
- IV. The District is aware that “participating underwriters” (as such term is defined in the Rule) of the Bonds must make inquiry and reasonably believe that the District is likely to comply with the Undertaking and that the standards for determining compliance have increased over time as a result of, among others, the United States Securities and Exchange Commission’s Municipalities Continuing Disclosure Cooperation Initiative and regulatory commentary relating to the effectiveness of the Rule Amendment.
- V. The District now establishes the following general policies and procedures (the *Policies and Procedures*) for satisfying its obligations pursuant to the Undertaking, which policies and procedures have been developed based on the District’s informal policies, procedures, and processes utilized prior to the Effective Date for compliance with the District’s obligations under the Rule, the advice from and discussions with the District’s internal senior staff (including staff charged with administering the District’s financial affairs), its municipal or financial advisors, its legal counsel (including Bond Counsel), and its independent accountants, to the extent determined to be necessary or advisable (collectively, the *Compliance Team*):
 - (a) The Superintendent of Schools or the Chief Financial Officer (the *Compliance Officer*) shall be responsible for satisfying the District’s obligations pursuant to the Undertaking through adherence to these Policies and Procedures;
 - (b) the Compliance Officer shall establish reminder or “tickler” systems to identify and timely report to the MSRB, in the format thereby prescribed from time to time, the District’s information of the type described in Section 39 of the Order;
 - (c) the Compliance Officer shall promptly determine the occurrence of any of the events described in Section 39 of the Order;

- (d) the Compliance Officer shall work with external consultants of the District, as and to the extent necessary, to timely prepare and file with the MSRB the annual information of the District and notice of the occurrence of any of the events referenced in Clauses (a) and (b) above, respectively, the foregoing being required to satisfy the terms of the Undertaking;
- (e) the Compliance Officer shall establish a system for identifying and monitoring any Financial Obligations, whether now existing or hereafter entered into by the Issuer, and (upon identification) determining if such Financial Obligation has the potential to materially impact the security or source of repayment of the Bonds;
- (f) upon identification of any Financial Obligation meeting the materiality standard identified in Clause (e) above, the Compliance Officer shall establish a process for identifying and monitoring any District agreement to covenants, events of default, remedies, priority rights, or other similar terms under such Financial Obligation;
- (g) the Compliance Officer shall establish a process for identifying the occurrence of any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation, the occurrence of any of which reflect financial difficulties of the District; and

I. the Compliance Officer shall annually review these Policies and Procedures with the remainder of the Compliance Team, make any modifications on an internal document retained by the Compliance Officer and available to any “participating underwriter” (as defined in the Rule), if requested, and on the basis of this annual review (to the extent determined to be necessary or desirable), seek additional training for herself or himself, as well as other members of the District’s internal staff identified by the Compliance Officer to assist with the District’s satisfaction of the terms and provisions of the Undertaking.

*The Policies and Procedures supplement (and are not a substitution or replacement of) the District’s existing policies and procedures pertaining to the District’s compliance with the Rule which have been previously adopted by the Board of Trustees of the District.



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Valerie Rueda Executive Director
Procurement & eCommerce

Subject: \$50,000 Purchases

Related Page(s): Attachment

CONSENT ITEM

BACKGROUND INFORMATION

Texas Education Code §44.031 requires all school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by one of the methods listed in the Code providing the best value for the district. Board Policy CH (LOCAL) states, "The Board delegates to the Superintendent or designee the authority to make budgeted purchases for goods or services. However, any single, budgeted purchase of goods or services costing \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place."

ADMINISTRATIVE CONSIDERATION

The purpose of this consent item is to ask for Board authorization to expend funds for previously approved budgeted expenditures for 2021-2022, which meet or exceed \$50,000 from the attached listed vendors. The attachment reflects categories of purchases, vendor names, descriptions of goods or services and estimated 2021-2022 expenditures. These purchases comply with applicable bid laws. The attachment includes estimated aggregate expenditures exceeding \$50,000 during the school year. By approving this consent item, each approved budgeted item will not have to be presented again, saving considerable time and resources.

