



Little Elm ISD

Regular Meeting

Monday, February 19, 2018 6:30 PM

Agenda of Regular Meeting

The Board of Trustees Little Elm ISD

A Regular Meeting of the Board of Trustees of Little Elm ISD will be held February 19, 2018, beginning at 6:30 PM in the Zellars Center for Learning and Leadership.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

1. Call to Order Open Session in the Board Room at Zellars Center for Learning and Leadership on 300 Lobo Lane, Little Elm, Texas 75068.
2. Pledge of Allegiance
3. Invocation
4. Introduction and Roll Call
5. Approval of Minutes
 - A. Discuss and approve the Special Board Meeting Minutes - 2-09-2018 6
Presenter: Sonia F. Badillo
 - B. Discuss and approve the Regular Board Meeting Minutes - 1-22-2018 8
Presenter: Sonia F. Badillo
 - C. Discuss and approve the Public Hearing Meeting Minutes 1-22-2018 13
Presenter: Sonia F. Badillo
6. Superintendent Spotlight
 - A. Hackberry Elementary
Presenter: Stephen Richardson
 - B. Brent Elementary
Presenter: Virginia Gwyn
 - C. Little Elm High School Students of the Month
Presenter: Renee Pentecost
 - D. Superintendent's Recognition
Presenter: Daniel Gallagher
7. Citizen Input
Audience participation shall be permitted at regular Board meetings and shall be limited to the public comment portion designated for that purpose
8. Reports of the Superintendent
 - A. Report on Commitment to Excellence Process 16
Presenter: Dr. Cyndy A. Mika

B. Introductions for New LEISD Leadership Positions	17
Presenter: Ross Roberts	
C. LEISD Re-Defining College, Career, and Life Ready	18
Presenter: Ross Roberts	
9. Discussion Items	
A. Reports Requested by LEISD Board of Trustees	
1. LEISD Education Foundation Report	
Presenter: Amy Hillock	
10. The Board will recess into Closed Meeting in PL1 as permitted by the Texas Open Meetings Act Code Subchapter 551.076, 551.072 and 551.074. The Board and Superintendent will discuss:	
A. Personnel	
B. Land	
C. Safety and Security	
11. Action Items	
A. Discuss and approve the Five Paraprofessional FTEs	19
Presenter: Cleota Epps	
B. Discuss and approve the One Student Resource Officer FTE	20
Presenter: Cleota Epps	
C. Discuss and approve the Joint Election Agreement and Contract for Election Services with Denton County	21
Presenter: Sonia F. Badillo	
D. Discuss and approve the Order Authorizing Issuance of Bonds	31
Presenter: Grant Anderson	
E. Discuss and approve the Financial Reports	71
Presenter: Grant Anderson	
F. Discuss and approve the Little Elm ISD Interlocal Summary Report	98
Presenter: Grant Anderson	
G. Discuss and approve the Little Elm ISD Contract Summary Report	100
Presenter: Grant Anderson	
H. Discuss and approve the Little Elm ISD Expenditures over \$50,000 Summary Report	102
Presenter: Grant Anderson	
12. Consent Agenda	
A. Discuss and approve the Personnel Memo	104
Presenter: Cleota Epps	
B. Discuss and approve Maximum Class Size Exemption - Class Size Waivers	105
Presenter: Cleota Epps	
C. Discuss and approve the Annual Investment Report	106
Presenter: Grant Anderson	
D. Discuss and approve the Gifts and Donations	186
Presenter: Grant Anderson	
13. Board President Comments	
Presenter: Melissa Myers	

- 14. Board Comments
- 15. Superintendent Comments
- 16. Adjournment

If, during the course of the meeting, the Board of Trustees should determine that a closed meeting should be conducted, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Texas Government Code Section 551.001 et seq. The meeting will be held by the School Board at the date, hour, and place given in this Notice or as soon after the commencement of the meeting covered by this Notice as the School Board may conveniently meet in such closed or executive meeting or session concerning any and all purposes permitted by the Act, including, but not limited to the following sections and purposes:

Texas Government Code Section:

551.071	Private consultation with the Board’s attorney.
551.072	Discussing purchase, exchange, lease, or value of real property.
551.073	Discussing negotiated contracts for prospective gifts or donations.
551.074	Discussing personnel or to hear complaints against personnel.
551.075	To confer with employees of the school district to receive information or to ask questions.
551.076	Considering the deployment, specific occasions, for or implementation of security personnel or devices.
551.082	Considering discipline of a public school child, or complaint or charge against personnel.
551.0821	Considering personally identifiable information about public school student.
551.083	Considering the standards, guidelines, terms, or conditions the board will follow, or will instruct its representatives to follow, in consultation with representatives of employees groups,
551.084	Excluding witnesses from a hearing.

Before any closed meeting is convened, the presiding officer will publicly identify the section or sections or the Act authorizing the closed meeting.

Should any final action, final decision, or final vote be required in the opinion of the School Board with regard to any matter considered in such closed or executive session, then the final action, final decision, or final vote shall be either:

- (a) in the open meeting covered by the Notice upon the reconvening of the public meeting, or
- (b) at a subsequent public meeting of the School Board upon notice thereof; as the School Board shall determine.

Superintendent

Administration Building 72 hours prior to the scheduled meeting.

Sonia Badillo

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	SPECIAL BOARD MEETING MINUTES - February 9, 2018.				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Board Meeting Minutes for February 9, 2018.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	Meeting Minutes				
Recommendation:	The Administration recommends the approval of the Special Board Meeting Minutes for February 9, 2018.				
Motion:	I move that the Board approve the attached Special Board Meeting Minutes for February 9, 2018.				

Minutes of Special Meeting

The Board of Trustees Little Elm ISD

A Special Meeting of the Board of Trustees of Little Elm ISD was held Friday, February 9, 2018, beginning at 8:15 AM in the Zellars Center for Learning and Leadership.

PRESENT: Board President Melissa Myers, Board Secretary Jason Olson, Trustee DeLeon English, Trustee LeAnna Harding, and Superintendent Daniel Gallagher.

ABSENT: Board Vice President David Montemayor, Trustee Dan Blackwood, and Trustee Alejandro Flores.

1. Call to Order Open Session in the Board Room at Zellars Center for Learning and Leadership on 300 Lobo Lane, Little Elm, Texas 75068. Board President Melissa Myers called the meeting to order at 8:16 pm.
2. Introduction and Roll Call
Ms. Cecelia Jones took roll call
3. Action Item
 - A. Discuss and approve the Resolution Ordering Trustee Election
Trustee LeAnna Harding made the first motion to approve the Resolution Ordering Trustee Election. Trustee DeLeon English seconded the motion. The motion passed (4-0).
4. Adjournment
Trustee LeAnna Harding made the first motion to adjourn the meeting. Trustee DeLeon English seconded the motion. The motion passed (4-0).
The meeting adjourned at 8:18 pm.

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	REGULAR BOARD MEETING MINUTES - January 22, 2018.				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Board Meeting Minutes for January 22, 2018.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	Meeting Minutes				
Recommendation:	The Administration recommends the approval of the Regular Board Meeting Minutes for January 22, 2018.				
Motion:	I move that the Board approve the attached Regular Board Meeting Minutes for January 22, 2018.				

Minutes of Regular Meeting

The Board of Trustees Little Elm ISD

A Regular Meeting of the Board of Trustees of Little Elm ISD was held Monday, January 22, 2018, beginning at 6:30 PM in the Zellars Center for Learning and Leadership.

PRESENT: Board President Melissa Myers, Board Secretary Jason Olson, Trustee Dan Blackwood, Trustee LeAnna Harding, Trustee Alejandro Flores, Trustee DeLeon English, and Superintendent Daniel Gallagher.

ABSENT: Board Vice President David Montemayor.

1. Call to Order Open Session in the Board Room at Zellars Center for Learning and Leadership on 300 Lobo Lane, Little Elm, Texas 75068. Board President Melissa Myers called the meeting to order at 6:31 pm.
2. Pledge of Allegiance
The Board led those in attendance to the Pledges of The United States Flag and The Texas State Flag.
3. Invocation
Brad Sudden from Point Church offered the invocation.
4. Introduction and Roll Call
Ms. Sonia F. Badillo took roll call.
5. Approval of Minutes
 - A. Discuss and approve the Special Board Meeting Minutes - 11/17/2017
 - B. Discuss and approve the Public Hearing Meeting Minutes - 12/18/2017
 - C. Discuss and approve the Regular Board Meeting Minutes - 12/18/2017
Trustee LeAnna Harding made the first motion to approve the minutes with a change that needs to be corrected on the Public Hearing Minutes. Trustee DeLeon English seconded the motion. The motion passed (6-0).
6. Superintendent Spotlight
 - A. Lakeview Elementary School
Principal Kelley Carr presented to the Board the 5th Grade Student Led Conference.
 - B. Chavez Elementary Spotlight
Principal Doug Sevier presented to the Board the Chavez choir. The students performed a few songs for the Board and those present.

- C. Little Elm High School Students of the Month
 - Ms. Renee Pentecost presented the students of the month awards to Teddy Kamara and Beatriz Pintor.
 - Superintendent Daniel Gallagher recognized Board Members for their time, effort and dedication to serve our District.
- 7. Citizen Input
 - There was no citizen input.
- 8. Reports of the Superintendent
 - A. Naming Facilities
 - Mr. Ross Roberts shared with the Board the procedures for Naming LEISD Facilities. There will be a Name Submission Form.
 - B. Update on Hilltown
 - This item was pulled from the agenda.
- 9. The Board recessed into Closed Meeting at 7:13 pm in PL1 as permitted by the Texas Open Meetings Act Code Subchapter 551.072 and 551.074. The Board and Superintendent discussed:
 - A. Personnel
 - B. Land
 - The Board reconvened at 8:01 pm.
- 10. Action Items
 - A. Discuss and approve Foreign Exchange Student Waiver (Revised)
 - Mr. Ross Roberts shared with the Board the Revised Foreign Exchange Student Waiver. This allows the district to limit the number of foreign exchange students to five.
 - Board Secretary Jason Olson made the first motion to approve the Revised Foreign Exchange Student Waiver as submitted. Trustee Dan Blackwood seconded the motion. The motion passed (6-0).
 - B. Discuss and approve Three Special Education Paraprofessional FTEs
 - Mr. Ross Roberts briefed the Board about the Three Special Education Paraprofessional FTEs. This is to meet the need due to increased student population.
 - Trustee LeAnna Harding made the first motion to approve the Three Special Education Paraprofessional FTEs as submitted. Trustee DeLeon English seconded the motion. The motion passed (6-0).
 - C. Discuss and approve the Change Policy EIF (LOCAL) - Foundation Program to Match District Expectation of One-Half Health Credit and one-Half Student Success Credit
 - Dr. Ashley Glover shared with the Board the Change Policy EIF (LOCAL) - Foundation Program to Match District Expectation of One-Half Health Credit and one-Half Student Success Credit. This policy change will identify Health and Student Success as local credit required by Little Elm ISD whereas the current policy for the Foundation Program requires completion of one credit in

addition to the number of credits mandated by the state of Texas, but does not identify the local coursed.

Trustee Dan Blackwood made the first motion to approve the Change Policy EIF (LOCAL) - Foundation Program to Match District Expectation of One-Half Health Credit and one-Half Student Success Credit as submitted. Board Secretary Jason Olson seconded the motion. The motion passed (6-0).

D. Discuss and approve the Financial Reports

Mr. Grant Anderson shared with the Board the Financial Reports. The report included the following:

Little Elm ISD Financial Reports

- Notes to financials
- Fund Balance Analysis
- 2017-18 General Fund Budget Recap
- General Fund Budget to Actual Summary as of November 2017
- General Fund – Cash Flow November 2017
- Capital Projects
- Financials in Board Packet

Board Secretary Jason Olson made the first motion to approve the Financial Reports as submitted. Trustee LeAnna Harding seconded the motion. The motion passed (6-0).

11. Consent Agenda

A. Discuss and approve the Maximum Class Size Exemption - Class Size Waivers

B. Personnel Memo

C. Discuss and approve Gifts and Donations

D. Discuss and approve the Annual Report 2016-2017

Trustee LeAnna Harding made the first motion to approve the Consent Agenda as submitted. Trustee Alejandro Flores seconded the motion. The motion passed (6-0)

12. Board President Comments

Ms. Melissa Myers approached the Board about the following:

A. Board Operating Procedures

- Workshop Dates
- Team of 8 Training
- Effective Board Practice
- Thank you everybody for the gifts
- Chavez Breakfast

13. Board Comments

Trustee DeLeon English thanked everyone for gifts. He also mentioned the success of the basketball teams and the success of science and math night. Mr. English also would like to see a social committee to raise funds.

Trustee Alejandro Flores thanked everyone for everything.

Board Secretary Jason Olson complemented Chavez for their Rock the Rocket. Mr. Olson is also very happy that the district will be paying for all the juniors SAT.

Trustee LeAnna Harding thanked everyone for the gifts. Ms. Myers would like to see the definition of citizen input on the agenda.

Trustee Dan Blackwood thanked everyone for the gifts. He commented on Dr. Cindy Mike and her hard work on the accountability scores. The dash board is amazing as well, Mr. Blackwood said.

14. Superintendent Comments

Mr. Gallagher commented on the following:

- Thank you Board for what you do
- Dash Board information great
- Board is very supportive

15. Adjournment

Trustee DeLeon English made the first motion to adjourn the meeting. Trustee LeAnna Harding seconded the motion. The motion passed (6-0).

The meeting adjourned at 8:30 pm.

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	PUBLIC HEARING BOARD MEETING MINUTES - January 22, 2018				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Board Meeting Minutes for January 22, 2018.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	Meeting Minutes				
Recommendation:	The Administration recommends the approval of the Special Board Meeting Minutes for January 22, 2018.				
Motion:	I move that the Board approve the attached Special Board Meeting Minutes for January 22, 2018.				

Minutes of Public Hearing

The Board of Trustees Little Elm ISD

A Public Hearing of the Board of Trustees of Little Elm ISD was held Monday, January 22, 2018, beginning at 5:30 PM in the Zellars Center for Learning and Leadership.

PRESENT: President Melissa Myers, Board Secretary Jason Olson, Trustee LeAnna Harding, Trustee Dan Blackwood, Trustee DeLeon English, and Superintendent Daniel Gallagher.

ABSENT: Board Vice President David Montemayor.

LATE: Trustee Alejandro Flores.

1. Call to Order Open Session in the Board Room at Zellars Center for Learning and Leadership on 300 Lobo Lane, Little Elm, Texas 75068. Board President Melissa Myers called the meeting to order at 5:30 pm.
2. Introduction and Roll Call
There was no introduction.
3. Annual Report 2016-2017
Dr. Cyndy A. Mika briefed the Board about the Annual Report 2016-17.
The report included the following:
 - 7 Sections to the Annual Report
 - 1 2016-17 Texas Academic Performance Report (TAPR)
 - Grade 3-8 STAAR Results
 - End of Course STAAR Results
 - STAAR Results Summarized Across All Grades and Subjects
 - Student Success Initiative
 - English language Learners STAAR Performance
 - STAAR Participation
 - Attendance Rate
 - Graduation Rate
 - Annual Drop Out Rate
 - Graduated with Recommended HS Plan/Distinguished Academic Plan/Foundation High School Plan/Foundation High School Plan with Endorsement
 - Advanced Course/Dual Credit Course Completion (2015/16)
 - College Ready Graduates (2015/16)
 - College and Career Ready Graduates
 - CTE Coherent Sequence Graduates
 - Advanced Placement (2015/2016)
 - AP Participation

- AP Results
- SAT Results (Class of 2016)
- ACT Results (Class of 2016)
- About Our Staff (2016-2017)
- Professional Staff Comparison to State
- Staff Demographics (from TAPR)
- Average Class Size
- PEIMS Financial Standard Report
- 2016-17 District Accreditation Status
- Campus Performance Objectives
- Report on Violent or Criminal Incidents
- Student Performance in Postsecondary Institutions
- TAPR Glossary
- Resource and Availability of Annual Report

4. Citizen Input

There was no citizen input

5. Adjournment

The public hearing adjourned at 6:23 pm.

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
02-19-2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	REPORT ON COMMITMENT TO EXCELLENCE PROCESS				
Presenter or Contact Person:	Dr. Cyndy A. Mika, Assistant Superintendent for School Improvement and Accountability				
Policy/Code:	N/A				
Summary:	This year in Little Elm ISD, we began the Commitment to Excellence Process with our campuses. This report will serve as our mid-year review of the implementation of the Commitment to Excellence Process.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:					
Recommendation:	Item is for informational purposes only. No recommendation is necessary.				
Motion:	Item is for informational purposes only. No motion is necessary.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 2-19-2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	INTRODUCTIONS FOR NEW LEISD LEADERSHIP POSITIONS				
Presenter or Contact Person:	Ross Roberts, Deputy Superintendent				
Policy/Code:	N/A				
Summary:	LEISD Administration has prepared introductions for our new FamiLE leadership members. Introductions will be made for our new Coordinator for CTE/Fine Arts and Electives, Executive Director for Construction and Operations, and the Director for Curriculum and Instruction.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	N/A				
Recommendation:	Item is for informational purposes only. No motion is necessary.				
Motion:	Item is for informational purposes only. No motion is necessary.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
2-19-2018	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	LEISD RE-DEFINING COLLEGE, CAREER, AND LIFE READY				
Presenter or Contact Person:	Ross Roberts, Deputy Superintendent				
Policy/Code:	EHAC (Legal)				
Summary:	LEISD's Coordinator for K-12 College Readiness, Mrs. Keisha Brown, will update our LEISD Board of Trustees on the District's, "LEISD Re-Defining College Ready, Career Ready, and Life Ready" profile for our LEISD learners.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	N/A				
Recommendation:	Item is for informational purposes only. No motion is necessary.				
Motion:	Item is for informational purposes only. No motion is necessary.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date 2-19-2018	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Subject:	FIVE PARAPROFESSIONAL FTE				
Presenter or Contact Person:	Cleota Epps Assistant Superintendent for Human Resource & Student Services				
Policy/Code:	DCA, DCB, DC, and DCE, as appropriate				
Summary:	Addition of five paraprofessional positions: <ul style="list-style-type: none">• Support for Curriculum & Learning Department• Support for Construction & Operations (Bond)• Little Elm High School Security (3)<ul style="list-style-type: none">○ Evenings 3-11 (2)○ Overnight 11-7 (1)				
Financial Implications:	\$150,000				
Attachments:	None				
Recommendation:	The Administration recommends approval of the five paraprofessional FTEs, as submitted.				
Motion:	I move the Board approve the five paraprofessional FTEs, as submitted.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	ONE STUDENT RESOURCE OFFICER FTE				
Presenter or Contact Person:	Cleota Epps Assistant Superintendent for Human Resource & Student Services				
Policy/Code:	DCA, DCB, DC, and DCE, as appropriate				
Summary:	Addition of one Student Resource Officer FTE				
Financial Implications:	\$80,000				
Attachments:	None				
Recommendation:	The Administration recommends approval of one Student Resource Officer FTEs, as submitted.				
Motion:	I move the Board approve one Student Resource Officer FTE, as submitted.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Business Item	Consent Agenda	Reports, Routine Monthly	Action
02-19-2018	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Subject:	Joint Election Agreement and Contract for Election Services with Denton County				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Yearly Joint Election Agreement and Contract for Election Services with Denton County.				
Financial Implications:	Around \$10,000.				
Attachments:	Denton County Contract				
Recommendation:	The Administration recommends the approval of the Joint Election Agreement and Contract for Election Services with Denton County.				
Motion:	I move that the Board approve the Joint Election Agreement and Contract for election Services with Denton County.				

JOINT ELECTION AGREEMENT AND CONTRACT FOR ELECTION SERVICES

THIS CONTRACT for election services is made by and between the Denton County Elections Administrator and the following political subdivisions located entirely or partially inside the boundaries of Denton County:

{Insert Entities Here}

This contract is made pursuant to Texas Election Code Sections 31.092 and 271.002 and Texas Education Code Section 11.0581 for a joint May 5, 2018 election to be administered by Frank Phillips, Denton County Elections Administrator, hereinafter referred to as "Elections Administrator."

RECITALS

Each participating authority listed above plans to hold a general and/or special election on May 5, 2018.

The County owns the Hart InterCivic Verity Voting System, which has been duly approved by the Secretary of State pursuant to Texas Election Code Chapter 122 as amended, and is compliant with the accessibility requirements for persons with disabilities set forth by Texas Election Code Section 61.012. The contracting political subdivisions desire to use the County's electronic voting system and to compensate the County for such use and to share in certain other expenses connected with joint elections in accordance with the applicable provisions of Chapters 31 and 271 of the Texas Election Code, as amended.

NOW THEREFORE, in consideration of the mutual covenants, agreements, and benefits to the parties, IT IS AGREED as follows:

I. ADMINISTRATION

The parties agree to hold a "Joint Election" with each other in accordance with Chapter 271 of the Texas Election Code and this agreement. The Denton County Elections Administrator shall coordinate, supervise, and handle all aspects of administering the Joint Election as provided in this agreement. Each participating authority agrees to pay the Denton County Elections Administrator for equipment, supplies, services, and administrative costs as provided in this agreement. The Denton County Elections Administrator shall serve as the administrator for the Joint Election; however, each participating authority shall remain responsible for the decisions and actions of its officers necessary for the lawful conduct of its election. The Elections Administrator shall provide advisory services in connection with decisions to be made and actions to be taken by the officers of each participating authority as necessary.

It is understood that other political subdivisions may wish to participate in the use of the County's Verity voting system and polling places, and it is agreed that the Elections Administrator may enter into other contracts for election services for those purposes on terms and conditions generally similar to those set forth in this contract. In such cases, costs shall be pro-rated among the participants according to Section XI of this contract.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating authorities shall share a mutual ballot in those polling places where jurisdictions overlap.

II. LEGAL DOCUMENTS

Each participating authority shall be responsible for the preparation, adoption, and publication of all required election orders, resolutions, notices, and any other pertinent documents required by the Texas Election Code and/or the participating authority's governing body, charter, or ordinances, except that the Elections Administrator shall be responsible for the preparation and publication of all voting equipment testing notices that are required by the Texas Election Code. Election orders should include language that would not necessitate amending the order if any of the Early Voting and/or Election Day polling places change.

Preparation of the necessary materials for notices and the official ballot shall be the responsibility of each participating authority, including translation to languages other than English. Each participating authority shall provide a copy of their respective election orders and notices to the Denton County Elections Administrator.

III. VOTING LOCATIONS

The Elections Administrator shall select and arrange for the use of and payment for all Early Voting and Election Day voting locations. Voting locations will be, whenever possible, the usual voting location for each election precinct in elections conducted by each participating city, and shall be compliant with the accessibility requirements established by Election Code Section 43.034 and the Americans with Disabilities Act (ADA). All Early Voting and Election Day locations shall be located in Denton County. The proposed voting locations are listed in Attachment A of this agreement. In the event that a voting location is not available or appropriate, the Elections Administrator will arrange for the use of an alternate location. The Elections Administrator shall notify the participating authorities of any changes from the locations listed in Attachment A.

If polling places for the May 5, 2018 joint election are different from the polling place(s) used by a participating authority in its most recent election, the authority agrees to post a notice no later than May 4, 2018 at the entrance to any previous polling places in the jurisdiction stating that the polling location has changed and stating the political subdivision's polling place names and addresses in effect for the May 5, 2018 election. This notice shall be written in both the English and Spanish languages.

IV. ELECTION JUDGES, CLERKS, AND OTHER ELECTION PERSONNEL

Denton County shall be responsible for the appointment of the presiding judge and alternate judge for each polling location. The Elections Administrator shall make emergency appointments of election officials if necessary.

Upon request by the Elections Administrator, each participating authority agrees to assist in recruiting polling place officials who are bilingual (fluent in both English and Spanish). In compliance with the Federal Voting Rights Act of 1965, as amended, each polling place containing more than 5% Hispanic population as determined by the 2010 Census shall have one or more election official who is fluent in both the English and Spanish languages. If a presiding judge is not bilingual, and is unable to appoint a bilingual clerk, the Elections Administrator may recommend a bilingual worker for the polling place. If the Elections Administrator is unable to recommend or recruit a bilingual worker, the participating authority or authorities served by that polling place shall be responsible for recruiting a bilingual worker for translation services at that polling place.

The Elections Administrator shall notify all election judges of the eligibility requirements of Subchapter C of Chapter 32 of the Texas Election Code, and will take the necessary steps to insure that all election judges appointed for the Joint Election are eligible to serve.

The Elections Administrator shall arrange for the training and compensation of all election judges and clerks. Election judges and clerks who attend voting equipment training and/or procedures training shall be compensated at the rate of \$9 per hour.

The Elections Administrator shall arrange for the date, time, and place for presiding election judges to pick up their election supplies. Each presiding election judge will be sent a letter from the Elections Administrator notifying him of his appointment, the time and location of training and distribution of election supplies, and the number of election clerks that the presiding judge may appoint.

Each election judge and clerk will receive compensation at the hourly rate established by Denton County (\$11 an hour for presiding judges, \$10 an hour for alternate judges, and \$9 an hour for clerks) pursuant to Texas Election Code Section 32.091. The election judge, or his designee, will receive an additional sum of \$25.00 for returning the supplies and equipment to the central counting station after the polls close.

The Elections Administrator may employ other personnel necessary for the proper administration of the election, including such part-time help as is necessary to prepare for the election, to ensure the timely delivery of supplies during early voting and on Election Day, and for the efficient tabulation of ballots at the central counting station. Part-time personnel working as members of the Early Voting Ballot Board and/or central counting station on election night will be compensated at the hourly rate set by Denton County in accordance with Election Code Sections 87.005, 127.004, and 127.006.

V. PREPARATION OF SUPPLIES AND VOTING EQUIPMENT

The Elections Administrator shall arrange for all election supplies and voting equipment including, but not limited to, the County's Verity voting system and equipment, sample ballots, voter registration lists, and all forms, signs, maps and other materials used by the election judges at the voting locations. Any additional required materials (required by the Texas Election Code) must be provided by the entity, and delivered to the Elections Office 33 days (April 2, 2018) prior to Election Day. If this deadline is not met, the materials must be delivered by the entity, to all Early Voting and Election Day locations affected, prior to voting commencing. The Elections Administrator shall ensure availability of tables and chairs at each polling place and shall procure rented tables and chairs for those polling places that do not have tables and/or chairs. The Elections Administrator shall be responsible for conducting all required testing of the voting equipment, as required by Chapters 127 and 129 of the Texas Election Code.

At each polling location, joint participants shall share voting equipment and supplies to the extent possible. The participating parties shall share a mutual ballot in those precincts where jurisdictions overlap. Multiple ballot styles shall be available in those shared polling places where jurisdictions do not overlap. The Elections Administrator shall provide the necessary voter registration information, maps, instructions, and other information needed to enable the election judges in the voting locations that have more than one ballot style to conduct a proper election.

Each participating authority shall furnish the Elections Administrator a list of candidates and/or propositions showing the order and the exact manner in which the candidate names and/or proposition(s) are to appear on the official ballot (including titles and text in each language in which the authority's ballot is to be printed). Said list must be in a Word document, the information must be in an upper and lower case format, be in an Arial 10 point font, and contain candidate information for the purposes of verifying the pronunciation of each candidate's name. Each participating authority shall be responsible for proofreading and approving the ballot and the audio recording of the ballot, insofar as it pertains to that authority's candidates and/or propositions.