BUDGETARY CONSIDERATION

The estimated expenditure amounts are budgeted in various District accounts which were approved at the Board of Trustees meeting on August 23, 2021. Funds being expended include general funds, bond funds, grant funds, special revenue funds, internal service funds and enterprise funds.

ADMINISTRATIVE RECOMMENDATION

The Superintendent recommends the Department of Procurement & eCommerce be authorized to expend funds listed in the attachment for fiscal year 2021-2022.

BOARD ACTION REQUIRED

Approval/Disapproval

ATTACHMENT
BUDGETED PURCHASES OF GOODS OR SERVICES COSTING \$50,000 OR MORE
NEISD BOARD MEETING MARCH 14, 2022

Category	Vendor(s) Name	Description of Goods/Services	Estimated Expenditures 2021-2022	Bid Compliance	Notes
Athletics	Labatt Food Service	Athletics-Concessions	\$ 156,000.00	103-19	Prior board approved \$ 100,000, Current spend \$144,000; additional \$56,000 to cover overage and to support the remainder of the school year purchases.
Athletics/district wide	Coca Cola Southwest Beverage	Athletics-Concessions and district wide beverage vendor	\$ 159,500.00	multiple bids	Prior board approved \$ 120,000, current spend \$ 139,461; additional \$39,500 to cover overage support the remainder of the school year purchases.
Career and Technology	Certiport	Proctoring of vocational student certification exams	\$ 155,000.00	03-18	Prior board approved \$ 90,000, Current spend \$118,877; additional \$65,000 to cover overage and to support the remainder of the school year purchases.
Curriculum and Instruction	AVID (Advanced Via Individual Determination) Center	College Readiness System	\$ 71,230.00	sole source	Reached \$50,000 threshold, current spend \$71,230; additional \$21,230 to cover overage.
Curriculum and Instruction	Kickup Inc.	Software for data collection-Mentor Program, First Year Teacher, Instruction Specialist, etc.	\$ 66,870.00	06-20	New vendor, new product, over \$50K expected spend.
Curriculum and Instruction / district wide	William H. Sadlier, Inc.	Classroom and Instructional Supplies- language arts phonics and reading resources	\$ 75,000.00	105-19	Prior board approved \$61,149, current spend \$65,519; additional \$13,851 to cover overage and to support the remainder of the school year purchases.
Curriculum and Instruction/ district wide	EAI Education	Classroom and Instructional Supplies- Math, Art, Science supplies	\$ 65,000.00	multiple bids	Reached \$50,000 threshold, current spend \$51,033; additional \$15,000 to cover overage and to support the remainder of the school year purchases.
District wide	Lightspeed IS, Inc.	Technology and Infrastructure Equipment	\$ 650,000.00	multiple bids	Prior board approved \$525,000, current spend \$624,095; additional \$125,000 to cover overage and to support the remainder of the school year purchases.
District wide	Reynolds Manufacturing Corp.	Classroom/Instructional supplies-art supplies	\$ 60,000.00	multiple bids	Reached \$50,000 threshold, current spend \$53,118; additional \$10,000 to cover overage and to support the remainder of the school year purchases.

ATTACHMENT
BUDGETED PURCHASES OF GOODS OR SERVICES COSTING \$50,000 OR MORE
NEISD BOARD MEETING MARCH 14, 2022

Category	Vendor(s) Name	Description of Goods/Services	Estimated Expenditures 2021-2022	Bid Compliance	Notes
District wide	University of Texas at Austin	Various items: Playoff venue fees, tests, curriculum, professional development trainings	\$ 90,000.00	State of Texas Higher Education	Prior board approved \$ 65,000, current spend \$81,839; additional \$25,000 to cover overage and to support the remainder of the school year purchases.
Maintenance	Building Controls & Solutions	HVAC Supplies/Parts	\$ 86,000.00	multiple bids	Reached \$50,000 threshold, current spend \$56,010; additional \$36,000 to cover overage and to support the remainder of the school year purchases.
Maintenance	Camfil USA	HVAC Supplies/Parts	\$ 150,000.00	92-18	Prior board approved \$ 85,000; Current spend \$90,118; additional \$65,000 to cover overage and to support the remainder of the school year purchases.
Maintenance	Johnson Controls	HVAC Parts	\$ 1,521,250.00	27-19	Prior board approved \$ 700,000, current spend \$ 1,021,249; additional \$821,250 to cover overage and to support the remainder of the school year purchases. 184
Maintenance	Southwaste Disposal, LLC	Grease Trap Cleaning	\$ 79,000.00	52-18	Prior board approved \$ 60,000; Current spend \$64,028; additional \$19,000 to cover overage and to support the remainder of the school year purchases.
Maintenance/ Construction Management	EMR Elevator	Elevator and wheel chair lift related work services and construction projects.	\$ 346,500.00	Buy Board co-op	Approaching prior board approved \$261,188, current spend \$221,388; additional \$85,312 to support the remainder of the school year purchases.
Management Information Systems	E Consulting, Inc.	Consulting	\$ 100,000.00	34-19	Reached \$50,000 threshold, current spend \$99,000; additional \$50,000 to cover overage and to support the remainder of the school year purchases.
Management Information Systems	KRONOS SAASHR, Inc	KRONOS Software and Equipment	\$ 140,000.00	Omnia Partners co-op	Prior board approved \$ 105,000, current spend \$ 138,102; additional \$35,000 to cover overage and to support the remainder of the school year purchases.

ATTACHMENT
BUDGETED PURCHASES OF GOODS OR SERVICES COSTING \$50,000 OR MORE
NEISD BOARD MEETING MARCH 14, 2022

Category	Vendor(s) Name	Description of Goods/Services	Estimated Expenditures 2021-2022	Bid Compliance	Notes
Print Services	Sharp Business Systems	Copier Parts/Service	\$ 535,000.00	78-19	Prior board approved \$ 382,000; Current spend \$383,792; additional \$153,000 to cover overage and to support the remainder of the school year purchases.
School Nutrition Services	SA Piazza & Associates LLC	Food Products	\$ 430,000.00	21-20	Prior board approved \$ 211,027; Current spend \$418,027; additional \$218,973 to cover overage and to support the remainder of the school year purchases.
School Nutrition Services	1st Choice Restaurant	Kitchen Equipment and Supplies	\$ 420,000.00	multiple bids	Prior board approved \$ 156,154; Current spend \$120,883; additional \$263,846 to support the remainder of the school year purchases.
School Nutrition Services	National Raisin Co.	Food Products	\$ 217,500.00	45-21	Prior board approved \$ 52,152, current spend \$ 217,152; additional \$165,348 to cover overage. 185
Transportation	Fleet Pride	Truck and trailer parts	\$ 150,000.00	16-20	Prior board approved \$ 54,000; Current spend \$116,409; additional \$96,000 to cover overage and to support the remainder of the school year purchases.
Transportation	Mobile Communications America	Radio communications	\$ 80,000.00	Buy Board Co-op	Reached \$50,000 threshold, current spend \$61,910; additional \$30,000 to cover overage and to support the remainder of the school year purchases.



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dan Villarreal
Valerie Rueda, Executive Director
Procurement & eCommerce

Subject: Bid Items

Related Page(s): Attachments

CONSENT ITEM

BACKGROUND INFORMATION

Texas Education Code §44.031 requires all school district contracts, except contracts for the purchase of produce or vehicle fuel, valued at \$50,000 or more in the aggregate for each 12-month period shall be made by one of the methods listed in the Code providing the best value for the district. Board Policy CH (LOCAL) states, "The Board delegates to the Superintendent or designee the authority to make budgeted purchases for goods or services. However, any single, budgeted purchase of goods or services costing \$50,000 or more, regardless of whether the goods or services are competitively purchased, shall require Board approval before a transaction may take place."