The joint election ballots that contain ballot content for more than one joint participant because of overlapping territory shall be arranged in the following order: Independent School District, City, Water District(s), and other political subdivisions.

Early Voting by Personal Appearance and voting on Election Day shall be conducted exclusively on Denton County's Verity voting system.

The Elections Administrator shall be responsible for the preparation, testing, and delivery of the voting equipment for the election as required by the Election Code.

The Elections Administrator shall conduct criminal background checks on relevant employees upon hiring as required by Election Code Section 129.051(g).

VI. EARLY VOTING

The participating authorities agree to conduct joint early voting and to appoint the Election Administrator as the Early Voting Clerk in accordance with Sections 31.097 and 271.006 of the Texas Election Code. Each participating authority agrees to appoint the Elections Administrator's permanent county employees as deputy early voting clerks. The participating authorities further agree that the Elections Administrator may appoint other deputy early voting clerks to assist in the conduct of early voting as necessary, and that these additional deputy early voting clerks shall be compensated at an hourly rate set by Denton County pursuant to Section 83.052 of the Texas Election Code. Deputy early voting clerks who are permanent employees of the Denton County Elections Administrator or any participating authority shall serve in that capacity without additional compensation.

Early Voting by personal appearance will be held at the locations, dates, and times listed in Attachment "B" of this document. Any qualified voter of the Joint Election may vote early by personal appearance at any of the joint early voting locations.

As Early Voting Clerk, the Elections Administrator shall receive applications for early voting ballots to be voted by mail in accordance with Chapters 31 and 86 of the Texas Election Code. Any requests for early voting ballots to be voted by mail received by the participating authorities shall be forwarded immediately by fax or courier to the Elections Administrator for processing. The address for the Denton County Early Voting Clerk is:

Frank Phillips, Early Voting Clerk
Denton County Elections
PO Box 1720
Denton, TX 76202
Elections@dentoncounty.com

Any requests for early voting ballots to be voted by mail, and the subsequent actual voted ballots, that are sent by a contract carrier (ie. UPS, FedEx, etc.) should be delivered to the Early Voting Clerk at the Denton County Elections Department physical address as follows:

Frank Phillips, Early Voting Clerk
Denton County Elections
701 Kimberly Drive, Suite A101
Denton, TX 76208
Elections@dentoncounty.com

The Elections Administrator shall post on the county website each participating authority's early voting report on a daily basis and a cumulative final early voting report following the close of early voting. In accordance with Section 87.121(g) of the Election Code, the daily reports showing the previous day's early voting activity will be posted to the county website no later than 8:00 a.m. each business day.

VII. EARLY VOTING BALLOT BOARD

Denton County shall appoint an Early Voting Ballot Board (EVBB) to process early voting results from the Joint Election. The Presiding Judge, with the assistance of the Elections Administrator, shall appoint two or more additional members to constitute the EVBB. The Elections Administrator shall determine the number of EVBB members required to efficiently process the early voting ballots.

The Elections Administrator shall determine whether a Signature Verification Committee is necessary, and if so, shall appoint the members.

VIII. CENTRAL COUNTING STATION AND ELECTION RETURNS

The Elections Administrator shall be responsible for establishing and operating the central counting station to receive and tabulate the voted ballots in accordance with the provisions of the Texas Election Code and of this agreement.

The participating authorities hereby, in accordance with Sections 127.002, 127.003, and 127.005 of the Texas Election Code, appoint the following central counting station officials:

Counting Station Manager:	Frank Phillips, Denton County Elections Administrator
Tabulation Supervisor:	Brandy Grimes, Deputy Denton County Elections Administrator
Presiding Judge:	Early Voting Ballot Board Judge
Alternate Judge:	Early Voting Ballot Board Alternate Judge

The counting station manager or his representative shall deliver timely cumulative reports of the election results as precincts report to the central and remote counting stations and are tabulated by posting on the Elections website. The manager shall be responsible for releasing unofficial cumulative totals and precinct returns from the election to the joint participants, candidates, press, and general public by distribution of hard copies at the central counting station (if requested) and by posting to the Denton County web site. To ensure the accuracy of reported election returns, results printed on the tapes produced by Denton County's voting equipment will not be released to the participating authorities at the remote collection sites or by phone from individual polling locations.

The Elections Administrator will prepare the unofficial canvass reports after all precincts have been counted, and will deliver a copy of the unofficial canvass to each participating authority as soon as possible after all returns have been tabulated. The Elections Administrator will include the tabulation and precinct-by-precinct results that are required by Texas Election Code Section 67.004 for the participating entities to conduct their respective canvasses. Each participating

authority shall be responsible for the official canvass of its respective election(s), and shall notify the Elections Administrator, or his designee, no later than three days after Election Day of the date of the canvass.

The Elections Administrator shall prepare and deliver by email to each participating entity, the electronic precinct-by-precinct results reports for uploading, by the entity, to the Secretary of State as required by Section 67.017 of the Election Code.

The Elections Administrator shall be responsible for conducting the post-election manual recount required by Section 127.201 of the Texas Election Code unless a waiver is granted by the Secretary of State. Notification and copies of the recount, if waiver is denied, will be provided to each participating authority and the Secretary of State's Office.

IX. PARTICIPATING AUTHORITIES WITH TERRITORY OUTSIDE DENTON COUNTY

Each participating authority with territory containing population outside Denton County agrees that the Elections Administrator shall administer only the Denton County portion of those elections.

X. RUNOFF ELECTIONS

Each participating authority shall have the option of extending the terms of this agreement through its runoff election, if applicable. In the event of such runoff election, the terms of this agreement shall automatically extend unless the participating authority notifies the Elections Administrator in writing within 3 business days of the original election.

Each participating authority shall reserve the right to reduce the number of early voting locations and/or Election Day voting locations in a runoff election.

Each participating authority agrees to order any runoff election(s) at its meeting for canvassing the votes from the May 5, 2018 election and to conduct its drawing for ballot positions at or immediately following such meeting in order to expedite preparations for its runoff election.

Each participating authority eligible to hold runoff elections agrees that the date of the runoff election, if necessary, shall be Saturday, June 16, 2018.

XI. ELECTION EXPENSES AND ALLOCATION OF COSTS

The participating authorities agree to share the costs of administering the Joint Election. Allocation of costs, unless specifically stated otherwise, is mutually agreed to be shared according to a formula which is based on the average cost per election day polling place (unit cost) as determined by adding together the overall expenses and dividing the expenses equally among the total number of polling places. Costs for polling places shared by more than one participating authority shall be pro-rated equally among the participants utilizing that polling place.

It is agreed that charges for Election Day judges and clerks and Election Day polling place rental fees shall be directly charged to the appropriate participating authority rather than averaging those costs among all participants.

If a participating authority's election is conducted at more than one election day polling place, there shall be no charges or fees allocated to the participating authority for the cost of election day polling places in which the authority has fewer than 50% of the total registered voters served by that polling place, except that if the number of registered voters in all of the authority's polling places is less than the 50% threshold, the participating authority shall pay a pro-rata share of the costs associated with the polling place where it has the greatest number of registered voters.

Costs for Early Voting by Personal Appearance shall be allocated based upon the actual costs associated with each early voting site. Each participating authority shall be responsible for a pro-rata portion of the actual costs associated with the early voting sites located within their jurisdiction. Participating authorities that do not have a regular (non-temporary) early voting site within their jurisdiction shall pay a pro-rata portion of the nearest regular early voting site.

Costs for Early Voting by mail shall be allocated according to the actual number of ballots mailed to each participating authority's voters.

Each participating authority agrees to pay the Denton County Elections Administrator an administrative fee equal to ten percent (10%) of its total billable costs in accordance with Section 31.100(d) of the Texas Election Code.

The Denton County Elections Administrator shall deposit all funds payable under this contract into the appropriate fund(s) within the county treasury in accordance with Election Code Section 31.100.

The Denton County Elections Administrator reserves the right to adjust the above formulas in agreement with any individual jurisdiction if the above formula results in a cost allocation that is inequitable.

If any participating authority makes a special request for extra Temporary Branch Early Voting by Personal Appearance locations as provided for by the Texas Election Code, that entity agrees to pay the entire cost for that request.

Participating authorities having the majority of their voters in another county, and fewer than 500 registered voters in Denton County, and that do not have an election day polling place or early voting site within their Denton County territory shall pay a flat fee of \$400 for election expenses.

Election expenses, including but not limited to, overtime charges for Elections Office Staff, and any unforeseen expenses needed to conduct the election, will be borne by the Participating Authority or Authorities, affected.

XII. WITHDRAWAL FROM CONTRACT DUE TO CANCELLATION OF ELECTION

Any participating authority may withdraw from this agreement and the Joint Election should it cancel its election in accordance with Sections 2.051 - 2.053 of the Texas Election Code. The withdrawing authority is fully liable for any expenses incurred by the Denton County Elections Administrator on behalf of the authority plus an administrative fee of ten percent (10%) of such expenses. Any monies deposited with the Elections Administrator by the withdrawing authority shall be refunded, minus the aforementioned expenses and administrative fee, if applicable.

It is agreed that any of the joint election early voting sites that are not within the boundaries of one or more of the remaining participating authorities, with the exception of the early voting site located at the Denton County Elections Building, may be dropped from the joint election unless one or more of the remaining participating authorities agreed to fully fund such site(s). In the event that any early voting site is eliminated under this section, an addendum to the contract shall be provided to the remaining participants within five days after notification of all intents to withdraw have been received by the Elections Administrator.

XIII. RECORDS OF THE ELECTION

The Elections Administrator is hereby appointed general custodian of the voted ballots and all records of the Joint Election as authorized by Section 271.010 of the Texas Election Code.

Access to the election records shall be available to each participating authority as well as to the public in accordance with applicable provisions of the Texas Election Code and the Texas Public Information Act. The election records shall be stored at the offices of the Elections Administrator or at an alternate facility used for storage of county records. The Elections Administrator shall ensure that the records are maintained in an orderly manner so that the records are clearly identifiable and retrievable.

Records of the election shall be retained and disposed of in accordance with the provisions of Section 66.058 of the Texas Election Code. If records of the election are involved in any pending election contest, investigation, litigation, or open records request, the Elections Administrator shall maintain the records until final resolution or until final judgment, whichever is applicable. It is the responsibility of each participating authority to bring to the attention of the Elections Administrator any notice of pending election contest, investigation, litigation or open records request which may be filed with the participating authority.

XIV. RECOUNTS

A recount may be obtained as provided by Title 13 of the Texas Election Code. By signing this document, the presiding officer of the contracting participating authority agrees that any recount shall take place at the office of the Elections Administrator, and that the Elections Administrator shall serve as Recount Supervisor and the participating authority's official or employee who performs the duties of a secretary under the Texas Election Code shall serve as Recount Coordinator.

The Elections Administrator agrees to provide advisory services to each participating authority as necessary to conduct a proper recount.

XV. MISCELLANEOUS PROVISIONS

1. It is understood that to the extent space is available, other districts and political subdivisions may wish to participate in the use of the County's election equipment and voting places, and it is agreed that the Elections Administrator may contract with such other districts or political subdivisions for such purposes and that in such event there may be an adjustment of the pro-rata share to be paid to the County by the participating authorities.
2. The Elections Administrator shall file copies of this document with the Denton County Treasurer and the Denton County Auditor in accordance with Section 31.099 of the Texas Election Code.
3. Nothing in this contract prevents any party from taking appropriate legal action against any other party and/or other election personnel for a breach of this contract or a violation of the Texas Election Code.
4. This agreement shall be construed under and in accord with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Denton County, Texas.
5. In the event that one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
6. All parties shall comply with all applicable laws, ordinances, and codes of the State of Texas, all local governments, and any other entities with local jurisdiction.
7. The waiver by any party of a breach of any provision of this agreement shall not operate as or be construed as a waiver of any subsequent breach.
8. Any amendments of this agreement shall be of no effect unless in writing and signed by all parties hereto.
9. Failure for a participating authority to meet the deadlines as outlined in this contract or on the calendar (Attachment C) may result in additional charges, including but not limited to, overtime charges, etc.

XVI. COST ESTIMATES AND DEPOSIT OF FUNDS

The total estimated obligation for each participating authority under the terms of this agreement is listed below. The exact amount of each participating authority's obligation under the terms of this agreement shall be calculated after the May 5, 2018 election (or runoff election, if applicable). The participating authority's obligation shall be paid to Denton County within 30 days after the receipt of the final invoice from the Denton County Elections Administrator.

The total estimated obligation for each participating authority under the terms of this agreement shall be provided within 45 days after the last deadline for ordering an election.

	Estimated	
Political Subdivision	Cost	

XVII. SIGNATURE PAGE (separate page)

Revised 1.22.2018 (10:45 a.m.)

All contract attachments (A, B, and C), political subdivisions, and estimated costs will be added to the actual contract and will be sent after the February 16th, 2018 deadline to call the May Election.

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Business Item	Consent Agenda	Reports, Routine Monthly	Action Item
Board Mtg. Date 02-19-18	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Subject:	ORDER AUTHORIZING ISSUANCE OF BONDS				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent & CFO				
Policy/Code:					
Summary:	ORDER AUTHORIZING THE ISSUANCE OF LITTLE ELM INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018 IN A PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PURCHASE CONTRACT AND PAYING AGENT/REGISTRAR AGREEMENT RELATING TO SUCH BONDS; APPROVING THE PREPARATION OF AN OFFICIAL STATEMENTS; AND ENACTING OTHER PROVISIONS RELATED THERETO				
Financial Implications:	Increase LEISD debt requiring debt service payments				
Attachments:	Bond Order				
Recommendation:	The Administration recommends approval of the Bond Order as submitted.				
Motion:	I move the Board approve the Bond Order, as submitted and discussed.				

ORDER
AUTHORIZING THE ISSUANCE OF

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018

Adopted: February 19, 2018

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AN ORDER AUTHORIZING THE ISSUANCE OF LITTLE ELM INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$150,000,000; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE WITH SPECIFIED PARAMETERS; AUTHORIZING THE EXECUTION AND DELIVERY OF PURCHASE CONTRACT AND A PAYING AGENT/REGISTRAR AGREEMENT; APPROVING THE PREPARATION OF AN OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT AND PURPOSES OF THIS ORDER

WHEREAS, Little Elm Independent School District (the “District”) intends to issue school building bonds to finance school building improvements which the Board of Trustees (the “Board”) of the District determines to be necessary within the District; and

WHEREAS, the voters of the District have approved school building bonds voted pursuant to the Constitution and the laws of the state of Texas, including particularly Chapter 45 of the Texas Education Code, as amended, (“Chapter 45”) and at an election held within the District on November 7, 2017 (the “Election”); and

WHEREAS, at said Election, the voters authorized the amount of school building bonds set forth below in the following schedule; and

<u>Election</u>	<u>Amount Voted</u>	<u>Amount Previously Issued</u>
November 7, 2017	\$235,000,000	\$0

WHEREAS the Board does hereby determine that the school building bonds in an amount not to exceed \$150,000,000, including any premium allocated against voted authority, should be issued out of the school building bonds voted at the Election; and

WHEREAS, the actual amount issued therefrom pursuant to this Order and the balance that remains after the issuance of the school building bonds authorized in this Order shall be indicated in the Pricing Certificate for Bonds; and

WHEREAS, the Board has found and determined that it is necessary and in the best interest of the District and its citizens that it authorize by this Order the issuance and delivery of such bonds for constructing, improving, renovating and equipping school buildings of the District, and the purchase of necessary sites therefor and paying the costs of issuing the Bonds at this time; and

WHEREAS, the Board hereby finds and determines that it is necessary and in the best interest of the District and its citizens that it authorize by this Order the issuance and delivery of its bonds at this time, and

WHEREAS, the District has a principal amount of at least \$100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore qualifies as an “Issuer” under Chapter 1371, Texas Government Code, as amended (“Chapter 1371”); and

WHEREAS, pursuant to Chapter 1371, the District desires to delegate the authority to effect the sale of the Bonds from time to time to the Authorized Officer; and

WHEREAS, the meeting at which this Order is being considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; NOW, THEREFORE

BE IT ORDERED BY THE BOARD OF TRUSTEES OF LITTLE ELM 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:

“Authorized Officer” means the Superintendent or the Assistant Superintendent and Chief Financial Officer of the District.

“Board” means the Board of Trustees of the District.

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the date of the Bonds in the Pricing Certificate.

“Bonds” means one of the District’s bonds authorized to be issued by Section 3.01.

“Business Day” means a day that is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the city where the Designated Payment/Transfer Office is located are required or authorized by law or executive order to close.

“Closing Date” means the date of the initial delivery of and payment for the Bonds.

“Code” means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference shall be deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal of the Bonds and the interest thereon, in each case payable at the times and in the manner provided herein and in the Pricing Certificate.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Order, the Designated Payment/Transfer Office as designated in the Paying Agent/Registrar Agreement, or at such other location as may be designated in the Pricing Certificate or such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the District and such successor.

“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.

“EMMA” means the Electronic Municipal Market Access System.

“Event of Default” means any event of default as defined in Section 10.01.

“Initial Bond” means the Initial Bond authorized by Section 3.02.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 8.02.

“Interest Payment Date” means the date or dates on which interest on the principal thereof is scheduled to be paid, as designated in the Pricing Certificate.

“Maturity” means the date on which the principal of the Bonds becomes due and payable according to the terms thereof, whether at Stated Maturity or by proceedings for prior redemption.

“MSRB” means the Municipal Securities Rulemaking Board.

“Order” means this Order.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means Paying Agent/Registrar designated in the Pricing Certificate, or any successor thereto.

“Paying Agent Registrar Agreement” means the Paying Agent/Registrar Agreement between the Paying Agent/Registrar and the District relating to the Bonds.

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

“Pricing Certificate” means a certificate or certificates to be signed by the Authorized Officer.

“Purchase Contract” means, if the Bonds are sold in a negotiated sale, the purchase agreement between the District and the Underwriters providing for the sale of the Bonds to the Underwriters.

“Purchaser” means, if the Bonds are sold in a competitive sale, the initial purchaser of the Bonds designated in the Pricing Certificate.

“Record Date” means the close of business on the last Business Day of the month next preceding an Interest Payment Date or such other date as specified in the Pricing Certificate.

“Register” means the Bond register required by Section 3.06(a).

“Regulations” means the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

“Representation Letter” means the Blanket Letter of Representations between the District and DTC.

“Representative” means the representative of the Underwriters, if any, designated in the Purchase Contract.

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

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

“Special Payment Date” means the date that is fifteen (15) days after the Special Record Date, as described in Section 3.03(e).

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, as described in Section 3.03(e).

“State” means the State of Texas.

“Stated Maturity” means the respective stated maturity dates of the Bonds specified in the Pricing Certificate.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of Debt Service or money set aside for the payment of Bonds duly called for redemption prior to Stated Maturity and remaining unclaimed by the Owners of such Bonds for 90 days after the applicable payment or redemption date.

“Underwriters” means, if the Bonds are sold in negotiated sale, the underwriters designated in the Pricing Certificate.

Section 1.02. Other Definitions. The capitalized terms defined in the preamble to this Order shall have the meanings assigned to them in the preamble of this Order.

Section 1.03. Findings. The declarations, determinations and findings declared, made and found in the preamble to this Order are hereby adopted, restated and made a part of the operative provisions hereof.

Section 1.04. 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 1.05. 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 to sustain the validity of this Order.

(c) All article and section references shall mean references to the respective articles and sections of this Order unless designated otherwise.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy. (a) Pursuant to the authority granted by the Constitution and laws of the State, 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 Debt Service when due and payable, full allowance being made for delinquencies and costs of collection.

(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 Debt Service when due and as payable in accordance with the terms of the Bonds and this Order.

(d) Any money received by the District with respect to the Bonds as state assistance pursuant to the instructional allotment or as state assistance with existing debt, each as authorized by Chapter 46, Texas Education Code, shall be deposited in the interest and sinking fund as required by Sections 46.009 and 46.035, Texas Education Code, respectively. The District will take into account the balance in the Interest and Sinking Fund when it sets its debt service tax rate each year.

(e) To the extent required, and for so long as required, the District covenants to comply with the provisions of Section 45.0031 and to not set a tax rate for a year until the District has credited to the account of the Interest and Sinking Fund the amount of State assistance received or to be received in accordance with the terms of Section 45.0031.

(f) To the extent the District has available funds which may be lawfully used to pay Debt Service and such funds are on deposit in the Interest and Sinking Fund in advance of the time when the Board is scheduled to set a tax rate for any year, then such tax rate which otherwise would be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds then on deposit in the Interest and Sinking Fund.

(g) If the lien and provisions of this Order shall be released in a manner permitted by Article XII hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Bonds, there shall be subtracted the amount of any Bonds that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. The District's bonds to be designated "Little Elm Independent School District Unlimited Tax School Building Bonds, Series 2018," unless designated as a different series in the Pricing Certificate, are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Chapter 45, Texas Education Code, as amended, Chapter 1371, Texas Government

Code, as amended and the Election. The Bonds shall be issued in an aggregate principal amount of not to exceed \$150,000,000 as provided in the Pricing Certificate (i) the construction, improvement, renovation and equipment of school buildings in the District and acquiring real property therefor, and the purchase of new school buses, and (ii) for paying for the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities, and Interest. (a) The Bonds shall be dated the date set forth in the Pricing Certificate, and shall be in fully registered form, without coupons.

(b) The Bonds shall be in the aggregate principal amount designated in the Pricing Certificate, shall be in the denomination of \$5,000 principal amount or any integral multiple thereof and shall be numbered separately from one upward, except the Initial Bond, which shall be numbered T-1.

(c) The Bonds shall mature on the dates and in the principal amounts and shall bear interest at the per annum rates set forth in the Pricing Certificate.

(d) Interest shall accrue and be paid on each Bonds, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Bond Date, unless otherwise provided in the Pricing Certificate, or (ii) the most recent Interest Payment Date to which interest has been paid or provided for at the rate per annum for each respective maturity specified in the Pricing Certificate. Such interest shall be payable on each Interest Payment Date and shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment. (a) Debt Service shall be paid in lawful money of the United States of America.

(b) Interest on each Bond shall be payable to each Owner as shown in the Register at the close of business on the Record Date; provided, however, in the event of nonpayment of interest on a scheduled Interest Payment Date and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") shall 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 15 days after the Special Record Date) shall be sent at least five Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bonds appearing on the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Bond shall be paid by check dated as of the Interest Payment Date, and sent first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner, as shown in the Register at the close of business on the Record Date, at the address of each such Owner as such appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. At the option of an Owner of at least \$1,000,000 principal amount of the

Bonds, interest may be paid by wire transfer to the bank account of such Owner on file with the Paying Agent/Registrar.

(d) The principal of each Bond shall be paid to the Owner thereof at Maturity upon presentation and surrender of such Bond at the Designated Payment/Transfer Office of the Paying Agent/Registrar.

(e) If the date for the payment of Debt Service 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 as specified in this Section.

(f) Unclaimed Payments shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which the Unclaimed Payments pertain. Subject to Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three (3) years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains after the retirement of all outstanding Bonds, shall be paid to the District to be used for any lawful purpose. Thereafter, neither the District, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6, Texas Property Code.

Section 3.04. Execution and Registration of Bonds. (a) The Bonds shall be executed on behalf of the District by the President or Vice President and the 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) In the event 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 facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until 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. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by his duly authorized agent, which certificate shall be evidence that the Initial Bond have been duly approved by the Attorney General of the State of

Texas and that they are valid and binding obligations of the District, and have been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one initial bond (the “Initial Bond”), being a single Initial Bond representing the entire principal amount of the Bonds designated in the Pricing Certificate, such Initial Bond to be payable in stated installments to the Purchaser or Underwriters, as applicable, or their designee, such Initial Bond to be executed by manual or facsimile signature of the President or Vice President and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or Underwriters, as applicable, or their designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds to DTC in accordance with Section 3.10. 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 3.05. Ownership. (a) The District, the Paying Agent/Registrar and any other person may treat the Owner as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon (subject to the provisions herein that for the Bonds interest is to 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 3.06. Registration, Transfer and Exchange. (a) So long as any Bonds remain outstanding, the District shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a bond register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration 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 to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other instrument of transfer and assignment 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 Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange.

(d) The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds transferred or exchanged in accordance with this Section. A new Bond or Bonds will be

delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred or exchanged, at the Designated Payment/Transfer, or sent by United States mail, first class, postage prepaid, to the Owner or his designee. Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the District and 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 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, 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) Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

Section 3.07. Cancellation. All Bonds paid or redeemed before Stated 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 cancelled upon the making of proper records regarding such payment, exchange or replacement. The Paying Agent/Registrar shall then return such cancelled Bonds to the District or may, in accordance with law, destroy such cancelled Bonds and periodically furnish the District with certificates of destruction of such Bonds.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the District may execute and, upon the District's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the District executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Order.

(c) The District, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. 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) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, 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 authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

(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 to save it and the District 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 and the Paying Agent/Registrar.

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

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the District and 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 3.10. Book-Entry Only System. (a) To the extent so designated in the Pricing Certificate, the definitive Bonds shall be initially issued in the form of a single fully registered Bond and for each of the maturities thereof. Upon initial issuance, the ownership of each such

Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to 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 DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Order. 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 DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, of any amount with respect to Debt Service. Notwithstanding any other provision of this Order to the contrary, the District 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 such Bonds, for the purpose of all 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 Debt Service only to or upon the order of the respective Owners, 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 payment of, Debt Service 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. 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 registered 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.

Section 3.11. Successor Securities Depository; Transfer Outside 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, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the District or the Paying Agent/ Registrar shall (i) 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 and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by 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, as identified by DTC. 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, as applicable, in accordance with the provisions of this Order.

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments of Debt Service on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Representation Letter.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before Stated Maturity only as provided in this Article IV and in the Pricing Certificate.

Section 4.02. Optional Redemption. The Bonds shall be subject to redemption at the option of the District at such times, in such amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

Section 4.03. Mandatory Sinking Fund Redemption. (a) The Bonds designated as “Term Bonds” in the Pricing Certificate (“Term Bonds”), if any, are subject to scheduled mandatory redemption and will be redeemed by the District, in part, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund, on the dates and in the respective principal amounts as set forth in the Pricing Certificate.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select on a pro rata basis in accordance with the operational arrangements of DTC, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the District, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption. (a) If less than all of the Bonds are to be redeemed pursuant to Section 4.02, the District shall determine the maturities and the principal amount thereof to be redeemed and shall direct the Paying Agent/Registrar to select, on a pro rata basis in accordance with the operational arrangements of DTC, and call such Bonds for redemption.

(b) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion 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, in accordance with Section 3.06 of this Order, shall authenticate and deliver exchange Bonds in an aggregate principal amount equal to the unredeemed principal amount of the Bond so surrendered, such exchange being without charge.

Section 4.05. Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) The District reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the District to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

(d) 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.

Section 4.06. Payment Upon Redemption. (a) Before or on each redemption date, the District shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the District and shall use such funds solely for the purpose of paying the principal of, redemption premium, if any, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption. (a) Notice of redemption having been given as provided in Section 4.05 of this Order and subject, in the case of an optional redemption under Section 4.02, to any conditions or rights reserved by the District under Section 4.05, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the District defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after 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 payment of all sums due on a redemption date, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same.