ADMINISTRATIVE CONSIDERATION

The following contracts are submitted for consideration:

- JOC #21-22 For as Needed General Building Addition and Renovations
- RFP# 16-22 Water Softener Services, Supplies and Maintenance
- RFCSP# 12-22 Campus Infrastructure Project
- RFP# 14-22 USDA Commodity Foods Processing and Commercial Pricing

BUDGETARY CONSIDERATION

Special Funds

JOC #21-22	\$3,000,000 - \$5,000,000
RFP# 16-22	\$100,000
RFCSP# 12-22	(Awaiting federal eRate approval for Funding)
RFP# 14-22	\$8,274,212,28

ADMINISTRATIVE RECOMMENDATION

The Superintendent recommends the bid items be approved as submitted.

BOARD ACTION REQUIRED

Approval/Disapproval

**JOB ORDER CONTRACT (JOC) FOR AS NEEDED GENERAL BUILDING
ADDITION AND RENOVATIONS**

On Tuesday, February 15, 2022 at 10:00 a.m., RFP #21-22 Job Order Contract (JOC) For As Needed General Building Addition and Renovations was opened. Bid responses were received from the following vendors:

VENDOR
Flo Aire Service
Gillette Air Conditioning Co., Inc.
L.C. Mosel Company
Marksmen General Contractors,
Nash Industries
R.L. Rohde General Contracting, Inc.
Waterman Construction, LLC

It is recommended the Job Order Contract (JOC) For As Needed General Building Addition and Renovations be awarded to the companies listed above.

The annual anticipated expenditure for 2021-2022 purchases is \$3,000,000 - \$5,000,000.

The recommended vendors meet the specifications and conditions established by the District.

Bid requests were mailed to all known companies and advertised in the Hart Beat Newspaper.

BUDGETARY CONSIDERATION

Funds for these purchases are budgeted in:	Bond Funds
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WATER SOFTENER SERVICES, SUPPLIES AND MAINTENANCE

On Tuesday, February 8, 2022, at 10:00 a.m., RFP #16-22 Water Softener Services, Supplies and Maintenance was opened. A bid response was received from the following vendor:

VENDOR
Culligan of San Antonio

It is recommended the RFP# 16-22 Water Softener Services, Supplies and Maintenance be awarded to the company listed above.

The annual anticipated expenditure for 2021-2022 purchases is \$100,000.

The recommended vendors meet the specifications and conditions established by the District.

Bid requests were mailed to all known companies and advertised in the Hart Beat Newspaper.

BUDGETARY CONSIDERATION

Funds for these purchases are budgeted in:	240-35-904-99-904-6269
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CAMPUS INFRASTRUCTURE PROJECT

On Monday, February 7, 2022 at 10:00 a.m., RFCSP #12-22 Campus Infrastructure Project was opened. Bid responses were received from the following vendors:

VENDOR
Ahead in the Cloud
Barcom
Brycomm
Cloud Ingenuity
Computer Solutions
GDT
Insight Public Sector Inc.
Intech Southwest Services
Layer3 Communications

It is recommended the Campus Infrastructure Project be awarded to Layer3 Communications.

The annual anticipated expenditure for 2021-2022 purchases is \$0 (awaiting federal eRate approval for funding).

The recommended vendors meet the specifications and conditions established by the District.

Bid requests were mailed to all known companies and advertised in the Hart Beat Newspaper.

BUDGETARY CONSIDERATION

Funds for these purchases are budgeted in:	ISF, Bond 2015, eRate
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USDA Commodity Foods Processing And Commercial Pricing RFP #14-22

On Wednesday, January 19, 2022 at 10:00 a.m. RFP #14-22 was received on the purchase of food products directly from manufacturers for District cafeterias. The proposal for food products, for the 2022-2023 school year, consists of **81** items ranging from entrées, grains fruits to vegetable for a total bid amount of **\$8,274,212.28**. It is recommended that the bid be awarded to the following companies for the various items for the total amounts shown. The recommendation is based on the lowest bid meeting specifications for each item.