Section 4.08. Lapse of Payment. Money set aside for the redemption of the Bonds and remaining unclaimed by the Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. (a) The Authorized Officer is hereby authorized to select and appoint the initial Paying Agent/Registrar for the Bonds, and the initial Paying Agent/Registrar shall be designated in the Pricing Certificate.

(b) The Authorized Officer is hereby authorized and directed to execute and deliver or cause the execution and delivery by the President and Secretary of the Board, a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the District and the Paying Agent/Registrar. The Board hereby approves the form of Paying Agent/Registrar Agreement.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any 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 5.03. 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 5.02 of this Order.

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

Section 5.04. Termination. The District reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated (i) 45 days written notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a

successor Paying Agent/Registrar; provided, that, no such termination shall be effective until a successor paying agent/registrar has assumed the duties of paying agent/registrar for the Bonds.

Section 5.05. 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 in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, 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 hereby.

Section 5.07. 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.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. 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 the Pricing Certificate, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order and the Pricing Certificate, 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 any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the District or by the officers executing such Bonds, as evidenced by their execution thereof.

(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 shall 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 thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

(e) Form of Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS,
SERIES 2018⁽¹⁾

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>CLOSING DATE</u>	<u>CUSIP NUMBER</u>
	_____, 15, 20__	_____, 2018 ⁽²⁾	

Little Elm Independent School District (the "District"), in Denton County, State of Texas, for value received, hereby promises to pay to

or registered assigns, on the Maturity Date specified above, the sum of

_____ DOLLARS

unless the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, 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 to be paid semiannually on February 15 and August 15 of each year, commencing _____⁽³⁾.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in _____,⁽⁴⁾ or such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of _____,⁽⁵⁾ as initial Paying Agent/Registrar, or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is

(1) Complete title to be designed in Pricing Certificate.

(2) Insert based on Pricing Certificate.

(3) Insert based on Pricing Certificate.

(4) Insert based on Pricing Certificate.

(5) Insert based on Pricing Certificate.

registered at the close of business on the “Record Date,” which shall be the last business day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for thirty 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 special payment date of the past due interest (the “Special Payment Date,” which date shall be fifteen days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, legal holiday, or day on which banking institutions in the city where the Paying Agent/Registrar is located are required or authorized by law or executive order to close, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which banking institutions are required or authorized to close, and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond, dated _____⁽⁶⁾, is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$_____⁽⁷⁾, (herein referred to as the “Bonds”), issued pursuant to a certain order of the District (the “Order”) (i) the construction, improvement, renovation and equipment of school buildings in the District and acquiring real property therefor, and the purchase of new school buses, and (ii) for paying for the costs of issuing the Bonds.

The District has reserved the right to redeem the Bonds maturing on and after _____⁽⁸⁾, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, before their respective scheduled maturity dates, on _____⁽⁹⁾, or on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the District shall determine the maturities and the amounts thereof to be redeemed, and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, for redemption.

The Term Bonds stated to mature on _____⁽¹⁰⁾, (the “Term Bonds”), are subject to scheduled mandatory redemption and will be redeemed by the District, at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth in the following schedule:

⁽⁶⁾ Insert based on Pricing Certificate.
⁽⁷⁾ Insert based on Pricing Certificate.
⁽⁸⁾ Insert based on Pricing Certificate.
⁽⁹⁾ Insert based on Pricing Certificate.
⁽¹⁰⁾ Insert based on Pricing Certificate.

\$ Term Bond Maturing⁽¹¹⁾ , 20

<u>Year</u>	<u>Principal Amount</u>
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At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed and shall call such Term Bonds for redemption on such scheduled mandatory redemption date.

The principal amount of the Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the District, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the District at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof; and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to an optional redemption and not previously credited to a mandatory sinking fund redemption.

Not less than thirty (30) days prior to a redemption date for the Bonds, the District shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the Owners of the Bonds to be redeemed at the address of the Owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice.

In the Order, the District reserves the right, in the case of an optional redemption, to give notice of its election or direction to redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the District retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to conditional redemption and such redemption has been rescinded shall remain Outstanding, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the District to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

⁽¹¹⁾ Insert based on Pricing Certificate.

Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the District in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any Bond or portion thereof has not been surrendered for payment, interest on such Bond or portion thereof shall cease to accrue.

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 Payment/Transfer Office 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, 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.

Neither the District nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within 45 calendar days after the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The District, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the Record Date) and for all other purposes, whether or not this Bond be overdue, and neither the District nor the Paying Agent/Registrar shall be affected by notice to the contrary.

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; that all acts, conditions and things required to be done precedent to and for 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.

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

Secretary, Board of Trustees
Little Elm Independent School District

President, Board of Trustees
Little Elm Independent School District

[SEAL]

(i) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

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

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 Little Elm Independent School District, and that this Bond has this day been registered by me.

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(ii) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas and that this is one of the Bonds referred to in the within-mentioned Order.

_____,⁽¹²⁾ as
Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

⁽¹²⁾ Insert based on Pricing Certificate.

(iii) 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 hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____
Signature Guaranteed By: _____

Authorized Signatory

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 in a manner acceptable to the Paying Agent/Registrar.

(iv) The Initial Bond shall be in the form set forth in paragraphs (a), (b), and (d) of this Section, except for the following alterations:

A. immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NUMBER" deleted; and

B. in the first paragraph:

the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on February 15 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Year	Principal Amount	Interest Rate
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[Information to be inserted from Pricing Certificate]

- (v) Statement of Permanent School Fund Guarantee, if applicable.

The following statement shall appear on or be attached to each Bond, if applicable:

PSF CERTIFICATE

Under the authority granted by Article 7, Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code, the payment, when due, of the principal of and interest on the issuance by the Little Elm Independent School District Unlimited Tax School Building Bonds, Series 2018, dated _____, in the principal amount of \$_____ is guaranteed by the corpus of the Permanent School Fund of the State pursuant to the bond guarantee program administered by the Texas Education Agency. This guarantee shall be removed in its entirety upon defeasance of such bonds.

Reference is hereby made to the continuing disclosure agreement of the Texas Education Agency, set forth in Section I of the Agency's Investment Procedure Manual and the Agency's commitment letter for the guarantee. Such disclosure agreement has been made with respect to the bond guarantee program, in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission, for the benefit of the holders and beneficial owners of the bonds.

In witness thereof I have caused my signature to be placed in facsimile on this bond.

Commissioner of Education

Section 6.02. CUSIP Registration. The District may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, 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 bond counsel to the District are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.03. Legal Opinion. The approving legal opinion of Bracewell LLP, Bond Counsel, may be attached to or printed on the reverse side of each definitive Bond over the certification of the Secretary of the Board, which may be executed in facsimile.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement. (a) The Bonds shall be sold to the Underwriters or Purchaser in accordance with the terms of this Order. As authorized by Chapter 1371, the Authorized Officer is authorized to act on behalf of the District in selling and delivering the Bonds and in carrying out the other procedures specified in this Order, including

determining whether the Bonds will be sold in a negotiated or competitive sale, the price at which each of the Bonds will be sold, the number and designation of each series or subseries of Bonds to be issued, the form in which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal amount, the aggregate principal amount of the Bonds to be issued by the District, the first interest payment date for the Bonds, the Interest Payment Dates, the dates, prices and terms upon and at which the Bonds shall be subject to redemption prior to maturity at the option of the District and shall be subject to mandatory sinking fund redemption, application for PSF Guarantee, if necessary, the selection of a paying agent/registrar, and all other matters relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Pricing Certificate; provided that the following conditions can be satisfied:

(i) the Bonds shall not bear interest at a true interest cost in excess of 5.000%;

(ii) the aggregate principal amount of the Bonds, together with any premium generated on the Bonds and allocated to voted authorization from the Election, authorized to be issued for the purposes described in Section 3.01 shall not exceed \$150,000,000;

(iii) the Pricing Certificate shall indicate the amount of authorized but unissued bonds that remain available to the District from the Election following the issuance of the Bonds approved in the Pricing Certificate; and

(iv) the Bonds shall mature not later than August 15, 2048.

(b) If the Bonds are sold in a competitive sale, the Authorized Officer is authorized to, in conformity with this Order, approve the terms, conditions and specifications for the sale of the Bonds in the Notice of Sale. The Authorized Officer is further authorized to award the sale of the Bonds to the purchaser submitting a bid form conforming to the specification set forth in the Notice of Sale which produces the lowest true interest cost to the District. If the Bonds are sold in a negotiated sale, the Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the District a Purchase Contract providing for the sale of the Bonds to the Underwriters, in such form as determined by the Authorized Officer. The Authorized Officer is hereby authorized and directed to approve the final terms and provisions of the Purchase Contract in accordance with the terms of the Pricing Certificate and this Order, which final terms shall be determined to be the most advantageous reasonably attainable by the District, such approval and determination being evidenced by its execution thereof by the Authorized Officer.

(c) The authority granted to the Authorized Officer under this Section 7.01 shall expire on a date 180 days from the date of this Order, unless otherwise extended by the Board by separate action.

(d) The District hereby approves the preparation and distribution of a Preliminary Official Statement and a Notice of Sale (if the Bonds are sold in a competitive sale) for use in the initial offering and sale of the Bonds, each in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer. The Preliminary Official Statement (in the form and with such addenda, supplements or amendments as are approved by the Authorized Officer) is hereby deemed final within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities and Exchange Act of 1934. The District hereby

authorizes the preparation of a final Official Statement reflecting the terms of the sale of the Bonds and other relevant information. The use of such final Official Statement by the Underwriters or the Purchaser, as applicable (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriters or the Purchaser, as applicable) is hereby approved and authorized.

(e) All officers, agents and representatives of the District are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds. The Bonds shall initially be registered in the name of the Underwriters or Purchaser, as applicable, or such other entity as may be specified in the Pricing Certificate.

(f) The Authorized Officer and all other officers of the District are authorized to execute such documents, certificates and receipts and to take such actions as they may deem appropriate in order to consummate the delivery of the Bonds. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the District is hereby authorized and directed to issue a check of the District payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount not to exceed \$9,500).

(g) The obligation of the Underwriters or Purchaser, as applicable, to accept delivery of the Bonds is subject to, among other conditions specified in the Purchase Contract, the Underwriters or Purchaser, as applicable, being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the District, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Bonds. (a) The Authorized Officer 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 Representative under and subject to the general supervision and direction of the Authorized Officer, or, in his absence, any officer of the Board, against receipt by the District of all amounts due to the District under the terms of sale.

Section 7.03. Deposit of Proceeds. The proceeds from the sale of the Bonds shall be deposited as set forth in the Pricing Certificate.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Interest and Sinking Fund. The District hereby establishes the “Little Elm Independent School District Unlimited Tax School Building Bonds, Series 2018

Interest and Sinking Fund” which shall be maintained at the depository bank of the District. The name of such Fund may be modified in the Pricing Certificate as determined by the Authorized Officer.

Section 8.02. Interest and Sinking Fund. (a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of Debt Service.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Bonds plus the aggregate amount of interest due and that will become due and payable on such Bonds, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay Debt Service as such becomes due and payable.

Section 8.03. Security of Funds. All moneys on deposit in the Interest and Sinking Fund shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Order.

ARTICLE IX

INVESTMENTS

Section 9.01. Investments. (a) Money in the Interest and Sinking Fund created by this Order, at the District’s option, may be invested in such securities or obligations as permitted under 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 fund from which the investment was made.

Section 9.02. Investment Income. Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund. The investment and application of money in the Escrow Fund, shall be in accordance with the provisions of the Escrow Agreement.

ARTICLE X

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of the Bonds. On or before each date on which Debt Service is due on the Bonds, there shall be made available to the Paying Agent/Registrar, out of the interest and sinking fund, money sufficient to pay such Debt Service when due.

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 Debt Service 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. Federal Income Tax Exclusion. (a) General. The District intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to Sections 103 and 141 through 150, inclusive, of the Code. The District covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in Section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of sections 103 and 141 through 150, inclusive, of the Code. In particular, the District covenants and agrees to comply with each requirement of this Section 10.03; provided, however, that the District will not be required to comply with any particular requirement of this Section 10.03, if the District has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that (i) such noncompliance will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes or (ii) compliance with some other requirement specified in such Counsel’s Opinion will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement will constitute compliance with the corresponding requirement specified in this Section 10.03.

(b) No Private Use or Payment and No Private Loan Financing. The District covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code. Moreover, the District will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code.

(c) No Federal Guarantee. The District covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

(d) No Hedge Bonds. The District covenants and agrees not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code.

(e) No Arbitrage. The District covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code.

(f) Arbitrage Rebate. If the District does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the District will take all necessary steps to comply with the requirement that certain amounts earned by the District on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the District will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the District allocable to other bond issues of the District or moneys that do not represent gross proceeds of any bonds of the District, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds, or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the District will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The District covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code.

(h) Record Retention. The District will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Bonds until three years after the last Bond is redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the District to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

(i) Registration. The Bonds will be issued in registered form.

(j) Deliberate Actions. The District will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of

section 141 of the Code after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the District takes such remedial action, and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(k) Continuing Obligation. Notwithstanding any other provision of this Order, the District's obligations under the covenants and provisions of this Section 10.03 shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the excludability of interest on the Bonds from gross income for federal income tax purposes.

ARTICLE XI

DEFAULT AND REMEDIES

Section 11.01. Events of Default. Each of the following occurrences or events for the purpose of this Order is hereby declared to be an Event of Default:

(i) the failure to make payment of Debt Service 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 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, any Owner or an authorized representative 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) It is provided that 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 notwithstanding any other provision of this Order, 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.

(c) By accepting the delivery of a Bond authorized under this Order, such Owner agrees that the certifications required to effectuate any covenants or representations contained in this Order do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or trustees of the District or the Board.

ARTICLE XII

DISCHARGE

Section 12.01. Discharge. The District reserves the right to defease, refund or discharge the Bonds in any manner permitted by law.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Annual Reports. (a) The District shall provide annually to the MSRB, (1) within six months after the end of each fiscal year of the District, financial information and operating data with respect to the District of the general type included in the final Official Statement, being information of the type described in the Pricing Certificate, including financial statements of the District if audited financial statements of the District are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the District within 12 months after the end of each fiscal year, when and if available. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles prescribed by the Texas State Board of Education or such other accounting principles as the District may be required to employ, from time to time, by State law or regulation, and (ii) audited, if the District commissions an audit of such 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 12 months after any such fiscal year end, then the District shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

(b) If the District changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) 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) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided pursuant to 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 on the MSRB's Internet Web site or filed with the SEC.

Section 13.02. Material Event Notices.

(a) The District shall provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the 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;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event 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 U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the 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.

13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

(b) The District shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the District to provide required annual financial information and notices of material events in accordance with Section 13.01 and section (a) above. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information as prescribed by the MSRB.

Section 13.03. Limitations, Disclaimers and Amendments. (a) The District shall be obligated to observe and perform the covenants specified in this Article 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 made in accordance with Article XII that causes Bonds no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Bonds, and nothing in this Article, 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 Article 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 Article 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 OWNER 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 WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS ARTICLE, 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.

(c) No default by the District in observing or performing its obligations under this Article shall comprise a breach of or default under the Order for purposes of any other provisions of this Order.

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

(e) The provisions of this Article 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 Article, 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 Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions 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 Owners and beneficial owners of the Bonds. If the District so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 13.01 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.

ARTICLE XIV

PERMANENT SCHOOL FUND GUARANTEE

Section 14.01. Permanent School Fund Guarantee.

If available, the District will apply for approval from the Texas Commissioner of Education (the “Commissioner”) for payment of the principal of and interest on the Bonds to be guaranteed by the Permanent School Fund of the State of Texas. If approval is received and the Bonds are guaranteed by the Permanent School Fund, and the Bonds are defeased, the guarantee of the Bonds will be removed in its entirety and, in case of default and in accordance with Texas Education Code §45.061, the Comptroller of Public Accounts will withhold the amount paid, plus interest, from the first state money payable to the District in the following order: foundation school fund, available school fund. In connection with the guarantee of the Bonds by the Permanent School Fund, the District, hereby certifies and covenants that:

(a) If the District applies for the Permanent School Fund Guarantee, a certified copy of this Order and copies of the Official Statement shall be furnished to the Division of State Funding, School Facilities and Transportation, within ten (10) calendar days of the execution of the Pricing Certificate;

(b) If approval from the Commissioner is received for the Permanent School Fund Guarantee, following any determination by the District that it is or will be unable to pay maturing or matured principal or interest on the Bonds, the District will take all action required

by Subchapter C of Chapter 45 of the Texas Education Code, as amended, including, but not limited to, the giving of timely notice of such determination to the Commissioner; and

(c) If approval from the Commissioner is received for the Permanent School Fund Guarantee, the District will notify the Division of State Funding in writing within ten (10) calendar days of the defeasance of any guaranteed Bonds.

ARTICLE XV

MISCELLANEOUS

Section 15.01. Changes to Order. The Authorized Officer, in consultation with Bond Counsel, is hereby authorized to make changes to the terms of this Order if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Bonds by the Attorney General of Texas.

Section 15.02. Partial Invalidity. If any section, paragraph, clause or provision of this Order shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Order.

Section 15.03. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon, or on this Order, against any official or employee of the District or any person executing any Bonds.

PRESENTED, FINALLY PASSED AND APPROVED, AND EFFECTIVE on the 19th day of February, 2018 by a vote of ___ ayes and ___ nays at a regular meeting of the Board of Trustees.

By: _____
President, Board of Trustees
Little Elm Independent School District

ATTEST:

Secretary, Board of Trustees
Little Elm Independent School District

*Signature Page for Unlimited Tax School Building Bonds,
Series 2018 Bond Order*

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
Board Mtg. Date 02-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	FINANCIAL REPORTS - DECEMBER 2017				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	Board Legal Status Powers and Duties - BAA (LOCAL) Annual Operating Budget - CE (LOCAL)				
Summary:	Monthly financial reports prepared by Business Services Department				
Financial Implications:	Increase in General Fund revenues and increase in appropriate expenditure budgets				
Attachments:	1) Budget Amendments 2) Information - Miscellaneous Business Office Reports Monthly Fund Balance Comparison Statement of Unaudited Revenue and Expenditures Cash Flow Statements Bank Reconciliations Investment Report Fund Summary of Revenue and Expenditures Tax Collection Report Construction Report				
Recommendation:	The Administration recommends approval of the December 2017 Financial Reports as presented.				
Motion:	I move that the Board approve the December 2017 Financial Reports as presented.				

Little Elm Independent School District
 General Fund
 Budget Amendments
 February 2018

	Fund	FX	Decrease	FX	Increase	Org	Incr / (Decr) Fund Bal	Reason
1	183	00	4,500	36	4,500	996		Budget for rental receipts for signage at Athletic Complex.
2	199	00	250	11	250	041		Budget for art classroom fees.
3	199	00	300	11	300	041		Budget for art classroom fees.
4	199	36	100	13	100	041		Reallocate funds to cover cost of band professional dues.
5	199	00	380	11	380	041		Budget for art classroom fees.
6	199	00	1,117	11	1,117	042		Budget for Gateway to Technology and music classroom fees.
7	199	11	89	36	89	042		Reallocate funds to cover PEAK Music Festival registration fees.
8	199	13	1,154	11	1,154	103		Correct duplicate budget amendment for employee travel to music conference.
9	199	11	2,800	13	2,800	103		Reallocate funds to cover consulting services for staff development.
10	199	11	750	13	750	104		Reallocate funds to cover teacher travel to music conference.
11	199	11	1,000	23	1,500	105		Reallocate funds to cover principal conference costs.
		13	500					
12	199	53	2,461	51	2,461	041		Reallocate funds to cover payroll adjustments
13	199	53	1,170	51	1,170	042		Reallocate funds to cover payroll adjustments

Little Elm Independent School District
 General Fund
 Budget Amendments
 February 2018

	Fund	FX	Decrease	FX	Increase	Org	Incr / (Decr) Fund Bal	Reason
14	199	13	25,000	11	25,000	821		Reallocate funds to cover cost of PSAT student fees and supplies.
	Total		41,571		41,571		0	

**Little Elm Independent School District
2017-2018 Fund Balance Comparison
as of December 31, 2017**

**GENERAL FUND
1XX**

**DEBT SERVICE FUND
511**

CONTROL CODES	REVENUES	GENERAL FUND 1XX			DEBT SERVICE FUND 511		
		ORIGINAL BUDGET	PROPOSED AMENDMENTS	AMENDED BUDGET	ORIGINAL BUDGET	PROPOSED AMENDMENTS	AMENDED BUDGET
5700	LOCAL	43,008,110	81,273	43,089,383	13,740,450		13,740,450
5800	STATE	22,354,908		22,354,908	-		-
5900	FEDERAL	1,250,000		1,250,000	-		-
		66,613,018	81,273	66,694,291	13,740,450	-	13,740,450
Expenditures							
11	Instruction	37,575,593	331,504	37,907,097	-		-
12	Library Services	691,292		691,292	-		-
13	Staff Development	1,357,129	1,408	1,358,537	-		-
21	Instructional Admin	1,204,953	(7,000)	1,197,953	-		-
23	Campus Administration	4,071,730	31,950	4,103,680	-		-
31	Guidance & Counseling	1,931,897		1,931,897	-		-
32	Attendance & Social Services	31,300		31,300	-		-
33	Health Services	556,638	300	556,938	-		-
34	Student Transportation	2,122,715		2,122,715	-		-
35	Food Services	109,499	2,500	111,999	-		-
36	Co-curricular Activities	1,869,336	160,213	2,029,549	-		-
41	General Administration	3,180,633	56,755	3,237,388	-		-
51	Plant Maintenance	6,626,227	196,667	6,822,894	-		-
52	Security	984,288	126,653	1,110,941	-		-
53	Data Processing	1,398,808		1,398,808	-		-
61	Community Services	42,380		42,380	-		-
71	Debt Services	1,404,700		1,404,700	11,984,037		11,984,037
81	Facilities	582,900	733,036	1,315,936	-		-
91	Contracted Instr Between Schools	500,000		500,000	-		-
95	Payments to JUV Justice Alt	40,000		40,000	-		-
99	Intergovernmental Charges	325,000		325,000	-		-
	TOTAL EXPENDITURES	66,607,018	1,633,986	68,241,004	11,984,037	-	11,984,037
00	Other Resources	-	1,991,419	1,991,419	-		-
00	Other Uses	(6,000)	(1,991,419)	(1,997,419)	-		-
	FUND BALANCE 08/31/17	27,786,140	-	27,786,140	4,472,752	-	4,472,752
	EST FUND BALANCE	27,786,140	(1,552,713)	26,233,427	6,229,165	-	6,229,165

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Little Elm Independent School District
2017-2018 Fund Balance Comparison
as of December 31, 2017

FOOD SERVICE FUND

CHILD CARE

240

720

CONTROL CODES	REVENUES	FOOD SERVICE FUND			CHILD CARE		
		ORIGINAL BUDGET	PROPOSED AMENDMENTS	AMENDED BUDGET	ORIGINAL BUDGET	PROPOSED AMENDMENTS	AMENDED BUDGET
5700	LOCAL	1,548,000		1,548,000	617,385		617,385
5800	STATE	19,000		19,000	-		-
5900	FEDERAL	2,157,775		2,157,775	-		-
		3,724,775	-	3,724,775	617,385	-	617,385
Expenditures							
11	Instruction	-		-	-		-
12	Library Services	-		-	-		-
13	Staff Development	-		-	-		-
21	Instructional Admin	-		-	-		-
23	Campus Administration	-		-	-		-
31	Guidance & Counseling	-		-	-		-
32	Attendance & Social Services	-		-	-		-
33	Health Services	-		-	-		-
34	Student Transportation	-		-	-		-
35	Food Services	3,724,775	101,916	3,826,691	-		-
36	Co-curricular Activities	-		-	-		-
41	General Administration	-		-	-		-
51	Plant Maintenance	-		-	-		-
52	Security	-		-	-		-
53	Data Processing	-		-	-		-
61	Community Services	-		-	610,678		610,678
71	Debt Services	-		-	-		-
81	Facilities	-		-	-		-
91	Contracted Instr Between Schools	-		-	-		-
95	Payments to JUV Justice Alt	-		-	-		-
99	Intergovernmental Charges	-		-	-		-
	TOTAL EXPENDITURES	3,724,775	101,916	3,826,691	610,678	-	610,678
	FUND BALANCE 08/31/17	1,228,808		1,228,808	84,017		84,017
	EST FUND BALANCE	1,228,808	(101,916)	1,126,892	90,724	-	90,724

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Little Elm Independent School District
Statement of Unaudited Revenues and Expenditures - Budget vs. Actual
As of December 31, 2017

GENERAL FUND
Fund 1XX

CONTROL CODES	REVENUES	2017-2018	PERIOD	Y-T-D	VARIANCE	PERCENT TO TOTAL	PERCENT OF YEAR ELAPSED
		Approved Budget	RECEIPTS/ EXPENDITURES	RECEIVED/ ENC + EXP	FAVORABLE (UNFAVORABLE)		
5700	LOCAL	43,089,383.00	29,611,486.09	33,208,577.04	(9,880,805.96)	77.07%	33%
5800	STATE	22,354,908.00	360,958.18	9,586,775.41	(12,768,132.59)	42.88%	33%
5900	FEDERAL	1,250,000.00	41,060.70	1,220,442.87	(29,557.13)	97.64%	33%
TOTAL REVENUES		66,694,291.00	30,013,504.97	44,015,795.32	(22,678,495.68)	66.00%	33%
EXPENDITURES							
0011	Instruction	37,907,097.00	2,676,270.11	14,381,378.92	23,525,718.08	37.94%	33%
0012	Library Services	691,292.00	46,937.52	264,506.40	426,785.60	38.26%	33%
0013	Curriculum & Staff Development	1,358,537.00	131,072.01	573,134.10	785,402.90	42.19%	33%
0021	Instructional Leadership	1,197,953.00	111,265.90	420,872.05	777,080.95	35.13%	33%
0023	School Leadership	4,103,680.00	342,620.28	1,380,917.94	2,722,762.06	33.65%	33%
0031	Guidance & Counseling	1,931,897.00	135,268.82	590,952.98	1,340,944.02	30.59%	33%
0032	Social Work Services	31,300.00	186.12	30,300.00	1,000.00	96.81%	33%
0033	Health Services	556,938.00	40,852.60	208,349.06	348,588.94	37.41%	33%
0034	Student Transportation	2,122,715.00	205,270.29	422,501.61	1,700,213.39	19.90%	33%
0035	Food Services	111,999.00	8,425.53	33,465.27	78,533.73	29.88%	33%
0036	Co-curricular Activities	2,029,549.00	127,218.51	834,876.45	1,194,672.55	41.14%	33%
0041	General Administration	3,237,388.00	280,495.96	1,246,071.89	1,991,316.11	38.49%	33%
0051	Plant Maintenance	6,822,894.00	344,034.11	1,910,684.08	4,912,209.92	28.00%	33%
0052	Security & Monitoring	1,110,941.00	19,568.51	329,551.77	781,389.23	29.66%	33%
0053	Data Processing	1,398,808.00	136,188.04	533,840.90	864,967.10	38.16%	33%
0061	Community Service	42,380.00	2,698.44	10,634.28	31,745.72	25.09%	33%
0071	Debt Services	1,404,700.00	-	886,535.18	518,164.82	63.11%	33%
0081	Facility Acquisition	1,315,936.00	4,750.00	461,593.62	854,342.38	35.08%	33%
0091	Contracted Instr Between Schools	500,000.00	-	-	500,000.00	0.00%	33%
0095	Pmt to Juvenile Justice	40,000.00	-	3,827.00	36,173.00	9.57%	33%
0099	Intergovernmental Charges	325,000.00	84,966.90	161,099.25	163,900.75	49.57%	33%
TOTAL EXPENDITURES		68,241,004.00	4,698,089.65	24,685,092.75	43,555,911.25	36.17%	33%
OPERATING TRANSFERS							
7910	Other Resources	1,991,419.00	1,991,418.87	1,991,418.87			
8910	Other Uses	(1,997,419.00)	-	(6,000.00)			
TOTAL OPERATING TRANSFERS		(6,000.00)	1,991,418.87	1,985,418.87			
0100	Fund Balance 08/31/17	27,786,140.00	-	27,786,140.00			
3000	Year to Date Fund Bal. (unaudited)	26,233,427.00		49,102,261.44			