Bid requests were mailed to all known companies and advertised in the Hart Beat Newspaper.

Vendor	No. of Items Awarded	Total
Alpha Foods Co.	2	\$457,301.88
Con Agra Brands, Inc.	3	\$397,700.10
Don Lee Farms	2	\$996,691.29
Gold Creek Foods	2	\$581,862.12
International Food Solutions, Inc.	1	\$90,573.00
Jennie-O Turkey Store Sales, LLC	4	\$204,279.30
JTM	2	\$177,373.22
Land O Lakes	7	\$664,714.16
McCain Foods	6	\$378,112.52
Michael Foods, Inc.	5	\$103,409.60
Nardone Brothers Pizza	2	\$472,815.00
National Food Group	5	\$89,171.64
Peterson Farms Fresh, LLC	1	\$144,495.00
Pilgrim's Pride Corporation	2	\$600,340.80
Red Gold LLC	9	\$230,049.46
Rich Products	7	\$430,616.17
Rodriguez Foods	1	\$251,708.80
S.A. Piazza & Assoc. LLC.	1	\$193,173.12
Schwan's Food Service, Inc.	1	\$37,784.32
Tasty Brands	8	\$378,189.00
Trident Seafoods	2	\$147,237.20
Tyson	8	\$1,246,614.58
Grand Total		\$8,274,212.28



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Anthony Mitchell
Garrett Sullivan
Executive Director, CM&E

Subject: District-Wide Environmental Services Indefinite
Delivery Quantity (IDQ) Bid Authorization Approval

Related Page(s): None

CONSENT ITEM

BACKGROUND INFORMATION

The District-Wide Environmental Services Indefinite Delivery Quantity (IDQ) Contract is a quick-response contract employed by the Engineering Department to provide immediate response in addressing asbestos and lead abatement, mold remediation, and light fixture ballast disposal environmental services identified within District facilities. This IDQ delivery method provides an on-call response for both emergency and routine environmental services reported through the District work order system. The contract is valid for a 5-year term.

BUDGETARY CONSIDERATION

Funds for this work are allocated within the Maintenance and Operations Engineering Department Contracted Services Account. Expenditures for the District-Wide Environmental Services IDQ contract are budgeted not to exceed \$500,000.00 annually.

RECOMMENDATION

It is recommended that the Board of Trustees approve the bid documents for the Environmental Services Indefinite Delivery Quantity (IDQ) Contract and authorize use of the Request for Competitive Sealed Proposal bid delivery method for bidding this project.

BOARD ACTION REQUIRED

Approval/Disapproval



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Anthony Mitchell
Garrett Sullivan
Executive Director, CM&E

Subject: ESSER-III Funds HVAC Unit Ventilator and Energy Recovery Related Page(s): Attachment
Unit Replacement Project Bid Package C (5 Campuses)
Bid Award Approval

CONSENT ITEM

BACKGROUND INFORMATION

ESSER-III Funds are available to provide for classroom HVAC Unit Ventilator and Energy Recovery Unit Replacement at 5 campuses (Bid Package C) during the 2022 summer period. Bids were received for Bid Package C from 4 vendors (Comfort-Air Engineering, Flo-Aire Service, Gillette Air Conditioning Company, and L.C. Mosel Company) on Wednesday, February 23, 2022. This project will replace the classroom unit ventilators and energy recovery units at the following campuses: Colonial Hills, Dellview, Jackson-Keller, and Olmos Elementary Schools, and Legacy of Education Excellence High School. Cleary Zimmermann Engineers will serve as the project engineer for this bid package.

ADMINISTRATIVE CONSIDERATION

This is an approved project within the ESSER-III Program.