**Little Elm Independent School District
General Operating Cash Flow Statement
FY 2017-2018**

	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	TOTAL
<i>Beginning Cash Balance in Bank</i>	22,788,523.18	22,717,642.52	21,046,012.77	21,327,187.11	-	-	-	-	-	-	-	-	22,788,523.18
RECEIPTS													
Tax Collections	81,358.76	300,467.91	2,260,505.84	22,080,109.89	-	-	-	-	-	-	-	-	24,722,442.40
Interest	5,526.28	5,735.36	5,412.59	7,958.66	-	-	-	-	-	-	-	-	24,632.89
Other Local Revenue	379,193.84	250,231.28	442,079.08	155,986.17	-	-	-	-	-	-	-	-	1,227,490.37
State Revenue - Available School	-	241,945.00	137,042.00	141,285.00	-	-	-	-	-	-	-	-	520,272.00
State Revenue - Foundation	6,692,464.00	3,483,207.00	1,829,768.00	-	-	-	-	-	-	-	-	-	12,005,439.00
State Revenue - Debt Service	-	-	-	333,355.00	-	-	-	-	-	-	-	-	333,355.00
State Revenue - Misc	-	235,064.39	7,220.72	174,742.45	-	-	-	-	-	-	-	-	417,027.56
MAC Receipts/SHARS	20,154.39	11,591.23	1,049,216.41	41,060.70	-	-	-	-	-	-	-	-	1,122,022.73
Federal Program Revenue	81,994.67	193,035.28	107,917.14	473,441.19	-	-	-	-	-	-	-	-	856,388.28
Federal Program Revenue 240	128,948.52	221,206.79	220,606.41	195,380.77	-	-	-	-	-	-	-	-	766,142.49
Lunch Revenue - local 240	159,841.51	189,172.62	170,337.67	131,385.47	-	-	-	-	-	-	-	-	650,737.27
Payroll Deposits	1,720.55	1,370.02	1,454.40	1,059.02	-	-	-	-	-	-	-	-	5,603.99
Proceeds Land Sale	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Investment Acct	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	7,551,202.52	5,133,026.88	6,231,560.26	23,735,764.32	-	-	-	-	-	-	-	-	42,651,553.98
DISBURSEMENTS													
Payroll Checks	2,821,783.56	2,849,141.91	2,904,159.19	2,904,602.07	-	-	-	-	-	-	-	-	11,479,686.73
Accounts Payable Checks	4,028,994.10	2,735,224.27	1,820,209.09	1,855,056.76	-	-	-	-	-	-	-	-	10,439,484.22
TRS Deposit	352,183.88	803,357.51	805,528.32	807,024.40	-	-	-	-	-	-	-	-	2,768,094.11
IRS Deposit	418,682.14	416,259.44	420,446.32	421,929.60	-	-	-	-	-	-	-	-	1,677,317.50
Bank Charges/ NSF's/Bk Trans	439.50	673.50	43.00	151.00	-	-	-	-	-	-	-	-	1,307.00
Total Expenditures	7,622,083.18	6,804,656.63	5,950,385.92	5,988,763.83	-	-	-	-	-	-	-	-	26,365,889.56
Cash to TEA	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash transferred to Debt Service	-	-	-	333,355.00	-	-	-	-	-	-	-	-	333,355.00
Transfers to Investment Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures & Transfers	7,622,083.18	6,804,656.63	5,950,385.92	6,322,118.83	-	-	-	-	-	-	-	-	26,699,244.56
Net Change in Cash	(70,880.66)	(1,671,629.75)	281,174.34	17,413,645.49	-	-	-	-	-	-	-	-	15,952,309.42
Ending Cash Balance in bank	22,717,642.52	21,046,012.77	21,327,187.11	38,740,832.60	-	-	-	-	-	-	-	-	38,740,832.60
Beginning Cash Balance Lone Star	12,337,496.71	12,349,989.72	12,363,094.58	12,375,893.39	-	-	-	-	-	-	-	-	12,337,496.71
Beginning Cash Balance TexStar	1,392,470.63	1,393,659.03	1,394,899.74	1,396,125.93	-	-	-	-	-	-	-	-	1,392,470.63
Beginning Cash Balance Texas Class	10,460,446.69	8,464,147.86	7,033,248.30	6,033,800.53	-	-	-	-	-	-	-	-	10,460,446.69
Interest Earned Lone Star	12,493.01	13,104.86	12,798.81	14,520.66	-	-	-	-	-	-	-	-	52,917.34
Interest Earned TexStar	1,188.40	1,240.71	1,226.19	1,394.72	-	-	-	-	-	-	-	-	5,050.02
Interest Earned TexasClass	9,604.32	7,621.79	7,429.49	6,935.60	-	-	-	-	-	-	-	-	31,591.20
Transfers out	(2,005,903.15)	(1,438,521.35)	(1,006,877.26)	(309,136.65)	-	-	-	-	-	-	-	-	(4,760,438.41)
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance Invested	22,207,796.61	20,791,242.62	19,805,819.85	19,519,534.18	-	-	-	-	-	-	-	-	19,519,534.18
TOTAL CASH AVAILABLE	44,925,439.13	41,837,255.39	41,133,006.96	58,260,366.78	-	-	-	-	-	-	-	-	58,260,366.78

**Little Elm Independent School District
Debt Service Cash Flow Statement
FY 2017-2018**

	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual	July Actual	August Actual	TOTAL
<i>Beginning Cash Balance in Bank</i>	115,183.17	142,249.48	235,236.77	962,912.49	-	-	-	-	-	-	-	-	115,183.17
RECEIPTS													
Tax Collections	27,023.52	92,927.35	727,469.89	7,023,262.41	-	-	-	-	-	-	-	-	7,870,683.17
Interest	42.79	59.94	205.83	1,027.31	-	-	-	-	-	-	-	-	1,335.87
Bond Refunding	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from General Operating	-	-	-	333,355.00	-	-	-	-	-	-	-	-	333,355.00
Transfers from Investment Acct	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	27,066.31	92,987.29	727,675.72	7,357,644.72	-	-	-	-	-	-	-	-	8,205,374.04
DISBURSEMENTS													
Bank Charges/ NSF's/Bk Trans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Investment Accounts	-	-	-	2,000,000.00	-	-	-	-	-	-	-	-	2,000,000.00
Transfer to General Operating	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures & Transfers	-	-	-	2,000,000.00	-	-	-	-	-	-	-	-	2,000,000.00
Net Change in Cash	27,066.31	92,987.29	727,675.72	5,357,644.72	-	-	-	-	-	-	-	-	6,205,374.04
Ending Cash Balance in bank	142,249.48	235,236.77	962,912.49	6,320,557.21	-	-	-	-	-	-	-	-	6,320,557.21
Beginning Cash Balance TexPool	4,347,391.34	4,351,018.70	4,354,831.48	4,358,591.91	-	-	-	-	-	-	-	-	4,347,391.34
Interest Earned TexPool	3,627.36	3,812.78	3,760.43	5,252.54	-	-	-	-	-	-	-	-	16,453.11
Transfers in	-	-	-	2,000,000.00	-	-	-	-	-	-	-	-	2,000,000.00
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Cash Balance Invested	4,351,018.70	4,354,831.48	4,358,591.91	6,363,844.45	-	-	-	-	-	-	-	-	6,363,844.45
TOTAL CASH AVAILABLE	4,493,268.18	4,590,068.25	5,321,504.40	12,684,401.66	-	-	-	-	-	-	-	-	12,684,401.66

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
Cash and Investments Reconciliation
as of December 31, 2017

Operating Fund:

Balance per bank	38,740,832.60
Add: Texas Class/MBIA	5,731,599.48
Lone Star	12,390,414.05
TexStar	1,397,520.65
Add: Deposits in Transit	3,176.55
Taxes in Transit	7,829,221.15
Less: Outstanding Checks/Wires	(335,083.13)
Balance per Books	65,757,681.35

Interest & Sinking Fund:

Balance per bank	6,320,557.21
Add: Texpool	6,363,844.45
Add: Taxes in Transit	2,476,010.44
Less: Outstanding Checks	-
Balance per Books	15,160,412.10

Total Balance per Books	80,918,093.45
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LITTLE ELM INDEPENDENT SCHOOL DISTRICT
SUMMARY OF CURRENT INVESTMENTS - BY FUND
MONTH ENDED: December 31, 2017

General Fund 199

PURCHASE /SOLD DATE	TRADE TICKET #	CUSIP #	TYPE OF INVESTMENT	PAR VALUE	BEGINNING MARKET VALUE	ENDING MARKET VALUE	AVERAGE MONTHLY RATE	BOOK VALUE	DAYS TO MATURE	YIELD TO MATURE	INTEREST ACCRUED FOR PERIOD	W/D FOR PERIOD
12/01/17	Lone Star		Investment Pool Investment	12,375,893.39	100.0000%	100.0000%	0.0000%	12,375,893.39				
			Withdrawal	-				12,375,893.39				
12/31/17			Interest	14,520.66			1.3800%	12,390,414.05			14,520.66	-
				<u>12,390,414.05</u>				<u>12,390,414.05</u>			<u>14,520.66</u>	<u>-</u>

General Fund 199

PURCHASE /SOLD DATE	TRADE TICKET #	CUSIP #	TYPE OF INVESTMENT	PAR VALUE	BEGINNING MARKET VALUE	ENDING MARKET VALUE	AVERAGE MONTHLY RATE	BOOK VALUE	DAYS TO MATURE	YIELD TO MATURE	INTEREST ACCRUED FOR PERIOD	W/D FOR PERIOD
12/01/17	TexSTAR		Investment Pool Investment	1,396,125.93	100.0000%	100.0000%	0.0000%	1,396,125.93				
			Withdrawal	-				1,396,125.93				-
12/31/17			Interest	1,394.72			1.1762%	1,397,520.65			1,394.72	
				<u>1,397,520.65</u>				<u>1,397,520.65</u>			<u>1,394.72</u>	<u>-</u>

Construction Fund 647

PURCHASE /SOLD DATE	TRADE TICKET #	CUSIP #	TYPE OF INVESTMENT	PAR VALUE	BEGINNING MARKET VALUE	ENDING MARKET VALUE	AVERAGE MONTHLY RATE	BOOK VALUE	DAYS TO MATURE	YIELD TO MATURE	INTEREST ACCRUED FOR PERIOD	W/D FOR PERIOD
12/01/17	Texas CLASS		Investment Pool Investment	6,033,800.53	100.0000%	100.0000%	0.0000%	6,033,800.53				
			Withdrawal	(309,136.65)				5,724,663.88				(309,136.65)
12/31/17			Interest	6,935.60			1.4100%	5,731,599.48			6,935.60	
				<u>5,731,599.48</u>				<u>5,731,599.48</u>			<u>6,935.60</u>	<u>(309,136.65)</u>

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
SUMMARY OF CURRENT INVESTMENTS - BY FUND
MONTH ENDED: December 31, 2017

Debt Service Fund 511

PURCHASE /SOLD DATE	TRADE TICKET #	CUSIP #	TYPE OF INVESTMENT	PAR VALUE	BEGINNING MARKET VALUE	ENDING MARKET VALUE	AVERAGE MONTHLY RATE	BOOK VALUE	DAYS TO MATURE	YIELD TO MATURE	INTEREST ACCRUED FOR PERIOD	W/D FOR PERIOD
12/01/17		TexPool	Investment Pool	4,358,591.91	100.0000%	100.0000%	0.0000%	4,358,591.91				
			Investment	2,000,000.00				6,358,591.91				
			Withdrawal	-				6,358,591.91				
12/31/17			Interest	<u>5,252.54</u>			1.1764%	6,363,844.45			5,252.54	-
				<u>6,363,844.45</u>				<u>6,363,844.45</u>			<u>5,252.54</u>	<u>-</u>

Little Elm Independent School District
 Summary of Revenue & Expenditures As Of 12/31/17
 Accounting Period: 12

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	Fund: 1XX	%	Fund: 211	%	Fund: 224	%	Fund: 225	%
	General Operating		Title I-A Improving Basic		IDEA-B Formula (Spec Ed)		IDEA-B Pre-School (Spec Ed)	
Revenue Budget	68,685,710.00	100.00%	481,366.00	100.00%	927,304.00	100.00%	9,206.00	100.00%
Period Receipts	32,004,923.84		116,376.33		284,203.77		638.57	
Revenue Received to Date	46,007,214.19	66.98%	116,376.33	24.18%	284,203.77	30.65%	638.57	6.94%
Revenues Receivable:	22,678,495.81	33.02%	364,989.67	75.82%	643,100.23	69.35%	8,567.43	93.06%
Expenditure Budget	70,238,423.00	100.00%	481,366.00	100.00%	927,304.00	100.00%	9,206.00	100.00%
Period Expenditures	4,698,089.65		40,182.72		63,016.40		951.75	
Exp./Encumbrances to Date	24,691,092.75	35.15%	181,562.79	37.72%	352,872.96	38.05%	1,590.32	17.27%
Balance to Expend:	45,547,330.25	64.85%	299,803.21	62.28%	574,431.04	61.95%	7,615.68	82.73%
Actual Revenue Over (Under)								
Actual Expenditures & Encumbrances:	21,316,121.44		(65,186.46)		(68,669.19)		(951.75)	

Little Elm Independent School District
 Summary of Revenue & Expenditures As Of 12/31/17
 Accounting Period: 12

	Fund: 244	%	Fund: 255	%	Fund: 263	%	Fund 289	%
	Voc Ed Basic Grant		Title II TPTR		Title III, Part A LEP/Immigrant		Title IV, Part A Subpart 1	
Revenue Budget	44,717.00	100.00%	113,889.00	100.00%	135,679.00	100.00%	12,480.00	100.00%
Period Receipts	9,995.65		34,299.09		27,927.78		-	
Revenue Received to Date	9,995.65	22.35%	34,299.09	30.12%	27,927.78	20.58%	-	
Revenues Receivable:	34,721.35	77.65%	79,589.91	69.88%	107,751.22	79.42%	12,480.00	
Expenditure Budget	44,717.00	100.00%	113,889.00	100.00%	135,679.00	100.00%	12,480.00	100.00%
Period Expenditures	13,324.31		4,106.85		18,261.85		-	
Exp./Encumbrances to Date	25,384.01	56.77%	39,787.84	34.94%	51,850.58	38.22%	-	0.00%
Balance to Expend:	19,332.99	43.23%	74,101.16	65.06%	83,828.42	61.78%	12,480.00	
Actual Revenue Over (Under) Actual Expenditures:	(15,388.36)		(5,488.75)		(23,922.80)		-	

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Little Elm Independent School District
 Summary of Revenue & Expenditures As Of 12/31/17
 Accounting Period: 12

	Fund 289-02	%	Fund 410	%	Fund: 429	%	Fund: 240	%
	LEP Summer School		Instructional Materials		State Special Revenue		Food Service	
Revenue Budget	-	100.00%	307,806.00	100.00%	-	100.00%	3,724,775.00	100.00%
Period Receipts	9,497.00		174,742.45		-		343,008.25	
Revenue Received to Date	9,497.00	#DIV/0!	419,426.81	136.26%	-	#DIV/0!	1,379,097.42	37.02%
Revenues Receivable:	-		-	0.00%	-	#DIV/0!	2,345,677.58	62.98%
Expenditure Budget	-	100.00%	319,426.00	100.00%	-	100.00%	3,826,691.00	100.00%
Period Expenditures	-		77,399.13		-		364,302.40	
Exp./Encumbrances to Date	-	#DIV/0!	300,347.82	94.03%	-	#DIV/0!	1,286,938.02	33.63%
Balance to Expend:	-		19,078.18	5.97%	-	#DIV/0!	2,539,752.98	66.37%
Actual Revenue Over (Under) Actual Expenditures & Encumbrances:	9,497.00		119,078.99		-		92,159.40	

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Little Elm Independent School District
 Summary of Revenue & Expenditures As Of 12/31/17
 Accounting Period: 12

	Fund: 511	%	Fund: 647	%	Fund: 720	%
	Debt Service		2016 Bonds		Child Care	
Revenue Budget	13,740,450.00	100.00%	28,015,000.00	100.00%	617,385.00	100.00%
Period Receipts	9,706,527.10		6,935.60		50,056.64	
Revenue Received to Date	10,690,664.57	77.80%	28,250,129.85	100.84%	205,515.59	33.29%
Revenues Receivable:	3,049,785.43	22.20%	-	0.00%	411,869.41	66.71%
Expenditure Budget	11,984,037.00	100.00%	28,015,000.00	100.00%	610,678.00	100.00%
Period Expenditures	-		469,259.62		50,495.09	
Exp./Encumbrances to Date	810.00	0.01%	20,169,194.87	71.99%	221,362.83	36.25%
Balance to Expend:	11,983,227.00	99.99%	7,845,805.13	28.01%	389,315.17	63.75%
Actual Revenue Over (Under)						
Actual Expenditures & Encumbrances:	10,689,854.57		8,080,934.98		(15,847.24)	

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Denton County
Monthly Collection Status Report
December 2017

Little Elm ISD

	Collections Month of December	Cumulative Total 10/1/17 thru 12/31/17	% of Tax Levy
Current Tax Year Collections			
Base M&O	29,181,639.94	32,008,686.77	72.27%
Base I&S	9,228,383.00	10,122,406.51	
Base I&S Bond	-	-	
P&I M&O	379.35	935.06	
P&I I&S	-	-	
P&I I&S Bond	-	-	
Attorney Fee	-	-	
Subtotal	38,410,402.29	42,132,028.34	72.27%
Delinquent Tax Years Collections			
Base M&O	281,871.33	385,741.15	
Base I&S	115,630.10	158,578.04	
Base I&S Bond	-	-	
P&I M&O	51,475.53	82,315.37	
P&I I&S	22,879.15	35,808.40	
P&I I&S Bond	-	-	
Attorney Fee	5,012.88	18,404.94	
Other*	-	-	
Subtotal	476,868.99	680,847.90	
Combined Current & Delinquent:			
Base M&O	29,463,511.27	32,394,427.92	
Base I&S	9,344,013.10	10,280,984.55	
Base I&S Bond	-	-	
P&I M&O	51,854.88	83,250.43	
P&I I&S	22,879.15	35,808.40	
Attorney Fee	5,012.88	18,404.94	
Other*	-	-	
Total Collections	38,887,271.28	42,812,876.24	
Original 2017 Tax Levy		57,783,729.13	
Current 2017 Tax Levy		58,299,515.25	

Denton County
Cumulative Comparative Collection Status Report
December 2017

Little Elm ISD

	Tax Year 2017 Collections thru December 2017	% of Tax Levy	Tax Year 2016 Collections thru December 2016	% of Tax Levy
Current Tax Year Collections				
Base M&O + I&S	42,131,093.28	72.27%	26,423,757.11	53.66%
P&I M&O + I&S	935.06		1,330.60	
Attorney Fee	-		-	
Subtotal	<u>42,132,028.34</u>	72.27%	<u>26,425,087.71</u>	53.66%
Delinquent Tax Years Collections				
Base M&O + I&S	544,319.19		37,767.62	
P&I M&O + I&S	118,123.77		12,427.01	
Attorney Fee	18,404.94		10,192.42	
Subtotal	<u>680,847.90</u>		<u>60,387.05</u>	
Combined Current & Delinquent:				
Base M&O + I&S	42,675,412.47		26,461,524.73	
P&I M&O + I&S	119,058.83		13,757.61	
Attorney Fee	18,404.94		10,192.42	
Other	-		-	
Total Collections	<u><u>42,812,876.24</u></u>		<u><u>26,485,474.76</u></u>	
Adjusted 2016 Tax Levy			<u><u>49,247,514.30</u></u>	
Original 2017 Tax Levy	<u><u>57,783,729.13</u></u>			
Current 2017 Tax Levy	<u><u>58,299,515.25</u></u>			

Denton County
Levy Outstanding Status Report
December 2017

Little Elm ISD

	Current Tax Year	Delinquent Tax Years
Current Month:		
Tax Levy Remaining as of 12/01/17	54,612,494.44	1,010,243.21
Base M&O + I&S Collections	38,410,022.94	397,501.43
Supplement/Adjustments	(9,341.12)	(11,594.57)
	<hr/>	<hr/>
Remaining Levy as of 12/31/17	<u>16,193,130.38</u>	<u>601,147.21</u>
Cumulative (From 10/01/17 thru 12/31/17)		
Original 2017 Tax Levy (as of 10-1-17)	57,783,729.13	1,083,146.27
Base M&O + I&S Collections	42,131,093.28	544,319.19
Supplement/Adjustments	540,494.53	62,320.13
	<hr/>	<hr/>
Remaining Levy as of 12/31/17	<u>16,193,130.38</u>	<u>601,147.21</u>

Renovations / Maintenance Projects FY 16-17

Approved Dec 2016	250,000.00
FY 15-16 Balance Rollforward Approved Dec 2016	489,960.00
Less Rollforward Allocated to PY Projects	(23,220.00) (1)
Transfer to Furniture & Equipment Fund 196 Mar 2017	(314,000.00) (2)
Approved Apr 2017	416,000.00
Prestwick STEM PTA Outdoor Classroom Donation	20,000.00
Approved Jun 2017	581,000.00
Transfer to Zellars Portable FY 16-17 Project	6,155.00
Transfer Partial PY Balance to FY 17-18 Projects Dec 2017	(471,615.00)
	<u>954,280.00</u>

As of 02-05-18

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
Brent						
				-	-	-
Chavez						
	Chavez Playground Fence	SFCC, Inc.	Installation of fence	-	-	-
Hackberry						
				-	-	-
High School						
	LEHS HVAC	Trane	HVAC unit at High School	8,500.00	-	8,500.00
	LEHS HVAC	SFCC, Inc.	HVAC unit at High School	4,985.00	-	4,985.00
						13,485.00
Lakeside						
				-	-	-
Maintenance						
				-	-	-
Oak Point						
	Oak Point Portable	Ramteck Building Systems	Portable	162,250.00		162,250.00
	Oak Point Portable	Office Depot	Furniture for portable	59,546.32		59,546.32
	Oak Point Portable	Glenn Engineering	Architect	2,500.00		2,500.00
	Oak Point Portable	RAB Group	Technology	15,220.00		15,220.00
	Oak Point Portable	C&G Electric	Electrical work	13,190.00		13,190.00
	Oak Point Portable	Rodriguez Concrete	Sidewalk	15,500.00		15,500.00
	Oak Point Portable	C and R Services	Access control camera	5,700.00		5,700.00
	Oak Point Portable	American Fire	Fire alarm	4,400.00		4,400.00
	Oak Point Portable	CDW Government, Inc.	Technology	8,055.30		8,055.30
	Oak Point Portable	CapitalOne (City of Oak Point)	Building Permit	1,733.03		1,733.03
	Oak Point Crosswalk Lights	TAPCO	Installation of flashing crosswalk lights	15,615.68		15,615.68
	Oak Point Crosswalk Lights	Centerline Supply, LTD	Signage	1,365.25		1,365.25
						305,075.58
Powell						
	Powell Restrooms	Johnson Burks Supply Co	Fixtures	2,562.83		2,562.83
	Powell Restrooms	Spectrum Resource Group	Restroom partitions	3,398.00		3,398.00
	Powell Restrooms	One Source Flooring	Floor and wall tile	7,889.51		7,889.51
	Powell Restrooms	Lowe's Companies, Inc.	Open PO	812.30		812.30
	Powell Restrooms	Dealers Electrical Supply	Lighting	600.00		600.00
	Powell Restrooms	Supply Works	Mirrors	254.16		254.16
	Powell Restrooms	Supply Works	Hand dryers	1,500.00		1,500.00

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Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
	Powell Restrooms	Home Depot	Rent equipment for renovation	348.58		348.58
	Powell Roof	Walsh Gallegos Trevino	Contract review for roof repairs	277.00		277.00
	Powell Roof	CBS Roofing	Roof repairs	329,157.50		329,157.50
	Powell Roof	Armko Industries, Inc.	Roof repairs	625.00		625.00
						347,424.88

Prestwick						
	Prestwick STEM Fencing	SFCC, Inc.	Installation of fence	24,400.00		24,400.00
	Prestwick Outdoor Classroom	WeBuildFun, Inc.	Playground Equipment	34,021.62		34,021.62
	Prestwick Outdoor Classroom	Duo-Guard Industries, Inc.	Scooter Racks	831.00		831.00
						59,252.62

Zellars						
	Zellars Drainage	Town of Little Elm	Drainage	16,974.85		16,974.85
	Zellars Portable	Ramtech Building Systems	Portable	67,990.00		67,990.00
	Zellars Portable	Corgan Associates, Inc.	Architect		4,100.00	4,100.00
	Zellars Portable	RAB Group	Technology		10,000.00	10,000.00
	Zellars Portable	C & G Electric	Electrical Work	8,783.00		8,783.00
	Zellars Portable	SFCC, Inc.	Sidewalks		20,000.00	20,000.00
	Zellars Portable	C and R Services	Access control cameras		3,644.62	3,644.62
	Zellars Portable	American Fire	Fire alarm	1,500.00		1,500.00
	Zellars Portable	RAB Group	Technology			-
	Zellars Portable	CDW Government, Inc.	Technology	3,459.70		3,459.70
	Zellars Portable	Frank Bartel Transportation	Site grading			-
	Zellars Portable	Haven Landscaping & Irrigation	Demolition/playground removal/irrigation		6,155.00	6,155.00
	Zellars Heat Pump	Trane	Heat pump unit	7,508.00		7,508.00
						150,115.17

	Total			831,453.63	43,899.62	875,353.25
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06

Balance	78,926.75
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- (1) Additional funding needed to complete prior year summer projects
- (2) Cover purchase of board room audio/video equipment, band and fine arts uniforms, Athletic Complex batteries, SPED cameras and servers, and CTE truck and trailer.

Furniture and Equipment Purchases FY 16-17

Transfer from Renovation Fund 197 Mar 2017 314,000.00
 Transfer from Fund 199 April 2017 1,203.00 (1)
 Approved Jun 2017 772,854.00
 Transfer PY Vehicle Repair Balance to FY 17-18 Dec 2017 **(136,678.00)**
 951,379.00

As of 02-05-18

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
Athletic Complex						
	Supplies Maint - Athletic Complex	Synergistic Power Systems	Replacement batteries for Athletic Complex	18,064.00		18,064.00
						18,064.00
Brent						
	Furn & Equip - Brent	Office Depot, Inc.	Classroom furniture	21,729.66		21,729.66
						21,729.66
Chavez						
	Furn & Equip - Chavez	CDW Government, Inc.	Audio/video activity room	930.00		930.00
	Furn & Equip - Chavez	RAB Group, Inc.	Audio/video activity room	1,185.00		1,185.00
	Furn & Equip - Chavez	Office Depot, Inc.	Classroom seating	16,287.20		16,287.20
	Furn & Equip - Chavez	RAB Group, Inc.	Conference room TV	1,635.00		1,635.00
	Furn & Equip - Chavez	Office Depot, Inc.	Cafeteria table	-	1,626.20	1,626.20
						21,663.40
Hackberry						
	Furn & Equip - Hackberry	Office Depot, Inc.	Tables for kindergarten classroom	4,971.55		4,971.55
	Furn & Equip - Hackberry	GDW Government, Inc.	Epson PowerLite 5520W LCD projector	2,133.03		2,133.03
	Furn & Equip - Hackberry	RAB Group, Inc.	Install projector in cafeteria	2,999.00		2,999.00
	Furn & Equip - Hackberry	Office Depot, Inc.	Conference room furniture	10,768.96		10,768.96
	Furn & Equip - Hackberry	One Source Flooring	Install carpet in teacher's lounge	1,895.77		1,895.77
						22,768.31
High School						
	CTE Truck and Trailer	Sam Pack's Five Star Ford	Truck for CTE	28,676.05		28,676.05
	CTE Truck and Trailer	Big Tex Cross Roads	Trailer for CTE	5,065.00		5,065.00
	LEHS Band Uniforms	Fred J Miller	Band uniforms	149,549.75		149,549.75
	LEHS Choir Uniforms	Southeastern Performance	Choir uniforms	6,396.46		6,396.46
	LEHS Choir Uniforms	Southeastern Career Apparel	Choir uniforms	6,163.20		6,163.20
	LEHS Drill Team Uniforms	Cheers, ETC1., Inc.	Drill team uniforms	2,645.00		2,645.00
	LEHS Drill Team Uniforms	Sandys Dancewear Too, Inc.	Drill team uniforms	726.60		726.60
	LEHS Drill Team Uniforms	TeamLeader	Drill team uniforms	9,798.95		9,798.95
						209,021.01
Lakeview						
	Furn & Equip - Lakeview	Rab Group, Inc.	Conference room TV	1,635.00		1,635.00
	Furn & Equip - Lakeview	Office Depot	Classroom furniture	39,982.91		39,982.91
						41,617.91
Lakeside						
	MS Choir Uniforms	Southeastern Career Apparel	Choir uniforms	9,790.50		9,790.50
	Furn & Equip Lakeside	Office Depot	Classroom furniture	37,474.65		37,474.65
	Furn & Equip Lakeside	Flinn Scientific Inc.	Science lab equipment	7,799.03		7,799.03
	Furn & Equip Lakeside	Wards Natural Science	Science lab equipment	237.15		237.15
	Furn & Equip Lakeside	SupplyWorks	Science lab equipment	514.92		514.92
	Furn & Equip Lakeside	Texoma Fire Equipment Inc.	Science lab equipment	128.00		128.00
	Furn & Equip Lakeside	Grainger	Science lab equipment	569.25		569.25
	Furn & Equip Lakeside	Office Depot	Science lab equipment	613.24		613.24
	Furn & Equip Lakeside	Office Depot	Science lab equipment	181.95		181.95
	Furn & Equip Lakeside	Frisco Printing & Graphics	Science safety cards	504.38		504.38
	Furn & Equip Lakeside	Homegrown Promotionals	Science safety posters	1,603.80		1,603.80
	Furn & Equip Lakeside	Flinn Scientific Inc.	Science lab equipment	6,634.71		6,634.71
						66,051.58

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total	
Maintenance							
	E-Mist Surface Mgmt	JF Filtration	E-mist surface management system	62,887.49		62,887.49	
	Scrubber Rider	SupplyWorks	Scrubber rider for high school	13,750.75		13,750.75	
	Walk Behind Scribber	SupplyWorks	Walk behind scrubber for high school	11,301.75		11,301.75	
	Vehicle Repairs	Fast Lane Car Wash	Vehicle repairs for hail damage	3,832.30		3,832.30	
	Vehicle Repairs	Fast Lane Car Wash	Vehicle repairs for hail damage	4,351.20		4,351.20	
	Vehicle Repairs	Action Collision Repair	Vehicle repairs for hail damage	8,810.70		8,810.70	
	Vehicle Repairs	Action Collision Repair	Vehicle repairs for hail damage	9,162.68		9,162.68	
						114,096.87	
Oak Point							
	Furn & Equip Oak Point	Office Depot	Classroom furniture	42,200.49		42,200.49	
						42,200.49	
Powell							
	Furn & Equip - Powell	IPEVO, Inc.	Document cameras	924.35		924.35	
	Furn & Equip - Powell	MonoPrice	Classroom technology - cables	128.39		128.39	
	Furn & Equip - Powell	CDW Government, Inc.	Laminator and poster printers	4,183.67		4,183.67	
	Furn & Equip - Powell	Office Depot, Inc.	Classroom desks and chairs	13,172.60		13,172.60	
	Furn & Equip - Powell	Satarii, Inc.	Swivel for coaching	799.00		799.00	
						19,208.01	
Prestwick							
	Furn & Equip - Prestwick	Office Depot	Classroom tables	9,482.97		9,482.97	
						9,482.97	
Safety & Security Dept							
	Safety & Security Equip	Baudville Inc	Student ID project	13,112.98		13,112.98	
	Safety & Security Equip	Sterling Associates, Inc.	Two-way radios	57,880.00		57,880.00	
	Safety & Security Equip	C and R Services	FOB entry project	81,459.32	39,690.68	121,150.00	
						192,142.98	
Zellars							
	Zellars Board Room Equip	Office Depot, Inc.	Tables	1,080.22		1,080.22	
	Zellars Board Room Equip	RAB Group, Inc.	Audio and video equipment	43,299.76		43,299.76	
	Zellars Board Room Equip	RAB Group, Inc.	Audio and video equipment	189.90		189.90	
	Zellars Board Room Equip	CDW Government, Inc.	Monitors	863.25		863.25	
	Zellars Board Room Equip	Lowe's Companies, Inc.	Ceiling tiles	2,521.95		2,521.95	
	Zellars Board Room Equip	Apple, Inc.	iPad	724.00		724.00	
	Zellars Board Room Equip	Apple, Inc.	iPad app	2.99		2.99	
	Zellars Board Room Equip	Ergomart	Mounting for monitors	310.77		310.77	
	Zellars Board Room Equip	RAB Group, Inc.	Audio and video equipment upgrades	1,938.25		1,938.25	
	SPED Cameras and Server	RAB Group, Inc.	SPED cameras and server	17,391.00		17,391.00	
	SPED Cameras and Server	RAB Group, Inc.	SPED cameras for Brent campus	4,055.76		4,055.76	
						72,377.85	
	Total			809,108.16	41,316.88	850,425.04	
						Balance	100,953.96

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(1) Cover higher than anticipated cost for high school choir uniforms

Renovations / Maintenance Projects FY 17-18

Original Budget FY 17-18 **582,900.00**
 Rollforward Balances FY 16-17 Dec 2017 **471,615.00**
 Transfer to Zellars Portable FY 16-17 Project **(6,155.00)**
 Transfer to Furniture & Equipment Fund 196 Jan 2018 PA Systems **(46,211.00)**
1,002,149.00

As of 02-05-18

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
Athletics						
						-
						-
Brent						
	Brent Sidewalk	Sergio Rodriguez	New sidewalks for walkers	-	7,500.00	7,500.00
	Brent HVAC	Air Check Test	HVAC unit	-	10,349.00	10,349.00
						17,849.00
Chavez						
				-	-	-
						-
Hackberry						
				-	-	-
						-
High School						
	LEHS HVAC	Air Check Test	Main IDF HVAC Replacement Unit 1.5 ton	-	8,497.00	8,497.00
						8,497.00
Lakeside						
CG	Lakeside Renovation	SFCC, Inc.	Various site renovations	-	41,465.00	41,465.00
	Lakeside Renovation	Corgan Associates, Inc.	Various site renovations	-	5,000.00	5,000.00
						46,465.00
Maintenance						
				-	-	-
						-
Oak Point						
				-	-	-
						-
Powell						
				-	-	-
						-
Prestwick						
	Prestwick Concrete Work	Sergio Rodriguez	Concrete repairs	-	72,980.00	72,980.00
	Prestwick Concrete Work	Haven Landscaping & Irrigation	Concrete repairs	-	4,110.00	4,110.00
	Prestwick Concrete Work	Precision Concrete Cutting	Concrete repairs	-	8,555.00	8,555.00
						85,645.00
Zellars						
	Zellars Operations Office	SFCC, Inc.		23,975.00	-	23,975.00
	Zellars Breakroom	Southwest networks, Inc.	Data drop/cabling for breakroom		2,061.00	2,061.00
						26,036.00
Other						
	Land Purchase and Improvements	Todd Property Advisors, Inc.	Land Appraisal		7,500.00	7,500.00
						7,500.00

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
	Total			23,975.00	168,017.00	191,992.00

Balance	810,157.00
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Furniture and Equipment Purchases FY 17-18

Rollforward Vehicle Repair Balance PY Dec 2017	136,678.00
TASB Risk Insurance Proceeds PY Dec 2017	59,989.00
Transfer from Renovation Fund 197 Jan 2018	46,211.00
TASB Risk Insurance Proceeds CY Jan 2018	5,328.00
	248,206.00

As of 02-05-18

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
Athletic Complex						
						-
						-
Brent						
	Brent PA System	Southwest Networks, Inc.	Upgrades to PA system		5,711.00	5,711.00
						5,711.00
Chavez						
	Chavez PA System	Southwest Networks, Inc.	New PA System		34,789.00	34,789.00
						34,789.00
Hackberry						
						-
						-
High School						
						-
						-
Lakeview						
						-
						-
CS	Lakeside					
						-
						-
Maintenance						
	Contract Maint & Repair - Vehicles	Action Collision Repair	Vehicle repairs for hail damage	11,139.35		11,139.35
	Contract Maint & Repair - Vehicles	Action Collision Repair	Vehicle repairs for hail damage	11,108.53		11,108.53
	Contract Maint & Repair - Vehicles	Fast Lane Car Wash	Vehicle repairs for hail damage	2,454.50		2,454.50
	Contract Maint & Repair - Vehicles	Fast Lane Car Wash	Vehicle repairs for hail damage	3,225.30		3,225.30
	Contract Maint & Repair - Vehicles	Oliver's Paintless Dent Removal	Vehicle repairs for hail damage	2,680.00		2,680.00
	Contract Maint & Repair - Vehicles	Oliver's Paintless Dent Removal	Vehicle repairs for hail damage	3,956.25		3,956.25
						34,563.93
Oak Point						
						-
						-
Powell						
	Powell PA System	Southwest Networks, Inc.	Upgrades to PA system		5,711.00	5,711.00
						5,711.00
Prestwick						
						-
						-
Safety & Security Dept						
						-
						-
						-

Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
						-
Zellars						
	Zellars Portable FF&E	Grainger	Electric pallet jack	3,650.00		3,650.00
	Zellars Portable FF&E	W.W. Cannon, Inc.	Shelving		2,339.75	2,339.75
	Zellars Portable FF&E	Home Depot	Open PO for dolly and other supplies/equipment		500.00	500.00
	Zellars Oper Ofc Furn & Equip	Wilson Office Interiors, LLC	Cubicles and office furniture - new offices Construction & Operations Dept		20,337.59	20,337.59
	Zellars Oper Ofc Furn & Equip	Office Depot, Inc.	Operations office chairs		1,007.52	1,007.52
						27,834.86
	Total			38,213.93	70,395.86	108,609.79

Balance	139,596.21
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Campus	Account Description	Vendor	Description	Expenditures	Encumbered	Total
Athletic Complex						
	Roof - Athletic Complex	CBS Roofing Services		205,465.05	30,813.95	236,279.00
						236,279.00
Brent						
						-
						-
Chavez						
						-
						-
Hackberry						
						-
						-
High School						
						-
						-
Lakeview						
						-
						-
Lakeside						
						-
						-
Operations / Transportation						
						-
						-
Oak Point						
						-
						-
Powell						
						-
						-
Prestwick						
						-
						-
Zellers						
						-
						-
Total				205,465.05	30,813.95	236,279.00
Balance						1,755,140.00

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	LITTLE ELM ISD INTERLOCAL SUMMARY REPORT				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	GRB (LEGAL)				
Summary:	Allows LEISD to purchase products or services from other governmental entities (listed on attachment) which have been properly awarded contracts through statutorily authorized methods.				
Financial Implications:	N/A				
Attachments:	Little Elm ISD Interlocal Summary Report for Approval				
Recommendation:	The Administration recommends approval of the Little Elm ISD Interlocal Summary Report as submitted.				
Motion:	I move that the Board approve the Little Elm ISD Interlocal Summary Report dated February 19, 2018 as submitted.				

Little Elm ISD Interlocal Summary Report for Approval

Board Meeting Date: February 19, 2018

Ref #	Vendor Name	Department	Status (New, Renewal, Vendor Change)	Prior Year Contract Amount	Amount	Change	Effective Date	Expiration Date	Renewal	Description	Administrator
1	TASB	Human Resource Services	New	\$ -	\$6,000	\$ -	3/1/2018	5/31/2018	N/A	Will evaluate district pay systems and practices and develop strategies and implementation plans to achieve district goals for hourly employee base pay systems only.	Cleota Epps
2	Education Service Center Region 10 Multi-Region Purchasing Cooperative	Child Nutrition	Renewal	\$ -	\$0	\$ -	7/1/2018	6/30/2019	1 year	This Cooperative will organize and administer the child nutrition cooperative purchasing and commodity processing program for Member Contracting Entities in Region 7, 10, 11, 12, 13 and 15.	Carolyn Tarver
3											
4											
5											
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Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	LITTLE ELM ISD CONTRACT SUMMARY REPORT				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	CRB (LEGAL)				
Summary:	Allows LEISD to purchase products or services from the list of attached contract(s) which have been properly awarded through statutorily authorized methods.				
Financial Implications:	See attached.				
Attachments:	Little Elm ISD Contract Summary Report for Approval				
Recommendation:	The Administration recommends approval of the Little Elm ISD Contract Summary Report as submitted.				
Motion:	I move that the Board approve the Little Elm ISD Contract Summary Report dated February 19, 2018 as submitted.				

Little Elm ISD Contract Summary Report for Approval

Board Meeting Date: February 19, 2018

Ref #	Vendor Name	Department	Status (New, Renewal, Vendor Change)	Prior Year Contract Amount	Amount	Change	Effective Date	Expiration Date	Renewal	Description	Administrator
1	Daktronics Sports Marketing	Athletics & Marketing Services	New	\$0	\$0	\$0	2/20/2018	2/19/2019	N/A	Marketing MOU agreement with Daktronics Sports Marketing to raise funds for a new Little Elm ISD Scoreboard.	Sandra Howell Tony Tipton
2											
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9											
10											

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Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

Board Mtg. Date	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
2-19-2018	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	LITTLE ELM ISD EXPENDITURES OVER \$50,000 SUMMARY REPORT				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	CH (LOCAL) Purchasing And Acquisition				
Summary:	Allows LEISD to purchase products or services valued over \$50,000 (listed on attachment) which have been properly purchased through statutorily authorized methods.				
Financial Implications:	N/A				
Attachments:	Little Elm ISD Expenditures Over \$50,000 Summary Report for Approval				
Recommendation:	The Administration recommends approval of the Little Elm ISD Expenditures Over \$50,000 Summary Report as submitted.				
Motion:	I move that the Board approve the Little Elm ISD Expenditures Over \$50,000 Summary Report dated February 19, 2018 as submitted.				

Little Elm ISD Expenditures Over \$50,000 Summary Report for Approval

Board Meeting Date: February 19, 2018

Ref #	Vendor Name	Department	Status (New, Renewal, Vendor Change)	Prior Year Contract Amount	Amount	Change	Effective Date	Expiration Date	Renewal	Description	Administrator
1	Precision Concrete Cutting, Sergio Rodriguez & Haven Landscaping	Maintenance & Operation Services	New	\$0	\$86,895	\$0	N/A	N/A	No	Concrete repairs due to trip hazzards at Prestwick STEM Academy to prevent building damage and bodily injuries.	Danny Cogdell
2	Precision Concrete Cutting	Maintenance & Operation Services	New	\$0	\$84,813	\$0	N/A	N/A	No	Cutting all trip hazzards throughout the District to eliminate	Danny Cogdell
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7											
8											
9											
10											

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Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Business Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 02-19-2018	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	PERSONNEL MEMO				
Presenter or Contact Person:	Cleota Epps Assistant Superintendent for Human Resource & Student Services				
Policy/Code:	DCA, DCB, DC, and DCE, as appropriate.				
Summary:	Administration Level Contract Renewals.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	Administration level contract renewal memo provided in Executive Session.				
Recommendation:	The Administration recommends approval of the Administration Level Contract Renewals as submitted.				
Motion:	I move the Board approve the Administration Level Contract Renewals as submitted.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Other
Board Mtg. Date 02-19-2018	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	MAXIMUM CLASS SIZE EXEMPTION - CLASS SIZE WAIVERS				
Presenter or Contact Person:	Cleota Epps Assistant Superintendent for Human Resource & Student Services				
Policy/Code:	BF (LEGAL)				
Summary:	<p>In grades K-4, the class size maximum is 22. In LEISD we have two new areas, making a total of 19 areas at four campuses that have some sections of the grade level above 22 students. We are asking for an additional maximum class size exception at:</p> <p>Brent: 1st Grade – 1 (Petrasic) 4th Grade – 1 (Vawter)</p> <p>Hackberry: Kindergarten – 1 (Sawhney)</p>				
Financial Implications:	There is no financial impact.				
Attachments:	None				
Recommendation:	The Administration recommends approval of waivers for the Maximum Class Size Exception from the Commissioner of Education.				
Motion:	I move the Board approve waivers for the Maximum Class Size Exception from the Commissioner of Education.				

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
Board Mtg. Date 02-19-2018	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	ANNUAL INVESTMENT REPORT				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	CDA Legal and CDA Local Board Policies				
Summary:	"The Board shall review its investment policy and investment strategies not less than annually. The Board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies."				
Financial Implications:	N/A				
Attachments:	Annual Investment Policies				
Recommendation:	The Administration recommends approval of the Investment Policies.				
Motion:	"I move that we adopt Investment Policy CDA (Legal) dated 10/29/2015 and CDA (Local) dated 08/24/2015 with no changes."				

Little Elm ISD
Annual Investment Report
February 19, 2018

Little Elm ISD
Annual Investment Report
February 19, 2018

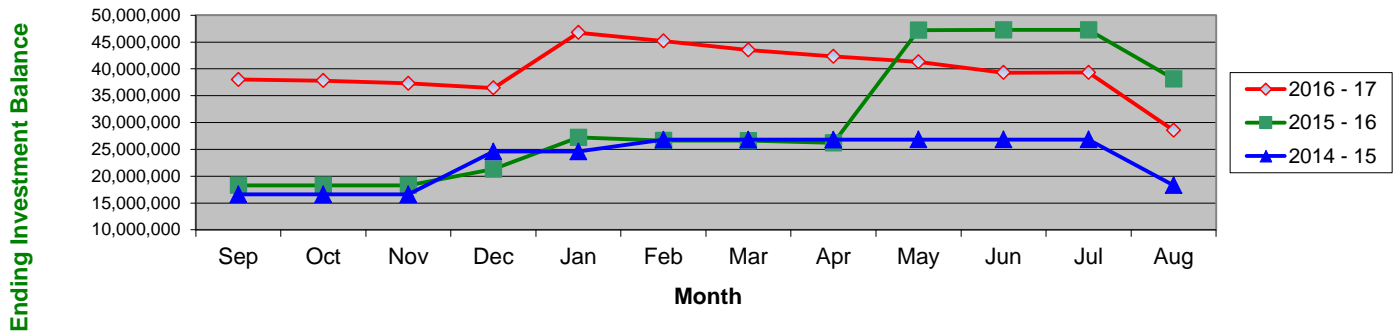
Table of Contents

1. Three year historical investment data ending August 31, 2017
2. LEISD Investment Policy
3. TexSTAR
 - a. Certification Letter
 - b. Investment Policy
4. Texas CLASS
 - a. Certification Letter
 - b. Investment Policy
5. TexPool
 - a. Certification Letter
 - b. Investment Policy
6. Lone Star Investment Pool
 - a. Certification Letter
 - b. Lone Star Investment Policy

Little Elm ISD

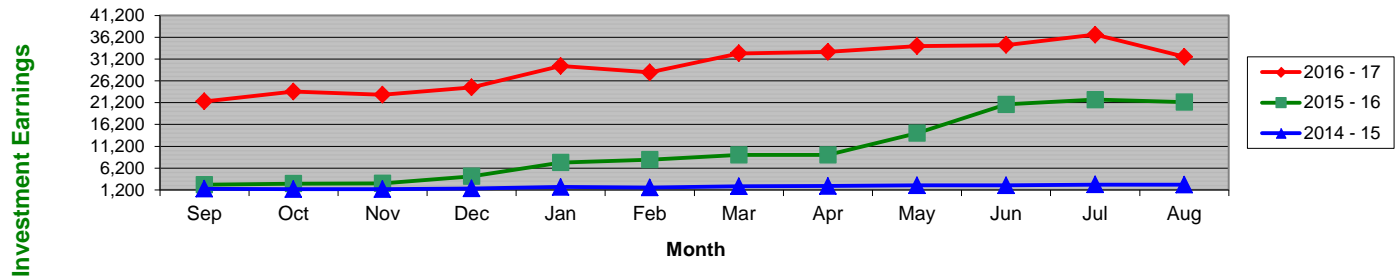
Investment Balances, Returns and Rates
Three Year History Ending August 31, 2017
Unaudited for Management Purposes Only

Monthly Investment Balances Over a 3 Year Period



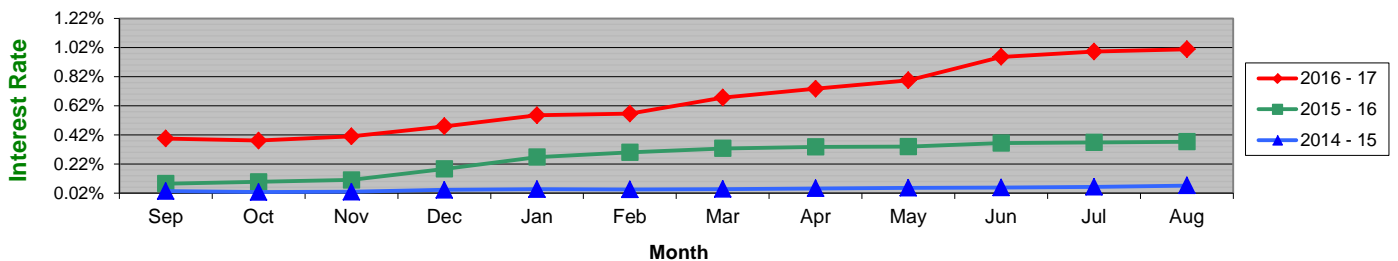
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2016 - 17	38,006,702	37,804,179	37,292,539	36,445,708	46,769,142	45,198,100	43,519,218	42,335,179	41,305,628	39,308,832	39,345,607	28,537,805
2015 - 16	18,307,578	18,310,235	18,312,960	21,317,311	27,238,752	26,662,558	26,622,196	26,229,321	47,243,538	47,264,338	47,286,220	38,129,884
2014 - 15	16,591,042	16,592,434	16,593,788	24,595,312	24,597,171	26,805,190	26,807,222	26,809,315	26,811,566	26,813,822	26,816,255	18,305,200

Monthly Investment Earnings Over a 3 Year Period



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2016 - 17	21,501	23,736	23,034	24,726	29,584	28,122	32,504	32,868	34,159	34,412	36,775	31,732
2015 - 16	2,378	2,657	2,725	4,350	7,481	8,131	9,253	9,259	14,217	20,800	21,882	21,326
2014 - 15	1,466	1,392	1,354	1,524	1,859	1,728	2,033	2,093	2,251	2,256	2,433	2,383

Average Monthly Interest Rates Over a 3 Year Period



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2016 - 17	0.40%	0.38%	0.41%	0.48%	0.55%	0.57%	0.68%	0.74%	0.80%	0.96%	0.99%	1.01%
2015 - 16	0.09%	0.10%	0.11%	0.19%	0.27%	0.30%	0.33%	0.34%	0.34%	0.36%	0.37%	0.37%
2014 - 15	0.03%	0.03%	0.03%	0.04%	0.05%	0.04%	0.05%	0.05%	0.06%	0.06%	0.06%	0.07%

Periodic interest rates of Texpool.

LEISD Investment Policies

OTHER REVENUES
INVESTMENTS

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(LEGAL)

All investments made by a district shall comply with the Public Funds Investment Act (Texas Government Code Chapter 2256, Subchapter A) and all federal, state, and local statutes, rules or regulations. *Gov't Code 2256.026*

WRITTEN POLICIES

Investments shall be made in accordance with written policies approved by the board. The investment policies must primarily emphasize safety of principal and liquidity and must address investment diversification, yield, and maturity and the quality and capability of investment management. The policies must include:

1. A list of the types of authorized investments in which a district's funds may be invested;
2. The maximum allowable stated maturity of any individual investment owned by the district;
3. For pooled fund groups, the maximum dollar-weighted average maturity allowed based on the stated maturity date of the portfolio;
4. Methods to monitor the market price of investments acquired with public funds;
5. A requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis; and
6. Procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Government Code 2256.021 [see LOSS OF REQUIRED RATING, below].

Gov't Code 2256.005(b)

ANNUAL REVIEW

The board shall review its investment policy and investment strategies not less than annually. The board shall adopt a written instrument stating that it has reviewed the investment policy and investment strategies and that the written instrument so adopted shall record any changes made to either the investment policy or investment strategies. *Gov't Code 2256.005(e)*

ANNUAL AUDIT

A district shall perform a compliance audit of management controls on investments and adherence to the district's established investment policies. The compliance audit shall be performed in conjunction with the annual financial audit. *Gov't Code 2256.005(m)*

INVESTMENT
STRATEGIES

As part of the investment policy, a board shall adopt a separate written investment strategy for each of the funds or group of funds under the board's control. Each investment strategy must describe

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the investment objectives for the particular fund under the following priorities in order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the district;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the investment needs to be liquidated before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

Gov't Code 2256.005(d)

INVESTMENT
OFFICER

A district shall designate one or more officers or employees as investment officer(s) to be responsible for the investment of its funds. If the board has contracted with another investing entity to invest its funds, the investment officer of the other investing entity is considered to be the investment officer of the contracting board's district. In the administration of the duties of an investment officer, the person designated as investment officer shall exercise the judgment and care, under prevailing circumstances that a prudent person would exercise in the management of the person's own affairs, but the board retains the ultimate responsibility as fiduciaries of the assets of the district. Unless authorized by law, a person may not deposit, withdraw, transfer, or manage in any other manner the funds of the district. Authority granted to a person to invest the district's funds is effective until rescinded by the district or until termination of the person's employment by a district, or for an investment management firm, until the expiration of the contract with the district. *Gov't Code 2256.005(f)*

A district or investment officer may use the district's employees or the services of a contractor of the district to aid the investment officer in the execution of the officer's duties under Government Code, Chapter 2256. *Gov't Code 2256.003(c)*

INVESTMENT
TRAINING
INITIAL

Within 12 months after taking office or assuming duties, the chief financial officer and the investment officer of a district shall attend at least one training session from an independent source approved either by the board or by a designated investment committee advising the investment officer. This initial training must contain at least ten hours of instruction relating to their respective responsibilities under the Public Funds Investment Act. *Gov't Code 2256.008(a)*

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ONGOING

The chief financial officer and the investment officer must also attend an investment training session not less than once in a two-year period that begins on the first day of the district's fiscal year and consists of the two consecutive fiscal years after that date, and receive not less than eight hours of instruction relating to investment responsibilities under the Public Funds Investment Act from an independent source approved by the board or a designated investment committee advising the investment officer. If a district has contracted with another investing entity to invest the district's funds, this training requirement may be satisfied by having a board officer attend four hours of appropriate instruction in a two-year period that begins on the first day of the district's fiscal year and consists of the two consecutive fiscal years after that date. *Gov't Code 2256.008(a-1)-(b)*

Investment training shall include education in investment controls, security risks, strategy risks, market risks, diversification of investment portfolio, and compliance with the Government Code, Chapter 2256. *Gov't Code 2256.008(c)*

STANDARD OF
CARE

Investments shall be made with judgment and care, under prevailing circumstances that a person of prudence, discretion, and intelligence would exercise in the management of his or her own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived. Investments shall be governed by the following objectives in order of priority:

1. Preservation and safety of principal;
2. Liquidity; and
3. Yield.

In determining whether an investment officer has exercised prudence with respect to an investment decision, the following shall be taken into consideration:

1. The investment of all funds, rather than the prudence of a single investment, over which the officer had responsibility.
2. Whether the investment decision was consistent with a board's written investment policy.