BUDGETARY CONSIDERATION

Funds for this project are included in the ESSER-III Program. The approved construction budget for Bid Package C equals \$4,400,000.00. Total bid costs for Bid Package C equaled \$4,590,272.00 which includes equipment manufacturing/delivery by Trane at \$1,773,506.00 and construction/installation by Comfort Air Engineering, Flo-Aire Service, and L.C. Mosel Company at a total cost of \$2,816,766.00. The total construction cost for the HVAC Unit Ventilator and Energy Recovery Unit Replacement Project Bid Package C equals \$4,590,272.00 as compared to the construction budget of \$4,400,000.00 resulting in an overall budget shortfall of \$190,272.00. ESSER-III contingency funds are available to cover the bid-budget shortage.

RECOMMENDATION

It is recommended that the Board of Trustees approve the construction bids and equipment purchases for the HVAC Unit Ventilator and Energy Recovery Unit Replacement Project Bid Package C as follows: Comfort-Air Engineering (Bid # 22-21) for a total bid cost of \$672,400.00 (1 campus), Flo-Aire Service (Bid #21-22) for a total bid cost of \$1,039,877.00 (2 campuses), L.C. Mosel Company (Bid # 21-22) for a total bid cost of \$1,104,489.00 (2 campuses), and Trane, Inc. (Bid # 57-20) for a total bid cost of \$1,773,506.00 as shown on the accompanying Bid Attachment. Additionally, it is recommended that the Board of Trustees grant the Superintendent, Chief Operations Officer, and the Executive Director for Construction Management and Engineering authority to execute the contracts in support of this project.

BOARD ACTION REQUIRED

Approval/Disapproval

BID ATTACHMENT

BID TAB: HVAC Unit Ventilator Replacement Project - Bid Package C

BID DATE: Feb. 23, 2022 @ 11 AM

Campus	Flo-Aire	Comfort-Air	L.C. Mosel	Gillette	Low Quote	Bidder	# of UV	# of ERU
Colonial Hills	\$ 557,950	\$ 618,800	\$ 497,772	\$ 995,745	\$ 557,950	Flo-Aire	29	19
Dellview	No Bid	\$ 644,000	\$ 545,486	\$ 1,070,475	\$ 545,486	Comfort-Air	33	28
Jackson-Keller	\$ 481,927	\$ 588,400	\$ 477,073	\$ 825,823	\$ 481,927	Flo-Aire	20	19
Olmos	No Bid	\$ 672,400	\$ 536,036	\$ 1,065,759	\$ 672,400	L.C. Mosel	31	31
L.E.E.	No Bid	\$ 687,300	\$ 559,003	\$ 984,259	\$ 559,003	Comfort-Air	26	19 21
Note: L.C. Mosel Company bid qualifications stipulated contract award of only two campuses (max) based on work awarded in Bid Packages A and B.								
Trane	Trane Unit Ventilator Equipment Purchase Cost = \$1,329,118.00 / TRANE ERU Equipment Purchase Cost = \$444,388.00						139	118
Package C Grand Total Equipment Purchase and Installation Cost =				\$4,590,272.00				



NORTH EAST INDEPENDENT SCHOOL DISTRICT

Date: March 14, 2022

Presenter: Dr. Anthony J. Mitchell
Garrett Sullivan
Executive Director, CM&E

Subject: ESSER-III Funds Madison High School Central Plant
Chiller Replacement Project Bid Award Approval

Related Page(s): Attachment

CONSENT ITEM

BACKGROUND INFORMATION

ESSER-III Funds are available to replace the chillers at the Madison High School central plant during the 2022 summer period. Bids were received for this project from 2 vendors (L.C. Mosel Company and Marksmen General Contractors) on Monday, February 28, 2022. This project will replace three existing 400-ton chillers with three new 500-ton chillers. As a result of the increased chiller capacity, the central plant chiller yard will be expanded and reorganized to provide appropriate chiller separation for proper air flow circulation and operation.