Gov't Code 2256.006

PERSONAL
INTEREST

A district investment officer who has a personal business relationship with a business organization offering to engage in an investment transaction with the district shall file a statement disclosing that personal business interest. An investment officer who is relat-

ed within the second degree by affinity or consanguinity, as determined by Government Code Chapter 573, to an individual seeking to sell an investment to the investment officer's district shall file a statement disclosing that relationship. A required statement must be filed with the board and with the Texas Ethics Commission. For purposes of this policy, an investment officer has a personal business relationship with a business organization if:

1. The investment officer owns ten percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business organization;
2. Funds received by the investment officer from the business organization exceed ten percent of the investment officer's gross income for the previous year; or
3. The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

Gov't Code 2256.005(i)

QUARTERLY
REPORTS

Not less than quarterly, an investment officer shall prepare and submit to a board a written report of investment transactions for all funds covered by the Public Funds Investment Act for the preceding reporting period. This report shall be presented to a board and a superintendent, not less than quarterly, within a reasonable time after the end of the reporting period. The report must:

1. Contain a detailed description of the investment position of a district on the date of the report.
2. Be prepared jointly and signed by all district investment officers.
3. Contain a summary statement for each pooled fund group (i.e., each internally created fund in which one or more accounts are combined for investing purposes) that states the:
 - a. Beginning market value for the reporting period;
 - b. Ending market value for the period; and
 - c. Fully accrued interest for the reporting period.
4. State the book value and market value of each separately invested asset at the end of the reporting period by the type of asset and fund type invested.
5. State the maturity date of each separately invested asset that has a maturity date.

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6. State the account or fund or pooled group fund in a district for which each individual investment was acquired.
7. State the compliance of the investment portfolio of a district as it relates to the district's investment strategy expressed in the district's investment policy and relevant provisions of Government Code, Chapter 2256.

If a district invests in other than money market mutual funds, investment pools or accounts offered by its depository bank in the form of certificates of deposit, or money market accounts or similar accounts, the reports shall be formally reviewed at least annually by an independent auditor, and the result of the review shall be reported to the board by that auditor.

Gov't Code 2256.023

SELECTION OF
BROKER

A board or a designated investment committee, shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with a district.

Gov't Code 2256.025

AUTHORIZED
INVESTMENTS

A board may purchase, sell, and invest its funds and funds under its control in investments described below, in compliance with its adopted investment policies and according to the standard of care set out in this policy. Investments may be made directly by a board or by a nonprofit corporation acting on behalf of the board or an investment pool acting on behalf of two or more local governments, state agencies, or a combination of the two. *Gov't Code 2256.003(a)*

In the exercise of these powers, a board may contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control. A contract made for such purpose may not be for a term longer than two years. A renewal or extension of the contract must be made by a board by order, ordinance, or resolution. *Gov't Code 2256.003(b)*

The following investments are authorized for districts, although the board may specify in its investment policy that any such investment is not suitable, per Government Code 2256.005(j):

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities; direct obligations of the state of Texas or its agencies and instrumentalities; collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the

United States; other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the state of Texas, the United States, or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by the explicit full faith and credit of the United States; obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and bonds issued, assumed, or guaranteed by the state of Israel. *Gov't Code 2256.009(a)*

The following investments are not authorized:

- a. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal.
- b. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest.
- c. Collateralized mortgage obligations that have a stated final maturity date of greater than ten years.
- d. Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Gov't Code 2256.009(b)

2. Certificates of deposit or share certificates issued by a depository institution that has its main office or a branch office in Texas that is guaranteed or insured by the FDIC or its successor or the National Credit Union Share Insurance Fund or its successor and is secured by obligations described in item 1 above, including mortgage-backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates [but excluding those mortgage-backed securities described in Section 2256.009(b)] or secured in any other manner and amount provided by law for the deposits of the investing entity. *Gov't Code 2256.010(a)*

In addition to the authority to invest funds in certificates of deposit under the previous section, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under Government Code 2256.010:

- a. The funds are invested by the district through a broker that has its main office or a branch office in this state and is selected from a list adopted by the district as required by Government Code 2256.025, or a depository institution that has its main office or a branch office in this state and that is selected by the district;
- b. The broker or depository institution selected by the district arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the district;
- c. The full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; and
- d. The district appoints the depository institution selected by the district, an entity described by Government Code 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the district with respect to the certificates of deposit issued for the account of the district entity.

Gov't Code 2256.010(b)

The investment policies may provide that bids for certificates of deposit be solicited orally, in writing, electronically, or in any combination of those methods. *Gov't Code 2256.005(c)*

3. Fully collateralized "repurchase agreements" [as defined by Government Code 2256.011(b)] that have a defined termination date; are secured by a combination of cash and obligations of the United States or its agencies and instrumentalities; require the securities being purchased by the district or cash held by the district to be pledged to the district, held in the district's name, and deposited with the district or a third party selected and approved by the district, and are placed through a primary government securities dealer, as defined by the Federal Reserve or a financial institution doing business in Texas. The term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered. Money received by a district under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in

the reverse security repurchase agreement. *Gov't Code 2256.011*

4. A securities lending program if:
 - a. The value of securities loaned is not less than 100 percent collateralized, including accrued income, and the loan allows for termination at any time;
 - b. The loan is secured by:
 - (1) Pledged securities described by Government Code 2256.009;
 - (2) Pledged irrevocable letters of credit issued by a bank that is organized and existing under the laws of the United States or any other state and continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or
 - (3) Cash invested in accordance with Government Code 2256.009, 2256.013, 2256.014, or 2256.016;
 - c. The terms of the loan require that the securities being held as collateral be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity; and
 - d. The loan is placed through a primary government securities dealer or a financial institution doing business in this state.

An agreement to lend securities under a securities lending program must have a term of one year or less.

Gov't Code 2256.0115

5. Banker's acceptance, with a stated maturity of 270 days or fewer from the date of issuance that will be liquidated in full at maturity, which is eligible for collateral for borrowing from a Federal Reserve Bank, and is accepted by a bank meeting the requirements of Government Code 2256.012(4). *Gov't Code 2256.012*
6. Commercial paper that has a stated maturity of 270 days or fewer from the date of issuance and is rated not less than A-1 or P-1 or an equivalent rating by at least two nationally recognized credit rating agencies or by one nationally recognized credit rating agency provided the commercial paper is fully

secured by an irrevocable letter of credit issued by a bank organized and existing under United States law or the law of any state. *Gov't Code 2256.013*

7. No-load money market mutual funds that:
 - a. Are registered with and regulated by the Securities and Exchange Commission;
 - b. Provide a district with a prospectus and other information required by the Securities and Exchange Act of 1934 (15 U.S.C. 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.);
 - c. Have a dollar-weighted average stated maturity of 90 days or fewer; and
 - d. Include in their investment objectives the maintenance of a stable net asset value of \$1 for each share.

However, investments in no-load money market mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c).

8. No-load mutual funds that:
 - a. Are registered with the Securities and Exchange Commission;
 - b. Have an average weighted maturity of less than two years;
 - c. Are invested exclusively in obligations approved by Government Code Chapter 2256, Subchapter A, regarding authorized investments (Public Funds Investment Act);
 - d. Are continuously rated by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and
 - e. Conform to the requirements in Government Code 2256.016(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

Investments in no-load mutual funds shall be limited to the percentages authorized by Government Code 2256.014(c). In addition, a district may not invest any portion of bond proceeds, reserves, and funds held for debt service, in no-load mutual funds described in this item.

Gov't Code 2256.014

9. A guaranteed investment contract, as an investment vehicle for bond proceeds, if the guaranteed investment contract:
 - a. Has a defined termination date.
 - b. Is secured by obligations described by Government Code 2256.009(a)(1), excluding those obligations described by Section 2256.009(b), in an amount at least equal to the amount of bond proceeds invested under the contract.
 - c. Is pledged to a district and deposited with the district or with a third party selected and approved by the district.

Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested in a guaranteed investment contract with a term longer than five years from the date of issuance of the bonds.

To be eligible as an authorized investment:

- a. A board must specifically authorize guaranteed investment contracts as eligible investments in the order, ordinance, or resolution authorizing the issuance of bonds.
- b. A district must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received.
- c. A district must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received.
- d. The price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested.
- e. The provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

Gov't Code 2256.015

10. A public funds investment pool meeting the requirements of Government Code 2256.016 and 2256.019, if a board authorizes the investment in the particular pool by resolution. *Gov't Code 2256.016, .019*
11. Corporate bonds: A district that qualifies as an issuer as defined by Government Code 1371.001 [see CCF] may purchase, sell, and invest its funds and funds under its control in

“corporate bonds” (as defined in Government Code 2256.0204(a)) that, at the time of purchase, are rated by a nationally recognized investment rating firm “AA” or the equivalent and have a stated final maturity that is not later than the third anniversary of the date the corporate bonds were purchased. *Gov’t Code 2256.0204(b)–(c)*

The district is not authorized to:

- a. Invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds, reserves, and other funds held for the payment of debt service, in corporate bonds; or
- b. Invest more than 25 percent of the funds invested in corporate bonds in any one domestic business entity, including subsidiaries and affiliates of the entity.

Gov’t Code 2256.0204(d)

The district may purchase, sell, and invest its funds and funds under its control in corporate bonds if the board:

- a. Amends its investment policy to authorize corporate bonds as an eligible investment;
- b. Adopts procedures to provide for monitoring rating changes in corporate bonds acquired with public funds, and liquidating the investment in corporate bonds; and
- c. Identifies the funds eligible to be invested in corporate bonds.

Gov’t Code 2256.0204(e)

The district investment officer, acting on behalf of the district, shall sell corporate bonds in which the district has invested its funds not later than the seventh day after the date a nationally recognized investment rating firm:

- a. Issues a release that places the corporate bonds or the domestic business entity that issued the corporate bonds on negative credit watch or the equivalent, if the corporate bonds are rated “AA” or the equivalent at the time the release is issued; or
- b. Changes the rating on the corporate bonds to a rating lower than “AA” or the equivalent.

Gov’t Code 2256.0204(f)

Corporate bonds are not an eligible investment for a public funds investment pool. *Gov’t Code 2256.0204(g)*

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CHANGE IN LAW

A district is not required to liquidate investments that were authorized investments at the time of purchase. *Gov't Code 2256.017*

LOSS OF REQUIRED
RATING

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have the minimum rating. A district shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating. *Gov't Code 2256.021*

SELLERS OF
INVESTMENTS

A written copy of the investment policy shall be presented to any person offering to engage in an investment transaction with a district or to an investment management firm under contract with a district to invest or manage the district's investment portfolio. For purposes of this section, a business organization includes investment pools and an investment management firm under contract with a district to invest or manage the district's investment portfolio. The qualified representative of the business organization offering to engage in an investment transaction with a district shall execute a written instrument in a form acceptable to the district and the business organization substantially to the effect that the business organization has:

1. Received and thoroughly reviewed the district investment policy; and
2. Acknowledged that the business organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the district and the organization that are not authorized by the district's policy, except to the extent that this authorization is dependent on an analysis of the makeup of the district's entire portfolio or requires an interpretation of subjective investment standards.

The investment officer may not acquire or otherwise obtain any authorized investment described in a district's investment policy from a person who has not delivered to the district the instrument described above.

Gov't Code 2256.005(k)-(l)

DONATIONS

A gift, devise, or bequest made to provide college scholarships for district graduates may be invested by a board as provided in Property Code 117.004, unless otherwise specifically provided by the terms of the gift, devise, or bequest. *Education Code 45.107*

Investments donated to a district for a particular purpose or under terms of use specified by the donor are not subject to the require-

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ments of Government Code Chapter 2256, Subchapter A. *Gov't Code 2256.004(b)*

ELECTRONIC FUNDS
TRANSFER

A district may use electronic means to transfer or invest all funds collected or controlled by the district. *Gov't Code 2256.051*

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INVESTMENTS

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(LOCAL)

INVESTMENT
AUTHORITY

The Superintendent or other person designated by Board resolution shall serve as the investment officer of the District and shall invest District funds as directed by the Board and in accordance with the District's written investment policy and generally accepted accounting procedures. All investment transactions except investment pool funds and mutual funds shall be settled on a delivery versus payment basis.

APPROVED
INVESTMENT
INSTRUMENTS

From those investments authorized by law and described further in CDA(LEGAL) under AUTHORIZED INVESTMENTS, the Board shall permit investment of District funds in only the following investment types, consistent with the strategies and maturities defined in this policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009.
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010.
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011.
4. A securities lending program as permitted by Government Code 2256.0115.
5. Banker's acceptances as permitted by Government Code 2256.012.
6. Commercial paper as permitted by Government Code 2256.013.
7. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014.
8. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015.
9. Public funds investment pools as permitted by Government Code 2256.016.

SAFETY

The primary goal of the investment program is to ensure safety of principal, to maintain liquidity, and to maximize financial returns within current market conditions in accordance with this policy. Investments shall be made in a manner that ensures the preservation of capital in the overall portfolio, and offsets during a 12-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. No individual investment transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

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INVESTMENT
MANAGEMENT

In accordance with Government Code 2256.005(b)(3), the quality and capability of investment management for District funds shall be in accordance with the standard of care, investment training, and other requirements set forth in Government Code Chapter 2256.

LIQUIDITY AND
MATURITY

Any internally created pool fund group of the District shall have a maximum dollar weighted maturity of 180 days. The maximum allowable stated maturity of any other individual investment owned by the District shall not exceed one year from the time of purchase. The Board may specifically authorize a longer maturity for a given investment, within legal limits.

The District's investment portfolio shall have sufficient liquidity to meet anticipated cash flow requirements.

DIVERSITY

The investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity, or specific issuer.

MONITORING MARKET
PRICES

The investment officer shall monitor the investment portfolio and shall keep the Board informed of significant changes in the market value of the District's investment portfolio. Information sources may include financial/investment publications and electronic media, available software for tracking investments, depository banks, commercial or investment banks, financial advisers, and representatives/advisers of investment pools or money market funds. Monitoring shall be done monthly or more often as economic conditions warrant by using appropriate reports, indices, or benchmarks for the type of investment.

MONITORING RATING
CHANGES

In accordance with Government Code 2256.005(b), the investment officer shall develop a procedure to monitor changes in investment ratings and to liquidate investments that do not maintain satisfactory ratings.

FUNDS / STRATEGIES

Investments of the following fund categories shall be consistent with this policy and in accordance with the applicable strategy defined below. All strategies described below for the investment of a particular fund should be based on an understanding of the suitability of an investment to the financial requirements of the District and consider preservation and safety of principal, liquidity, marketability of an investment if the need arises to liquidate before maturity, diversification of the investment portfolio, and yield.

OPERATING FUNDS

Investment strategies for operating funds (including any commingled pools containing operating funds) shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.

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AGENCY FUNDS	Investment strategies for agency funds shall have as their primary objectives preservation and safety of principal, investment liquidity, and maturity sufficient to meet anticipated cash flow requirements.
DEBT SERVICE FUNDS	Investment strategies for debt service funds shall have as their primary objective sufficient investment liquidity to timely meet debt service payment obligations in accordance with provisions in the bond documents. Maturities longer than one year are authorized provided legal limits are not exceeded.
CAPITAL PROJECT FUNDS	Investment strategies for capital project funds shall have as their primary objective sufficient investment liquidity to timely meet capital project obligations. Maturities longer than one year are authorized provided legal limits are not exceeded.
SAFEKEEPING AND CUSTODY	The District shall retain clearly marked receipts providing proof of the District's ownership. The District may delegate, however, to an investment pool the authority to hold legal title as custodian of investments purchased with District funds by the investment pool.
BROKERS / DEALERS	Prior to handling investments on behalf of the District, brokers/dealers must submit required written documents in accordance with law. [See SELLERS OF INVESTMENTS, CDA(LEGAL)] Representatives of brokers/dealers shall be registered with the Texas State Securities Board and must have membership in the Securities Investor Protection Corporation (SIPC), and be in good standing with the Financial Industry Regulatory Authority (FINRA).
SOLICITING BIDS FOR CD'S	In order to get the best return on its investments, the District may solicit bids for certificates of deposit in writing, by telephone, or electronically, or by a combination of these methods.
INTEREST RATE RISK	<p>To reduce exposure to changes in interest rates that could adversely affect the value of investments, the District shall use final and weighted-average-maturity limits and diversification.</p> <p>The District shall monitor interest rate risk using weighted average maturity and specific identification.</p>
INTERNAL CONTROLS	<p>A system of internal controls shall be established and documented in writing and must include specific procedures designating who has authority to withdraw funds. Also, they shall be designed to protect against losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the District. Controls deemed most important shall include:</p> <ol style="list-style-type: none">1. Separation of transaction authority from accounting and recordkeeping and electronic transfer of funds.

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(LOCAL)

2. Avoidance of collusion.
3. Custodial safekeeping.
4. Clear delegation of authority.
5. Written confirmation of telephone transactions.
6. Documentation of dealer questionnaires, quotations and bids, evaluations, transactions, and rationale.
7. Avoidance of bearer-form securities.

These controls shall be reviewed by the District's independent auditing firm.

ANNUAL REVIEW

The Board shall review this investment policy and investment strategies not less than annually and shall document its review in writing, which shall include whether any changes were made to either the investment policy or investment strategies.

ANNUAL AUDIT

In conjunction with the annual financial audit, the District shall perform a compliance audit of management controls on investments and adherence to the District's established investment policies.

TexSTAR Investment Pool



TEXAS PUBLIC FUNDS INVESTMENT ACT
ACKNOWLEDGMENT AND CERTIFICATION

This Acknowledgment and Certification is executed on behalf of the Little Elm Independent School District (the "Investing Entity") and Texas Short Term Asset Reserve Fund ("TexSTAR") pursuant to the Public Funds Investment Act, Chapter 2256.005(k), Government Code (the "Act"), in connection with investment transactions conducted between the Investing Entity and TexSTAR.

The undersigned qualified representative of TexSTAR (the "Qualified Representative") hereby certifies on behalf of TexSTAR that:

- (i) The Qualified Representative is duly authorized to execute this Acknowledgment and Certification on behalf of TexSTAR; and,
- (ii) The Qualified Representative has received and reviewed the investment policy provided by the Investing Entity; and,
- (iii) TexSTAR has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Investing Entity and TexSTAR that are not authorized by the Investing Entity's investment policy, except (i) to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio and (ii) with respect to an interpretation of subjective investment standards.

QUALIFIED REPRESENTATIVE

Mary Ann Dunda
Managing Director - TexSTAR Administrator
Hilltop Securities Inc.
January 31, 2018



INVESTMENT POLICY

(CASH RESERVE FUND)

The Premier Investment Service for
Texas Local Governments

I. STATEMENT OF PURPOSE AND OBJECTIVE

ORGANIZATION

The Texas Short Term Asset Reserve Program (“TexSTAR”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “PFIA”). TEXSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors (the “Board”).

J.P. Morgan Investment Management Inc. (“JPMIM” or the “investment manager”) and Hilltop Securities Inc. (“HTS”) serve as co-administrators for TEXSTAR under an agreement with the TEXSTAR board of directors (the “Board”). JPMIM provides investment management, and FirstSouthwest, A Division of HTS, provides participant services and marketing. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc. (“BFDS” or the “Transfer Agent”). Each of JPMIM, HTS, BFDS and JPMorgan Chase Bank, N.A. may provide certain services, including those described herein, through the use of subcontractors and/or delegates.

OBJECTIVE

The purpose of TEXSTAR is to offer a safe, efficient and liquid investment alternative to local governments in the State of Texas so that they may benefit from and realize a higher investment return by utilizing economies of scale and professional investment expertise. It is the policy of TEXSTAR to invest pooled assets in a manner which will provide for preservation and safety of principal and competitive investment returns while meeting the daily liquidity needs of the participants. Specifically, the primary investment objectives of TEXSTAR in order of priority are:

- preservation of capital and protection of principal,
- safety of funds and investments,
- maintenance of sufficient liquidity,
- diversification to avoid unreasonable or avoidable risks, and
- yield.

This Investment Policy establishes investment strategies, policies, and procedures intended to assure that these objectives are met.

FUNDS

The Board may establish separate Funds with separate investment portfolios within TEXSTAR from time to time. Initially, TEXSTAR will maintain a Cash Reserve Fund (also referred to as the “Fund”). Unless otherwise stated, this Investment Policy applies to the Cash Reserve Fund.

II. STANDARD OF CARE

The TexSTAR Cash Reserve Fund shall be designed and managed in accordance with the following prudent person standard of care:

Investments shall be made with the judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

This prudent person standard shall apply to the management of all TexSTAR Funds.

III. AUTHORIZED INVESTMENTS

The TexSTAR Cash Reserve Fund shall be invested only in the following:

GOVERNMENT SECURITIES

The Fund may be invested in obligations of, unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation, *except* the following:

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

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS

The Fund may be invested in fully collateralized repurchase agreements having a defined termination date and secured by the delivery of cash or obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies or instrumentalities, including mortgage-backed securities and obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation. TEXSTAR may also borrow against its investments through a reverse repurchase agreement meeting the foregoing standards and the other conditions described herein. The repurchase and reverse repurchase agreement transactions shall be placed only with primary government

securities dealers, as recognized by the Federal Reserve or financial institutions doing business in the State of Texas. All such transactions must be governed by a master repurchase agreement in form approved by The Securities Industry and Financial Market Association (“SIFMA”).

MONEY MARKET MUTUAL FUNDS

The Fund may be invested in no-load money market mutual funds which meet the requirements of the PFIA and which (1) are registered with and regulated by the United States Securities and Exchange Commission (SEC), (2) are rated “AAAm” or the equivalent by at least one nationally recognized statistical rating organization, (3) maintain a dollar-weighted average stated maturity of 90 days or fewer and a dollar-weighted average maturity of 60 days or fewer, (4) include in their investment objectives the maintenance of a stable net asset value of \$1 per share, and (5) invest only in obligations of the United States, its agencies and/or instrumentalities or repurchase agreements collateralized by obligations of the United States, its agencies and/or instrumentalities.

IV. PROHIBITED INVESTMENTS

The TexSTAR Cash Reserve Fund *may not* be invested in commercial paper.

The TexSTAR Cash Reserve Fund *may not* be invested in derivatives.

For the purposes of this Investment Policy, the definition of derivatives includes instruments which have embedded features that alter their character or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not correlated on a one-to-one basis to the associated index or market.

Prohibited derivatives *include* the following:

1. Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows (i.e., interest rate swaps).
2. Over-the-counter/exchange-traded options or futures (i.e., option contracts, futures contracts, etc.).
3. The following instruments: collateralized mortgage obligations, inverse floating rate notes, range index notes, non-money market index-based notes, dual index notes, index amortizing notes, inverse multi-index bonds, stepped inverse index bonds, and inverse index bonds.

Instruments that are *not* considered derivatives by the preceding definition and are authorized investments, if described in Part III, are as follows:

Treasury bills, Treasury notes, Treasury bonds, Treasury strips, repurchase agreements, agency notes with a defined maturity and fixed coupon rate, money market index variable rate notes (i.e., floating rate notes tied to money market indices such as three- or six-month Treasury bills, one-, three-, and six-month London Interbank Offering Rate (“LIBOR”), federal funds, the one-year constant maturity Treasury rate, or a prime rate or a commercial paper composite rate) and step-up notes.

In addition to commercial paper and derivatives, the TEXSTAR Cash Reserve Fund may not invest in certificates of deposit or any other investments that are not authorized by Part III.

V. POLICY GUIDELINES AND STRATEGY

PORTFOLIO STRUCTURE AND COMPOSITION

The TexSTAR Cash Reserve Fund portfolio shall be designed and managed to ensure that it will meet all the requirements necessary to maintain a AAAM rating (or the equivalent) by a nationally recognized investment rating firm. The weighted average maturity of the TexSTAR Cash Reserve Fund portfolio shall be limited to: (1) a maximum sixty (60) days when calculated utilizing the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made, and may utilize the interest rate reset date for variable rate notes (VRN) or floating rate securities; and (2) one hundred twenty (120) days or fewer as calculated taking into account the period remaining until the date on which, in accordance with the terms of each security, the principal amount must unconditionally be paid, or in the case of a security called for redemption, the date on which the redemption payment must be made, with a maximum final stated maturity for any obligation of, or securities that are guaranteed or insured by the United States, its agencies or instrumentalities limited to 397 days for fixed rate securities and 24 months for variable rate notes. All investments shall be purchased on a delivery versus payment (DVP) basis. Specific portfolio composition and maturity limitation guidelines shall be guided by the following general parameters.

Portfolio Composition:

The composition of the Fund shall be limited as follows. Limitations shall be applied by comparing the aggregate market value of the Fund’s investments as of the close of business on the day preceding purchase. Investments need not be sold to maintain continuing compliance with composition limits, unless required by TEXSTAR’s general investment objectives.

US Government Securities, Agencies and Instrumentalities

The Fund portfolio may be comprised of one hundred percent (100%) obligations of, unconditionally guaranteed or insured by, or backed by the full faith and credit of the United States or its agencies or instrumentalities.

Repurchase Agreements

One hundred percent (100%) of the Fund may be invested in direct repurchase agreements. The continuing need for liquidity and the short-term profile of the portfolio dictates a high use of repurchase agreements.

Term Repurchase Agreements

Not more than percent (25%) in aggregate of the total market value of the Fund may be invested in term repurchase agreements. Term repurchase agreements will be used primarily to enhance portfolio return.

Reverse Repurchase Agreements

TEXSTAR is permitted to enter into reverse repurchase agreements for investments in the Fund totaling not more than one third (1/3) of the value of the Fund's total assets. Reverse repurchase agreements will be used primarily to enhance Fund return.

Money Market Mutual Funds

A maximum of ten percent (10%) of the Fund may be invested in any one money market mutual fund, and the Fund's investment in any one money market mutual fund may not exceed ten percent (10%) of the total assets of that money market mutual fund.