ADMINISTRATIVE CONSIDERATION

This is an approved project within the ESSER-III Program.

BUDGETARY CONSIDERATION

Funds for this project are included in the ESSER-III Program. The total approved construction budget for the project equals \$2,200,000.00 with total bid costs received equaling \$2,925,000.00. ESSER-III contingency funds are available to support the bid-budget shortfall of \$725,000.00.

RECOMMENDATION

It is recommended that the Board of Trustees approve the construction bid from Marksmen General Contractors for a total bid cost of \$2,925,000.00 which includes the Base Bid (\$2,855,000.00), Alternate #6 (\$40,000.00), Alternate #7 (\$30,000.00) and a District construction contingency of \$50,000.00. It is further recommended that the Board of Trustees grant the Superintendent, Chief Operations Officer, and the Executive Director for Construction Management and Engineering authority to execute the contract in support of this project.

BOARD ACTION REQUIRED

Approval/Disapproval

BID TAB: MADISON HIGH SCHOOL CENTRAL PLANT CHILLER REPLACEMENT PROJECT
BID DATE: FEB. 28, 2022 @ 2:00 PM

Consultant: MEP Engineering

Bidder #	General Contractor	Base Bid Cost	Alt #6 Bid Cost	Alt #7 Bid Cost	Total Award Bid Cost
1	Marksmen General Contractors	\$ 2,855,000	\$ 40,000	\$ 30,000	\$ 2,925,000.00
2	L.C. Mosel Company	\$ 3,263,985	\$ 26,400	\$ 6,000	\$ 3,296,385.00
3	CGC General Contractors	No Bid	No Bid	No Bid	No Bid
4	Comfort-Air Engineering	No Bid	No Bid	No Bid	No Bid
5	Flo-Aire Service	No Bid	No Bid	No Bid	No Bid
6	Gillette Air Conditioning Company	No Bid	No Bid	No Bid	No Bid

Board-Approved Construction Budget = \$2,200,000.00

Bidder #	General Contractor	Alt #1 Bid Cost	Alt #2 Bid Cost	Alt #3 Bid Cost	Alt #4 Bid Cost
1	Marksmen General Contractors	Not Used	Not Used	\$ 155,000	\$ 86,000
2	L.C. Mosel Company	Not Used	Not Used	\$ 176,283	\$ 155,772
3	CGC General Contractors	Not Used	Not Used	No Bid	No Bid
4	Comfort-Air Engineering	Not Used	Not Used	No Bid	No Bid
5	Flo-Aire Service	Not Used	Not Used	No Bid	No Bid
6	Gillette Air Conditioning Company	Not Used	Not Used	No Bid	No Bid

Bidder #	General Contractor	Alt #5 Bid Cost	Alt #6 Bid Cost	Alt #7 Bid Cost	Alt #8 Bid Cost
1	Marksmen General Contractors	\$ 175,000	\$ 40,000	\$ 30,000	\$ 69,000
2	L.C. Mosel Company	\$ 228,921	\$ 26,400	\$ 6,000	\$ 35,520
3	CGC General Contractors	No Bid	No Bid	No Bid	No Bid
4	Comfort-Air Engineering	No Bid	No Bid	No Bid	No Bid
5	Flo-Aire Service	No Bid	No Bid	No Bid	No Bid
6	Gillette Air Conditioning Company	No Bid	No Bid	No Bid	No Bid

- Alternate #1: Not Used
- Alternate #2: Not Used
- Alternate #3: Provide New Hot Water Pumps and Accessories
- Alternate #4: Provide New Natural Gas Generator
- Alternate #5: Provide New Secondary Pumps and Accessories
- Alternate #6: Provide Concrete Flat Work around Existing Chiller Pads in both Chiller Yards
- Alternate #7: Relocate Underground Gas Utility 195
- Alternate #8: Provide All New Concrete Flat Work in both Chiller Yards