Variable Rate Notes

A maximum of 60 percent (60%) of the Fund may be invested in eligible variable rate notes.

Maturity Limitations:

Government Securities, Agencies and Instrumentalities

The maximum final stated maturity for any securities that are obligations of or guaranteed or insured by the United States government, its agencies or instrumentalities shall be limited to 397 days for fixed rate securities and 24 months for variable rate notes.

Repurchase Agreements

The maturity of direct repurchase agreements shall not exceed ninety-five (95) days unless the repurchase agreements have a put option that allows the fund to liquidate the position at par (principal plus accrued interest) with no more than 7 days notice to the counterparty.

Reverse Repurchase Agreements

Money received under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments. The authorized investments acquired must mature not later than the expiration date stated in the reverse repurchase agreement. The term of a reverse repurchase agreement may not exceed ninety (90) days.

Money Market Mutual Funds

Money market funds must have a weighted average maturity of sixty (60) days or less and a weighted average stated maturity of ninety (90) days or less.

PURCHASERS

All trades, purchases and sales transacted for TEXSTAR shall be done on a best execution basis. The broker-dealers used for TEXSTAR shall be those approved by the Board.

COLLATERALIZATION AND SAFEKEEPING

All repurchase agreements shall be fully collateralized as required by the PFIA. The market value of collateral shall be equal to at least one hundred and two percent (102%) of the total

amount payable to TEXSTAR under the repurchase agreement, including accrued interest, and shall be checked daily.

All book entry securities, whether purchased outright or under repurchase agreements, shall be held in a custodial account at the Federal Reserve Bank. The Custodian shall keep accurate records reflecting TEXSTAR's ownership of the securities.

All securities not held in book entry form shall be held by the Custodian or its agent. Third party institutions must issue original safekeeping receipts to the Custodian.

AUTHORIZED PERSONNEL

The investment manager must deliver to TEXSTAR a written acknowledgment that the investment manager has received and reviewed the TEXSTAR Cash Reserve Fund Investment Policy and has implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the Investment Policy. All investment manager personnel authorized to buy and sell investment instruments, send and receive securities, make fund transfers and other types of related investment transactions shall be directly supervised by senior management personnel of the investment manager.

DOCUMENTATION

Reasonable documentation and a thorough audit trail shall be maintained for all investment transactions.

DIVERSIFICATION AND SUITABILITY

The TEXSTAR Cash Reserve Fund portfolio shall be designed with the protection of principal and maintenance of sufficient liquidity to all participants as the highest priority. After consideration of safety and liquidity, the portfolio shall be designed to achieve a competitive rate of return for participants that meets or exceeds the yield on money market mutual funds with similar investment authority. The risk-return relationship shall be maintained and controlled through this Investment Policy and the TEXSTAR Operating Procedures. Adequate collateralization and delivery versus payment procedures shall be utilized at all times in an attempt to minimize risk.

Diversification by market sector and security types, as well as maturity, may be used in an attempt to protect the TEXSTAR Cash Reserve Fund against market and credit risk as well as aiding in liquidity requirements. The portfolio shall be structured to benefit from anticipated market conditions and to achieve a reasonable return.

Cash needs and cash expectations shall take priority in designing and structuring each Fund portfolio. Income and expenditure history shall be developed and continuously updated to determine the liquidity needs of the TEXSTAR Cash Reserve Fund. Reports of these cash flow needs shall be used to develop the maturity structure of each Fund to assure liquidity to all

participants. In order to meet the anticipated liquidity needs, the portfolio shall be designed to ensure sufficient distribution of investments in liquid, short-term instruments.

TEMPORARY CASH HOLDINGS

To respond to unusual market conditions in a prudent manner, TexSTAR may be required to hold all or most of its total assets in cash, including for the purpose of assuring sufficient liquidity or due to the lack of eligible securities, among other circumstances. This may result in a lower yield and prevent the Fund portfolio from meeting all its investment objectives.

DISTRIBUTION OF GAINS AND LOSSES

So long as the Fund continues to utilize amortized accounting, all gains or losses from the sale of, and all other income received from, securities held in the TexSTAR Cash Reserve Fund shall be distributed among its participants in proportion to their day-weighted units in the Fund and generally are amortized over a period of up to thirty (30) days from the date on which the gain, loss, or income is realized or received.

CONSTANT DOLLAR OBJECTIVE

The objective of the TexSTAR Cash Reserve Fund is to maintain a stable value of \$1.00 per unit (rounded to the nearest whole cent). Although all securities in the portfolio shall be marked to market daily using the fair value method, amortized cost, which generally approximates the market value of securities, has been deemed to be a proxy for fair value. If, upon a daily calculation, the investment manager finds that the deviation between the amortized cost and market-determined values or the deviation between market-determined values and \$1.00 per unit of the Portfolio's assets exceeds \$0.0030, it shall promptly notify the Board. In the event that the deviation from amortized cost or the deviation between market-determined values and \$1.00 per unit exceeds \$0.0040, the Board shall direct the investment manager to take such action, if any, as it determines is necessary to eliminate or reduce to the extent reasonably practicable any dilution or unfair results to existing participants. Notwithstanding the foregoing, absent contrary instructions from the Board, the investment manager shall cause the subject investments to be sold promptly to attempt to bring the deviation back within the desired value band. However, the \$1.00 per unit value is not guaranteed or insured by TEXSTAR or the co-administrators. There can be no assurance that the Fund portfolio will maintain a stable net asset value of \$1.00. The Board, in its discretion, may elect to cease utilization of amortized accounting and to utilize the fair value method at any time. To the extent that the Board elects to utilize a net asset value per share determined by using available market quotations in lieu of amortized accounting, the Fund will reflect market fluctuations and any unrealized gains and losses resulting from those fluctuations on a daily basis.

MONITORING MARKET PRICE AND RATINGS

Through one or both of the co-administrators, TEXSTAR shall account for all Fund transactions and shall mark to market the Fund portfolio holdings of TEXSTAR on a daily basis through the use of independent or affiliated commercial pricing services or third party broker-dealers. The market prices shall be checked daily for current data and validity of information. In addition, a reasonability test shall be performed in order to determine if the prices received are within a set tolerance range. In the event that any of the prices fall outside of the set tolerance range, then

these prices shall be investigated. The investment manager will periodically monitor the credit ratings of the investments in which the Fund invests and, to the extent required under the PFIA, shall take all prudent measures to liquidate any investments of the Fund that fail to meet any minimum rating requirement for such investments set forth in the PFIA.

VI. ADMINISTRATIVE CONSIDERATIONS

PARTICIPATION AGREEMENTS

Each participant must have a fully executed application on file with TEXSTAR before investing in TEXSTAR.

DEPOSIT AND WITHDRAWAL DEADLINES

See separate TEXSTAR Operating Procedures for detailed deposit and withdrawal deadlines.

REPORTING AND DISCLOSURE

Each participant must obtain and should review the TEXSTAR Cash Reserve Fund Information Statement before investing. TEXSTAR will furnish investment confirmations and a monthly report disclosing certain information to participants in accordance with the Texas Public Funds Investment Act. Additional information is available on the TEXSTAR web site, www.texstar.org, or by calling TEXSTAR Participant Services at 1-800-TEXSTAR (1-800-839-7827).

TEXSTAR is audited annually by an independent auditor.

AUTHORIZED DEALERS

The investment manager shall maintain a list of primary dealers and brokers authorized to provide investment services to TEXSTAR.

ETHICS AND CONFLICTS OF INTEREST

Each co-administrator is required to maintain a code of ethics which requires its employees working with TexSTAR to place the interests of TexSTAR before their personal interests and to avoid any actual or potential conflicts of interest. Each co-administrator must promptly report any material non-compliance with such requirements to the Board.

JPMIM acts as a fiduciary when providing investment management services to TexSTAR. JPMIM may order the purchase of investments from either itself, HTS or their affiliates only on terms and conditions approved by a majority of the Participant members of the Board.

JPMIM has provided the following disclosures concerning its practices:

JPMIM and/or its affiliates (“JPMorgan Chase”) perform investment services, including rendering investment advice, to varied clients. JPMIM, JPMorgan Chase and its or their directors, officers, agents, and/or employees may render similar or differing investment advisory

services to clients and may give advice or exercise investment responsibility and take such other action with respect to any of its other clients that differs from the advice given or the timing or nature of action taken with respect to another client or group of clients. It is JPMIM's policy, to the extent practicable, to allocate, within its reasonable discretion, investment opportunities among clients over a period of time on a fair and equitable basis. One or more of JPMIM's other client accounts may at any time hold, acquire, increase, decrease, dispose, or otherwise deal with positions in investments in which another client account may have an interest from time-to-time.

JPMIM, JPMorgan Chase, and any of its or their directors, partners, officers, agents or employees, may also buy, sell, or trade securities for their own accounts or the proprietary accounts of JPMIM and/or JPMorgan Chase. JPMIM and/or JPMorgan Chase, within their discretion, may make different investment decisions and other actions with respect to their own proprietary accounts than those made for client accounts, including the timing or nature of such investment decisions or actions. Further, JPMIM is not required to purchase or sell for any client account securities that it, JPMorgan Chase, and any of its or their employees, principals, or agents may purchase or sell for their own accounts or the proprietary accounts of JPMIM, or JPMorgan Chase or its clients.

JPMIM and its related persons may recommend securities to clients that JPMIM and its related persons may also purchase or sell. As a result, positions taken by JPMIM and its related persons may be the same as or different from, or made contemporaneously or at different times than, positions taken for clients of JPMIM. As these situations may involve potential conflicts of interest, JPMIM has adopted policies and procedures relating to personal securities transactions, insider trading and other ethical considerations. These policies and procedures are intended to identify and mitigate actual and perceived conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. The policies and procedures contain provisions regarding preclearance of employee trading, reporting requirements and supervisory procedures that are designed to address potential conflicts of interest with respect to the activities and relationships of related persons that might interfere or appear to interfere with making decisions in the best interest of clients, including the prevention of front-running. In addition, JPMIM has implemented monitoring systems designed to ensure compliance with these policies and procedures.

Texas CLASS Investment Pool

January 30, 2018

Mr. Grant Anderson
Asst. Superintendent of Finance & Operation Services, CFO
Little Elm Independent School District
300 Lobo Lane
Little Elm, TX 75068

Re: Little Elm Independent School District Investment Policy

Dear Mr. Anderson:

Thank you for your interest in the Texas Cooperative Liquid Assets Securities System Trust (CLASS) program. This letter is to acknowledge that the Texas CLASS staff has received from you (the "Investor") and reviewed the Investment Policy (described in (ii) below) and the form of resolution (the "Resolution") proposed for adoption by your governing body (the "Governing Body") approving the Investment Policy. According to the Resolution, the Investment Policy has been developed in accordance with the requirements of the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the "Act"), and, upon adoption, will authorize you to deposit funds in Texas CLASS for investment by Texas CLASS. You also have represented to the undersigned that:

- i. The Investment Officer named in the Resolution has been, or upon adoption of the Resolution will be, (a) duly designated by official action of the Governing Body to act as its Investment Officer pursuant to the Act, (b) vested with full power and authority under the Act and other applicable law (collectively, the "Authorized Investments Law") to engage in investment activities on behalf of the Investor and to perform all obligations in connection therewith, and (c) duly authorized to execute this letter on behalf of the Investor for the purpose of confirming the representations of the Investor set forth herein;
- ii. Pursuant to the Act, the Governing Body of the Investor has, or will upon approval of the Resolution have, duly adopted a written investment policy, including an investment strategy (as the same may be amended, the "Investment Policy"), and the Investment Officer (a) has furnished a true and correct copy of the Investment Policy to us and (b) will promptly notify us of any rescission of, or amendment to, the Investment Policy, provided that we shall be entitled to rely upon the most recent version of the Investment Policy furnished by the Investment Officer; and

iii. The Investor has implemented reasonable procedures and controls in an effort to preclude imprudent investment activities arising out of investment transactions with Texas CLASS, and prior to investing assets through the Texas CLASS program, the Investment Officer will determine that the contemplated investment is authorized under the Authorized Investments Law and is consistent with the Investment Policy.

Texas CLASS acknowledges that it has reviewed the investment policy of the above-named entity and has implemented reasonable procedures and controls in an effort to preclude investment transactions involving funds invested on behalf of Texas CLASS participants that are not authorized by the entity's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards. The Texas CLASS Program allows the purchase of investments that are authorized by the Act. Texas CLASS is committed to the high standards and level of service that participants expect in the investments of their funds.

The foregoing representations of the Investor are true and correct as of the date hereof.

Sincerely,

A handwritten signature in blue ink, appearing to read "Stephen J Dixon".

Stephen J Dixon
Director, Business Operations

TEXAS COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM TRUST INVESTMENT POLICY

This Investment Policy (the “Policy”) is adopted by the Board of Trustees of Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”), its pools, portfolios and sub-accounts, a public funds investment pool established and created pursuant to Chapter 2256 of the Texas Government Code, as amended, and an Amended and Restated Trust Agreement dated as of August 5, 2016 (as amended from time to time, the “Trust Agreement”) among certain Texas Participants, as defined in the Trust Agreement, Wells Fargo Bank, National Association, as Custodian (the “Custodian”), and Public Trust Advisors, LLC, as Program Administrator (the “Program Administrator”).

ARTICLE I **PURPOSE**

Section 1.01. Purpose.

This Policy with respect to investments of Texas CLASS has been adopted to establish the principles and criteria by which the funds of Texas CLASS should be invested and secured and to comply with the provisions of the Trust Agreement and with various provisions of Texas law relating to the investment and security of funds of public funds investment pools (the “Investment Laws”). As of the date of the adoption of this Policy, the following laws are applicable to the investment of Texas CLASS’ funds: Chapter 2256, Texas Government Code; Chapter 791, Texas Government Code; Chapter 2257, Texas Government Code; and Chapter 404.101 et seq., Texas Government Code. The Investment Laws generally provide the minimum criteria for the authorized investment and security of funds of Texas CLASS and require Texas CLASS to adopt rules to ensure the investment of funds of Texas CLASS in accordance with such laws. This Policy will specify the scope of authority of Texas CLASS Officials who are responsible for the investment of funds of Texas CLASS.

Section 1.02. Policy Application to Sub-Accounts and Additional Pools or Portfolios.

This Policy shall apply to all sub-accounts of Texas CLASS, including Texas CLASS PLUS any other sub-accounts that are invested and managed separately from Texas CLASS, whether such sub-accounts contain one or multiple Participants. This Policy shall also apply to any additional pools or portfolios established pursuant to the Trust Agreement.

ARTICLE II **DEFINITIONS**

Section 2.01. Definitions.

Unless the context requires otherwise, the following terms and phrases used in this Policy shall mean the following:

- a) The term “Authorized Collateral” means any means or method of securing the deposit of funds of Texas CLASS authorized by Chapter 2257, Texas Government Code.
- b) The term “Authorized Investment” means any security which Texas CLASS is authorized to invest in under Chapter 2256, Texas Government Code.
- c) The term “Board” means the Board of Trustees of Texas CLASS.
- d) The term “Collateral” means any means or method of securing the deposit of funds of Texas CLASS under Article V hereof.
- e) The term “Collateral Act” means Chapter 2257, Texas Government Code, as amended from time to time.
- f) The term “Trustee” means a person elected or appointed to serve on the Board of Trustees of Texas CLASS.
- g) The term “Employee” means any person employed by Texas CLASS, but does not include independent contractors or professionals hired by Texas CLASS as outside consultants, such as the Program Administrator or the Custodian for Texas CLASS.
- h) The term “Investment Act” means Chapter 2256, Texas Government Code, as amended from time to time.
- i) The term “Investment Officer” means the Trustee of Texas CLASS designated by the Trust Agreement to invest and reinvest the funds of Texas CLASS held in its various accounts.

- j) The term “Texas CLASS” , for purposes of this Policy, means all pools or portfolios established pursuant to the Trust Indenture

- k) The term “Texas CLASS Officials” means the Investment Officer, Trustees, officers, employees, and persons and business entities engaged in handling the investment of funds of Texas CLASS, including, without limitation, the Program Administrator and the Custodian.

ARTICLE III **INVESTMENT OFFICER**

Section 3.01. Investment Officer.

The Trust Agreement designates the Chairman of the Board, ex officio, or in the absence of the Chairman, the Vice Chairman, if any, to serve as Investment Officer to handle the investment of funds of Texas CLASS. The Investment Officer shall be responsible for investing funds of Texas CLASS in accordance with this Policy. The Investment Officer shall invest funds of Texas CLASS, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived, with all investment decisions to be governed by the following objectives in order of priority: (a) preservation and safety of principal; (b) liquidity; and (c) yield.

Section 3.02. Training.

The Investment Officer shall complete any and all training sessions that may be required by law relating to his or her responsibilities under the Investment Act as the Investment Officer for the Participant represented by the Investment Officer.

Section 3.03. Reporting by the Program Administrator.

Not less than quarterly and within a reasonable time after the end of the period reported, the Investment Officer and Texas CLASS Officials shall cause the Program Administrator to prepare and submit to the Board a written report of the investment transactions for all funds of Texas CLASS for the preceding reporting period. The report must (1) describe in detail the investment positions of Texas CLASS on the date of the report, (2) be signed by the Program Administrator, (3) state the book value and the market value of each separately invested asset at the beginning and end of the reporting period by the type of asset and fund type invested and by pool or portfolio, (4) state the maturity date of each separately invested asset that has a maturity date, and (5) state the compliance of each investment portfolio as they relate to this Policy and the Investment Act.

Section 3.04. Assistance with Certain Duties of the Investment Officer.

The Board hereby authorizes and directs the Program Administrator and any other Texas CLASS Officials requested by the Investment Officer to assist the Investment Officer with any of his duties, including but not limited to the following:

1. Presenting a copy of the Policy to any person or business organization seeking to sell an investment to Texas CLASS, and obtaining the necessary written certification from such seller referred to in Section 4.03;
2. Handling investment transactions;
3. Preparing and submitting to the Board the written report of all investment transactions for Texas CLASS, as required by this Article;
4. Researching investment options and opportunities;
5. Obtaining written depository pledge agreements as required herein;
6. Obtaining safekeeping receipts from the Texas financial institution which serves as a depository for pledged Collateral; and
7. Reviewing the market value of investments of Texas CLASS, including each pool or portfolio established pursuant to the Trust Agreement and of the Collateral pledged to secure funds of Texas CLASS.

ARTICLE IV **PROCEDURES FOR INVESTMENT OF TEXAS CLASS MONIES**

Section 4.01. Qualified Broker/Dealers

The list of qualified broker/dealers with whom Texas CLASS may engage in investment transactions is listed in The Qualified Broker/Dealer List attached to this Policy as Exhibit B. The Qualified Broker/Dealer List to the Policy may be amended and updated by the Board separate from or as a part of this Policy.

Section 4.02. Disclosures of Relationships with Entities Offering to Enter into Investment Transactions with Texas CLASS.

The Investment Officer and Texas CLASS Officials shall disclose in writing (a) any “personal business relationship” with a business organization offering to engage in an investment transaction with Texas CLASS, and (b) any relationship within the second degree by affinity or consanguinity, as determined by Chapter 573, Texas Government Code, to any individual seeking to sell an investment to Texas CLASS, as required by the Investment Act. The existence of a “personal business relationship” shall be determined in accordance with the Investment Act. Such disclosure statement shall be filed with the Board and the Texas Ethics Commission.

Section 4.03. Certifications from Sellers of Investments.

The Investment Officer or Texas CLASS Officials shall present this Policy to any person or business organization offering to engage in an investment transaction with Texas CLASS and obtain the certificate that such potential seller has reviewed the Policy as provided in the Investment Act. This certificate shall be in a form acceptable to Texas CLASS and shall state that the potential seller has received and reviewed the Policy and has acknowledged that the potential seller has implemented reasonable procedures and controls in an effort to preclude investment transactions with Texas CLASS that are not authorized by this Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entire portfolios of Texas CLASS or requires an interpretation of subjective investment standards. Neither the Investment Officer nor Texas CLASS Officials shall purchase or make any investment from a potential seller that has not delivered to Texas CLASS this required certification. A form of certificate acceptable to Texas CLASS is attached hereto as Exhibit A.

Section 4.04. Solicitation of Bids for Certificates of Deposit.

Bids for certificates of deposit may be solicited orally, in writing, electronically or in any combination of those methods.

Section 4.05. Settlement Basis.

All purchases of investments, except investment in mutual funds, shall be made on a delivery versus payment basis. The safekeeping entity for all Texas CLASS investments and for all Collateral pledged to secure funds of Texas CLASS shall be one approved by the Investment Officer or the Program Administrator.

Section 4.06. Monitoring of the Market Value of Investments and Collateral.

The Program Administrator, on behalf of the Investment Officer, with the help of such Texas CLASS Officials as needed, shall determine the market value of each investment and of all Collateral pledged to secure deposits of funds of Texas CLASS at the times required and in the manner provided in the Trust Agreement and the Investment Act.

ARTICLE V
PROVISIONS APPLICABLE TO ALL FUNDS

Section 5.01. Provisions Applicable to All Funds.

- A. All funds of Texas CLASS shall be invested only in accordance with this Policy and shall comply with any additional requirements imposed by the Trust Agreement or by resolutions of the Board and applicable state law or federal tax law, including the Investment Laws.
- B. The Program Administrator may withdraw or transfer funds from and to accounts of Texas CLASS only in compliance with this Policy.

Section 5.02. Policy of Securing Deposits of Funds of Texas CLASS -- Applicable to All Deposited Funds of Texas CLASS.

- A. Texas CLASS recognizes that FDIC (or its successor) insurance is available for funds of Texas CLASS deposited at any one Texas Financial Institution (including branch banks) only up to a maximum of \$250,000 (including accrued interest) for each of the following: (i) demand deposits, (ii) time and savings deposits, and (iii) deposits made pursuant to an indenture or pursuant to law in order to pay bondholders or noteholders. It is the policy of Texas CLASS that all deposited funds in Texas CLASS shall be insured by the FDIC, or its successor, and to the extent not insured, shall be secured by Collateral pledged to the extent of the fair market value of the principal amount deposited plus accrued interest as required by the Collateral Act.
- B. If it is necessary for depositories of Texas CLASS to pledge Collateral to secure Texas CLASS' deposits, (1) the Collateral pledge agreement must be in writing, (2) the Collateral pledge agreement must be approved by the depository's board of directors or loan committee, (3) the depository's approval of the Collateral pledge agreement must be reflected in the minutes of the meeting of the depository's board or loan committee approving same, and (4) the Collateral pledge agreement must be kept in the official records of the depository. The depository must provide the Investment Officer or Texas CLASS Officials with written proof of the depository's approval of the pledge agreement as required herein in a form acceptable to Texas CLASS. A signed or certified copy of the minutes of the meeting of the depository's board or loan committee reflecting the approval of the Collateral pledge agreement or other written documentation of such

approval acceptable to the Investment Officer will be accepted. It is the preference of the Board that all requirements of this section be met prior to the deposit of any funds of Texas CLASS in such financial institution when a pledge of Collateral is required; however, the Board recognizes that compliance with this preference might not be practicable due to time constraints for making a deposit. In such event, the Board directs the Investment Officer and Texas CLASS Officials to proceed diligently to have such agreement approved and documented to assure protection of funds of Texas CLASS. If the decision is made to forego the protection of a Collateral pledge agreement with any depository, the Program Administrator shall be responsible for maintaining the balance of deposit(s) in such depository plus any accrued but unpaid interest at or below FDIC insurance levels.

- C. Collateral pledged by a depository shall be held in safekeeping at an independent third party institution, and the Program Administrator shall obtain safe-keeping receipts from the Texas financial institution or the safekeeping institution that reflect that Collateral as allowed by this Policy and in the amount required was pledged to Texas CLASS. Principal and accrued interest on deposits in a financial institution shall not exceed the FDIC's, or its successor's, insurance limits or the market value of the Collateral pledged as security for Texas CLASS' deposits. It shall be acceptable for the Program Administrator to periodically receive interest on deposits to be deposited to the credit of Texas CLASS if needed to keep the amount of the funds under the insurance or Collateral limits. It is the preference of this Board that there be no sharing, splitting or cotenancy of Collateral with other secured parties or entities; however, in the event that a depository cannot accommodate this preference due to the denominations of the securities to be pledged, the Board directs the Investment Officer and Texas CLASS Officials to obtain appropriate protections in the pledge agreement with the depository to assure that the Collateral is liquidated and the funds distributed appropriately to all parties with a security interest in such Collateral. The Program Administrator shall monitor the pledged Collateral to assure that it is pledged only to Texas CLASS, review the fair market value of the Collateral to ensure that Texas CLASS' funds are fully secured, and report periodically to the Investment Officer and the Board regarding the Collateral.
- D. Texas CLASS' funds deposited in any Texas financial institution, to the extent that they are not insured, may be secured in any manner authorized by law for Texas CLASS as such law is currently written or as amended in the future.

Section 5.03. Diversification.

The pool shall at all times diversify its assets in such a way as to maintain its AAAM rating status with at least one nationally recognized statistical rating organization. The diversification criteria set by the rating organization shall be reviewed with the Board at

least annually. The diversification criteria and the diversification of the pool's assets shall at all times be in compliance with the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code.

ARTICLE VI **AUTHORIZED INVESTMENTS**

Section 6.01. Authorized Investments – Texas CLASS.

Unless specifically prohibited by law or elsewhere by this Policy, monies of Texas CLASS may be invested and reinvested only in investments authorized by Chapter 2256, Texas Government Code, as amended, including the following types of investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 397 days, except that certain permitted variable rate securities may be purchased with final maturities greater than 397 days, as described in Paragraph 12 (d) below.
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
5. Certificates of deposit or share certificates if the certificate is issued by a depository institution that has its main office or a branch office in this state and is: (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (2) secured by obligations that are described by Section 2256.009(a) of Chapter 2256, Texas Government Code as amended, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b), Texas Government Code, as amended; or (3) secured in any other manner and amount provided by law for deposits of the investing entity. In addition, an

investment in certificates of deposit is authorized if (1) the funds are invested by an investing entity through (A) a broker that has its main office or a branch office in Texas and is selected from a list adopted by the investing entity, or (B) a depository institution that has its main office or a branch office in Texas and that is selected by the investing entity, (2) the broker or depository institution selected by the investing entity under (1) above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity, (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (4) the investing entity appoints the depository institution selected by the investing entity under (1) above, an entity described by Section 2257.041(d) or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rules 15c3-3 (17 C.F.W. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity, .

6. Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio of Texas CLASS shall be invested in term repurchase agreements and no more than 5% of the portfolio of Texas CLASS may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures.

7. A securities lending program where:

- 1) the value of securities loaned under the program is not less than 100 percent collateralized, including accrued income;
- 2) a loan made under the program allows for termination at any time;
- 3) a loan made under the program is secured by: (A) pledged securities described subsection (I) below; (B) pledged irrevocable letters of credit issued by a bank that is: (i) organized and existing under the laws of the United States or any other state; and (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or (C) cash invested in:

(I) obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of this state or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and

interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and (6) bonds issued, assumed, or guaranteed by the State of Israel.

(II) Commercial Paper pursuant to Number Nine below.

(III) Mutual Funds pursuant to Number 10 below; or

(IV) Investment Pools

- 4) the terms of a loan made under the program must require that the securities being held as collateral be: (A) pledged to the investing entity; (B) held in the investing entity's name; and (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;
- 5) a loan made under the program must be placed through: (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or (B) a financial institution doing business in Texas; and
- 6) an agreement to lend securities must have a term of one year or less.
8. Bankers' acceptances that comply with the Investment Act;
9. Commercial paper that complies with the Investment Act; provided that no more than 25% of the assets of Texas CLASS shall be invested in commercial paper of any one industry, except that the 25% limitation shall not apply to commercial paper of banking and financial institutions.
10. No-load money market mutual funds that comply with the Investment Act;
11. Guaranteed investment contracts that comply with the Investment Act;
12. The following other requirements shall also be met:

- a. No investments shall be made in securities denominated in a currency other than dollars of the United States of America.
 - b. The weighted average maturity of the fund will not exceed the lesser of the triple-A guidelines of a nationally recognized rating agency, or 90 days.
 - c. Securities with capped coupons are not permitted.
 - d. Variable rate instruments issued by United States agencies or instrumentalities with final maturities of greater than 397 days are allowed if the rate resets at least annually and is calculated with reference to a single, established money market index and the instrument can reasonably be expected to reset to or maintain its par value at all reset dates.
13. Bonds issued, assumed or guaranteed by the State of Israel that are also backed by the full faith and credit of the United States of America.

Section 6.02. Authorized Investments – Texas CLASS PLUS

Unless specifically prohibited by law or elsewhere by this Policy, monies of Texas CLASS PLUS may be invested and reinvested only in investments authorized by Chapter 2256, Texas Government Code, as amended, including the following types of investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 7 years.
2. Direct obligations of the State of Texas or its agencies and instrumentalities;
3. Other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;
4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent;
5. Certificates of deposit or share certificates if the certificate is issued by a depository institution that has its main office or a branch office in this state and is: (1) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor

- or the National Credit Union Share Insurance Fund or its successor; (2) secured by obligations that are described by Section 2256.009(a) of Chapter 2256, Texas Government Code as amended, including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 2256.009(b), Texas Government Code, as amended; or (3) secured in any other manner and amount provided by law for deposits of the investing entity. In addition, an investment in certificates of deposit is authorized if (1) the funds are invested by an investing entity through (A) a broker that has its main office or a branch office in Texas and is selected from a list adopted by the investing entity, or (B) a depository institution that has its main office or a branch office in Texas and that is selected by the investing entity, (2) the broker or depository institution selected by the investing entity under (1) above arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the investing entity, (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (4) the investing entity appoints the depository institution selected by the investing entity under (1) above, an entity described by Section 2257.041(d) or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rules 15c3-3 (17 C.F.W. Section 240.15c3-3) as custodian for the investing entity with respect to the certificates of deposit issued for the account of the investing entity, .
6. Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio of Texas CLASS PLUS shall be invested in term repurchase agreements and no more than 5% of the portfolio of Texas CLASS PLUS may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures.
 7. A securities lending program where:
 - (1) the value of securities loaned under the program is not less than 100 percent collateralized, including accrued income;
 - (2) a loan made under the program allows for termination at any time;

- (3) a loan made under the program is secured by: (A) pledged securities described subsection (I) below; (B) pledged irrevocable letters of credit issued by a bank that is: (i) organized and existing under the laws of the United States or any other state; and (ii) continuously rated by at least one nationally recognized investment rating firm at not less than A or its equivalent; or (C) cash invested in:
- (I) (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities; (2) direct obligations of this state or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, this state or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; and (6) bonds issued, assumed, or guaranteed by the State of Israel.
 - (II) Commercial Paper pursuant to Number Nine below.
 - (III) Mutual Funds pursuant to Number 10 below; or
 - (IV) Investment Pools
- (4) the terms of a loan made under the program must require that the securities being held as collateral be: (A) pledged to the investing entity; (B) held in the investing entity's name; and (C) deposited at the time the investment is made with the entity or with a third party selected by or approved by the investing entity;
- (5) a loan made under the program must be placed through: (A) a primary government securities dealer, as defined by 5 C.F.R. Section 6801.102(f), as that regulation existed on September 1, 2003; or (B) a financial institution doing business in Texas; and
- (6) an agreement to lend securities must have a term of one year or less.

8. Bankers' acceptances that comply with the Investment Act;
9. Commercial paper that complies with the Investment Act; provided that no more than 25% of the assets of Texas CLASS PLUS shall be invested in commercial paper of any one industry, except that the 25% limitation shall not apply to commercial paper of banking and financial institutions.
10. No-load money market mutual funds that comply with the Investment Act;
11. Guaranteed investment contracts that comply with the Investment Act;
12. The following other requirements shall also be met:
 - a. No investments shall be made in securities denominated in a currency other than dollars of the United States of America.
 - b. Securities with capped coupons are not permitted.
 - c. Variable rate instruments issued by United States agencies or instrumentalities with final maturities of greater up to 7 years are allowed if the rate resets at least annually and is calculated with reference to a single, established money market index and the instrument can reasonably be expected to reset to or maintain its par value at all reset dates.
13. Bonds issued, assumed or guaranteed by the State of Israel that are also backed by the full faith and credit of the United States of America.

Section 6.04. Authorized Investments – Texas CLASS Government Only Pool or Portfolio

Monies of Texas CLASS GOVERNMENT FUND (or such other pool or portfolio as determined by the Board to be restricted to investments authorized pursuant to this section 6.04) may be invested and reinvested only in investments authorized by this policy and Chapter 2256, Texas Government Code, as amended, including the following types of investments:

1. Obligations, including letters of credit, of the United States or its agencies and instrumentalities with a maximum maturity of 397 days, except that certain permitted variable rate securities may be purchased with final maturities greater than 397 days, as described in Paragraph 12 (d) below.

2. Repurchase agreements that comply with the Investment Act. No more than 25% of the portfolio of Texas CLASS shall be invested in term repurchase agreements and no more than 5% of the portfolio of Texas CLASS may be invested in term repurchase agreements with maturities exceeding 90 days. Repurchase agreements shall be 102% collateralized by obligations of the United States Treasury or its agencies and instrumentalities in accordance with the provisions of the Public Securities Association Master Agreement on file with the Program Administrator pertaining to repurchase agreement operating procedures.
3. Certificates of Deposit pursuant to Section 2256.010, Texas Government Code, as amended.
4. No-load money market mutual funds that comply with the Investment Act but that do not include commercial paper;
5. The following other requirements shall also be met:
 - a. No investments shall be made in securities denominated in a currency other than dollars of the United States of America.
 - b. The weighted average maturity of the fund will not exceed the lesser of the triple-A guidelines of a nationally recognized rating agency, or 120 days.
 - c. Securities with capped coupons are not permitted.
 - d. Variable rate instruments issued by the United States treasury or agencies or instrumentalities with final maturities of greater than 397 days are allowed if the rate resets at least annually and is calculated with reference to a single, established money market index and the instrument can reasonably be expected to reset to or maintain its par value at all reset dates.
 - e. The maximum maturity for variable rate securities issued by the United States treasury or agencies or instrumentalities is 762 days.

Section 6.03. Prohibited Investments.

Notwithstanding anything to the contrary stated herein, no funds of Texas CLASS may be invested in the following or in any other type of investment prohibited by the Investment Act or other applicable law:

1. Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (IO's);
2. Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest (PO's);
3. Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
4. Collateralized mortgage obligations the interest rate of which are determined by an index that adjusts opposite to the changes in the market index (inverse floaters).
5. Corporate bonds.

ARTICLE VII **INVESTMENT STRATEGIES**

Section 7.01. Strategy Applicable to Texas CLASS.

The general investment strategy for Texas CLASS shall be to invest all monies so as to accomplish the following objectives, which are listed in the order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the Participants in Texas CLASS;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield.

All monies shall be invested to meet the cash flow requirements of Texas CLASS as determined by the needs of the Participants. Monies in Texas CLASS shall not be invested for longer than 397 days or as specified in Section 6.01(12)(d) and 6.01(3)(d). Monies in Texas CLASS PLUS shall not be invested longer than 7 years.

ARTICLE VIII **MISCELLANEOUS**

Section 8.01. Annual Review.

Texas CLASS shall review this Policy at least annually and adopt a resolution confirming the continuance of the Policy without amendment or adopt an Amended Policy.

Section 8.02. Superseding Clause.

This Policy supersedes any prior policies adopted by the Board of Trustees regarding investment or securitization of Funds of Texas CLASS.

Section 8.03. Open Meeting.

The Board officially finds, determines and declares that this Policy was reviewed, carefully considered, and adopted at a regular meeting of the Board, and that a sufficient written notice of the date, hour, place and subject of this meeting was posted at a place readily accessible and convenient to the public at the administrative office of Texas CLASS, at a place convenient to the public in the main office of the Secretary of State and on a bulletin board at a place convenient to the public in the county courthouse in Dallas County, for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, and that this meeting had been open to the public as required by law at all times during which this Policy was discussed, considered and acted upon. The Board further ratifies, approves and confirms such written notice and the contents and posting thereof.

This document may be executed in one or more original counterparts, each of which shall constitute one and the same instrument and is effective as of the date specified below.

Adopted on March 1, 2017.

Exhibit A

CERTIFICATE OF COMPLIANCE FROM SELLERS OF INVESTMENTS
AS REQUIRED BY THE PUBLIC FUNDS INVESTMENT ACT

To: Texas Cooperative Liquid Assets Securities System Trust, a public funds investment pool (“Texas CLASS”)

From: _____

[Name of the person offering or the “qualified representative of the business organization” offering to engage in an investment transaction with Texas CLASS]

[Office such person holds]

of _____ (the “Business Organization”)
[name of financial institution, business organization or investment pool]

Date: _____

In accordance with the provisions of Chapter 2256 of the Texas Government Code, I hereby certify that:

1. I am an individual offering to enter into an investment transaction with Texas CLASS or any of its subaccounts, pools or portfolios, including Texas CLASS PLUS and [TEXAS CLASS GOVERNMENT ONLY] (referred to herein collectively as “Texas CLASS”), or I am a “qualified representative” of the Business Organization offering to enter an investment transaction with Texas CLASS, as applicable, as such terms are used in the Public Funds Investment Act, Chapter 2256, Texas Government Code, and that I meet all requirements under such act to sign this Certificate.
2. I or the Business Organization, as applicable, anticipate selling to Texas CLASS investments that comply with Texas CLASS’ Investment Policy and the Investment Act (collectively referred to herein as the “Investments”), as amended and effective as of the date hereof. (the “Investment Policy”).
3. I or a registered investment professional that services Texas CLASS’ account, as applicable, have received and reviewed the Investment Policy, which Texas CLASS has represented is the complete Investment Policy of Texas CLASS now in full force and effect. Texas CLASS

has further acknowledged that I or the Business Organization, as applicable, may rely upon the Investment Policy until Texas CLASS provides me or the Business Organization, as applicable, with any amendments to or any newly adopted form of the Investment Policy.

4. I or the Business Organization, as applicable, have/has implemented reasonable procedures and controls in an effort to preclude investment transactions between Texas CLASS and me or the Business Organization, as applicable, that are not authorized by the Investment Policy, except to the extent that this authorization is dependent upon an analysis of Texas CLASS' entire portfolio or requires an interpretation of subjective investment standards.
5. I or the Business Organization, as applicable, have/has reviewed or will review prior to sale, the terms, conditions and characteristics of the investments to be sold to Texas CLASS and determined (i) that each of the Investments is an authorized investment for local governments under the Investment Act and (ii) each of the Investments is an authorized investment under the Investment Policy. The Business Organization makes no representation as to whether any limits on the amount of Texas CLASS' monies to be invested in the Investments exceeds or in any way violates the Investment Policy.
6. The Business Organization makes no representations or guarantees regarding the prudence, reasonableness or adequacy of the Investment Policy.
7. The Business Organization has attached hereto, for return to Texas CLASS, or will provide a prospectus or disclosure document for each of the Investments other than certificates of deposit and direct obligations of the United States.

By: _____

Name: _____

Title: _____

Investments other than certificates of deposit are not FDIC insured, are not deposits or other obligations of me, the Business Organization or any of its affiliates, and are subject to investment risks, including possible loss of the principal amount invested.

Return Receipt Acknowledged on _____, 20__.

By: _____

Title: _____

Exhibit B
QUALIFIED BROKER/DEALER LIST

A list of the qualified broker/dealers with whom Texas CLASS may engage in investment transactions is available from the Program Administrator and such list is approved periodically by resolution of the Board of Trustees.

#5407769.2

TexPool Investment Pool



**TEXAS PUBLIC FUNDS INVESTMENT ACT
ACKNOWLEDGEMENT AND CERTIFICATION
OF INVESTMENT POLICIES**

This Acknowledgement and Certification is executed on behalf of the Texas Local Government Investment Pools, TexPool and TexPool Prime (collectively, "TexPool"), and Federated Investment Counseling, as investment adviser to TexPool ("Adviser"), pursuant to Section 2256.005(k), Texas Government Code, in connection with investment transactions conducted between the **Little Elm Independent School District** ("Investing Entity") and TexPool.

The undersigned, who is a qualified representative of both TexPool and Adviser (the "Qualified Representative") hereby certifies on behalf of TexPool and Adviser that, as of the date of this letter:

- (i.) The Qualified Representative is duly authorized to execute this Acknowledgment and Certification on behalf of TexPool and Adviser; and
- (ii.) The Qualified Representative has received and reviewed the Investing Entity's investment policy attached hereto as Exhibit A (the "Policy"); and
- (iii.) TexPool and Adviser have implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Investing Entity and TexPool that are not authorized by the Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the Investing Entity's entire portfolio or requires an interpretation of subjective investment standards.

TEXPOOL

Signature: Steven A. Friedman
Authorized Signatory

Date: February 1, 2018

FEDERATED INVESTMENT
COUNSELING

Signature: Steven A. Friedman
Vice President

Date: February 1, 2018



TexPool Investment Policy

Texas Local Government
Investment Pool

Revised August 2016

I. PURPOSE AND OBJECTIVES STATEMENT

A. TEXPOOL

The Interlocal Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code (the “Act”), provide for the creation of public funds investment pools through which political subdivisions and other entities may invest public funds.

TexPool will use amortized cost to value portfolio assets and follow the criteria established by Governmental Accounting Standards Board (“GASB”) Statement No. 79 for use of amortized cost. This Investment Policy shall be interpreted and applied in a manner consistent with GASB guidance on external investment pools that use amortized cost to value all portfolio assets.

Pursuant to subchapter G of chapter 404, the Comptroller of Public Accounts (the “Comptroller”) administers the Texas Local Government Investment Pools (the “TexPool Portfolios”) as public funds investment pools through the Texas Treasury Safekeeping Trust Company (the “Trust Company”). The Trust Company is a special-purpose trust company authorized to receive, transfer, and disburse money and securities as provided by statute or belonging to the state, agencies, and local political subdivisions and other organizations created on behalf of the state or agency or political subdivision of the state. The Comptroller is the sole officer, director, and shareholder of the Trust Company.

The Comptroller and the Trust Company have contracted with an administrator and investment manager (“Investment Manager”) for the TexPool Portfolios. The TexPool Portfolios comprise two investment alternatives: TexPool and TexPool Prime. This Investment Policy relates only to TexPool. TexPool invests in U.S. Treasury and government agency securities, repurchase agreements, and certain mutual funds.

In accordance with the Act, the Comptroller has appointed the TexPool Investment Advisory Board (the “Board”) to advise with respect to TexPool. The Board is composed equally of participants in the TexPool Portfolios and other persons who do not have a business relationship with the TexPool Portfolios and are qualified to advise the TexPool Portfolios.

B. PURPOSE

The purpose of TexPool is to offer a safe, efficient, and liquid investment alternative to local governments in the State of Texas. The expectation is that local governments will benefit from the receipt of higher investment returns as a result of economies of scale and the investment expertise and management oversight of the Comptroller and the Trust Company. Investments are made in accordance with this investment policy (the “TexPool Investment Policy”) established by the Trust Company and approved by the Comptroller. The TexPool Investment Policy’s investment parameters are more conservative than those contained in the Act. The TexPool Investment Policy is reviewed annually and revised as necessary.

C. OBJECTIVES

As required by the Act, the investment objectives of TexPool in order of priority are:

- preservation and safety of principal;
- liquidity; and
- yield

TexPool's additional objective is to maintain a stable \$1.00 price per unit. In accordance with the Act, TexPool securities are marked to market daily, and if the ratio of the market value of the portfolio divided by the book value of the portfolio is less than 0.995 or greater than 1.005, TexPool will take any appropriate action necessary to maintain the ratio between 0.995 and 1.005. However, the \$1.00 price is not guaranteed or insured by the State of Texas.

D. STANDARD OF CARE

As also required by the Act, TexPool investments are made subject to the "prudent person" standard of care. Accordingly, the Investment Manager must make investment decisions:

"with [the] judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

E. STRATEGIES

1. Portfolio Composition

The TexPool portfolio is designed and managed to ensure that it maintains its AAAM rating (or the equivalent) by a nationally recognized statistical rating organization ("NRSRO").

The following guidelines shall be followed by the Investment Manager to maintain the portfolio maturity consistent with a stable net asset value per share:

- The maximum remaining maturity of any security or other investment acquired for the portfolio shall be 397 calendar days or less.
- The portfolio should maintain a weighted average maturity of 60 days or less.
- The portfolio should maintain a weighted average life of 120 days or less.

Maturity limits are applied as defined in GASB 79.

A cure period of not more than 10 business days shall be permitted in the event that the weighted average maturity of the portfolio exceeds these limits, consistent with NRSRO guidelines.

2. Risk Management

Principal is protected and market and credit risks minimized by investing in a diversified pool of assets of high credit quality. Actual risks are minimized by adequate collateralization and use of delivery versus payment procedures.

The following procedure shall be followed by the Investment Manager to monitor investment rating changes:

- Perform ongoing monitoring of the credit risks of all securities.
- Create and update, as necessary, an approved list of issuers and securities.
- Maintain the approved list in the Investment Manager's trading and compliance system and utilize the system to monitor the credit risk on a pre-trade compliance basis.

- Note any changes in the rating of a security and determine whether such change is in compliance with the Act.
- If an investment is downgraded such that it is not in compliance with the Act, liquidate the security as required by the Act.

3. Liquidity

Cash needs and cash expectations take priority in the design and structure of TexPool. Income and expenditure history are developed and continuously updated to determine the liquidity needs of TexPool. Reports of anticipated cash flow needs are used to develop the maturity structure of the portfolio to provide liquidity to all participants. To meet the anticipated liquidity needs, TexPool is invested to ensure sufficient distribution of investments in liquid, short-term instruments. The maturities of the investments are distributed such that there is a continuing stream of securities maturing at frequent intervals.

4. Returns

After consideration of safety and liquidity, TexPool assets are invested with the goal of achieving a competitive rate of return that meets or exceeds the yield on money market mutual funds with similar investment authority. TexPool is structured to benefit from anticipated market conditions and to achieve a reasonable return.

F. DISTRIBUTION OF GAINS AND LOSSES

All gains or losses from the sale of securities are distributed among TexPool participants, and will be amortized over the remaining term to maturity of the liquidated securities.

II. AUTHORIZED INVESTMENTS

The Act governs the investment of TexPool. The Act sets out a number of authorized investments. TexPool funds may be invested only in the following authorized investments:

A. GOVERNMENT SECURITIES (section 2256.009(a)(1) of the Act)

1. Statutory Requirements

Obligations of the United States, its agencies, or instrumentalities **EXCLUDING** the following:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Policy Guidelines

Portfolio Composition: Up to 100% of TexPool assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes.

Maturity Limits: The maximum final stated maturity of a security may not exceed 397 days, other than for floating or variable rate government obligations of the United States, its agencies, or instrumentalities.

B. REPURCHASE AGREEMENTS (section 2256.011 of the Act)

1. Statutory Requirements

Fully collateralized repurchase agreements or reverse repurchase agreements (i) with defined termination dates, (ii) secured by obligations of the United States, its agencies, or its instrumentalities, including certain mortgage-backed securities, (iii) that require purchased securities to be pledged to the investing entity, in the entity's name, and deposited at the time of investment with the investing entity or a third party, and (iv) that are placed through primary government securities dealers, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas.

The term of a reverse repurchase agreement may not exceed 90 days after the date of delivery. Money received under a reverse repurchase agreement may be used to acquire additional authorized investments provided such investments mature not later than the expiration date stated in the reverse repurchase agreement.

2. Policy Guidelines

a. Repurchase Agreements

Portfolio Composition:

Direct Repurchase Agreements: Up to 100% of TexPool assets may be invested in repurchase agreements.

Term Repurchase Agreements: A term repurchase agreement refers to any repurchase agreement with more than 7 calendar days remaining to maturity or more than 7 calendar days to the next put option that allows TexPool to liquidate the position at par (principal plus accrued interest.)

Maturity Limits: The maximum final maturity on repurchase agreements may not exceed 365 days. For purposes of calculating the weighted average maturity of the portfolio, the maturity date of a term repurchase agreement will be equal to the put option notice period.

Margin Requirement: Collateral must be equal to at least 102% of the total market value of the repurchase agreement, including accrued interest.

b. Reverse Repurchase Agreements

Portfolio Composition:

TexPool may enter into reverse repurchase agreements for up to one third (1/3) of the value of TexPool assets.

c. Repurchase Agreements and Reverse Repurchase Agreements

Documentation: All repurchase transactions are governed by a Bond Market Association (BMA) or Securities Industry and Financial Markets Association (SIFMA) approved Master Repurchase Agreement and Master Reverse Repurchase Agreement.

Custody: If collateral is to be held by a third party, the third party must have been previously approved by the Trust Company or the Investment Manager.

C. MONEY MARKET MUTUAL FUNDS (section 2256.014 of the Act)

1. Statutory Requirements

No-load money market mutual fund that (i) is registered with and regulated by the Securities and Exchange Commission, (ii) provides a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940, (iii) is a permissible investment, and (iv) includes in its investment objectives the maintenance of a stable net asset value of \$1.00 for each share.

2. Policy Guidelines

Portfolio Composition: TexPool assets may be invested in approved money market mutual funds. The Investment Manager may utilize affiliated money market funds for this purpose provided the Investment Manager waives its management fee equal to the relevant affiliated fund's net management fee, and provides an annual accounting of such waivers to the Trust Company.

Concentration Limits: No more than 10% of the TexPool assets may be invested in a single money market fund.

Rating: The money market mutual fund must be rated AAA or its equivalent by at least one NRSRO.

D. SECURITIES LENDING (section 2256.0115 of the Act)

1. Statutory Requirements

TexPool may engage in a securities lending program that complies with the following:

- a. the value of the securities loaned, including accrued interest, must be fully collateralized by:
 - (i) government securities,
 - (ii) irrevocable letters of credit issued by a bank organized under U.S. or state law and continuously rated at least A or its equivalent by at least one NRSRO, or
 - (iii) cash invested in government securities, commercial paper, mutual funds, or investment pools authorized by the Act;
- b. the loan must be terminable at any time;
- c. the loan terms must require that the collateral be pledged to the investing entity, held in its name, and deposited with the investing entity or a third party selected and approved by the investing entity;
- d. the loan must be placed through primary dealers or financial institutions doing business in the state; and
- e. the loan agreement must have a term of one year or less.

2. Policy Guidelines

Cash received under securities lending agreements must be used to acquire obligations authorized under this investment policy, provided that the average life of the obligations cannot exceed the average life of the securities lending agreements.

III. PROHIBITED INVESTMENTS

A. STATUTORY

As required by section 2256.009 of the Act, TexPool cannot invest in the following:

- Obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- Obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- Collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- Collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

B. POLICY

1. Derivatives

TexPool will not invest in “derivatives.” For the purposes of this Investment Policy, “derivatives” means instruments with embedded features that alter their characteristics or income stream or allow holders to hedge or speculate on a market or spreads between markets that are external to the issuer, or are not directly correlated on a one-to-one basis to the associated index or market. Derivatives include, but are not limited to, the following:

- Arrangements in which an investor has swapped the natural cash flows or some portion of the natural cash flows of an instrument for a different set of cash flows. (*i.e.*, interest rate swaps).
- Over-the-counter/exchange traded options or futures (*i.e.*, option contracts, futures contracts).
- Collateralized mortgage obligations, inverse floating rate notes, range index notes, non-money market index based notes, dual index notes, index amortizing notes, inverse multi-index bonds, stepped inverse index bonds, inverse index bonds.

Securities that are **not** considered derivatives and that are authorized investments for TexPool include the following:

Treasury Bills, Treasury Notes, Treasury Bonds, Treasury Strips, repurchase agreements, reverse repurchase agreements, U.S. agency notes with a defined maturity and fixed coupon rate, U.S. agency discount notes, money market index Treasury and agency variable rate notes (*i.e.*, floating rate notes tied to money market indices such as three and six month Treasury Bills; one, three, and six month London Interbank Offering Rate [LIBOR]; Fed Funds; one year Constant Maturity Treasury; prime rate; and Commercial paper composite); U.S. agency step-up notes and any authorized investment that is callable prior to its final maturity.

2. Commercial Paper

While an authorized investment under the Act, TexPool will not invest in commercial paper.

3. Certificates of Deposit

While an authorized investment under the Act, TexPool will not invest in certificates of deposit.

IV. ADMINISTRATIVE GUIDELINES

A. COMPETITIVE BIDDING

TexPool trades, purchases, and sales are done on a best execution basis through a documented competitive bidding process. The broker/dealers used for TexPool are those approved by the Comptroller and the Trust Company and in compliance with the Comptroller rules.

B. SAFEKEEPING

All eligible book-entry securities whether purchased outright or under repurchase agreements, are held in a separate custodial account at the Federal Reserve Bank in the name of the TexPool Portfolios or in an independent third party institution designated by the Investment Manager on behalf of the TexPool Portfolios. All securities not held in book entry form are held at an independent third-party institution designated by the Investment Manager on behalf of the TexPool Portfolios. Third party institutions must issue original safekeeping receipts to the Investment Manager.

C. AUTHORIZED PERSONNEL

The Investment Manager personnel authorized to buy and sell investment instruments, send and receive securities, and make fund transfers and other types of related investment transactions are directly supervised by senior investment management personnel in the Investment Manager's Investment Management Group.

D. DOCUMENTATION

Complete documentation and audit trails are maintained for all investment transactions.

E. MONITORING MARKET PRICE

State Street Bank and Trust, the custodian designated by the Investment Manager (the "Custodian") provides fund accounting services for TexPool and is responsible for marking-to-market the portfolio holdings of TexPool on a daily basis. The Custodian receives electronic transmissions from various pricing vendors in order to determine the individual market price of each security held in TexPool. These electronic transmissions are checked daily for current data and validity of information. The Custodian also performs a reasonability test to determine whether the prices received are within a set tolerance range. In the event that any of the prices fall outside of the range, then these prices are investigated against secondary pricing sources. As a further check, the Investment Manager also monitors the prices of securities held in TexPool, in order to independently determine reasonableness and validity.

The shadow price is the net asset value per share of TexPool, calculated using total investments measured at fair value at the calculation date. The Investment Manager calculates TexPool's shadow price at a minimum on a monthly basis. The monthly calculation of the shadow price should occur no earlier than five business days prior to and no later than the end of the month.

F. PARTICIPATION AGREEMENTS

Each participant must have a fully executed participation agreement on file with the Trust Company before participating in TexPool.

G. DEPOSIT AND WITHDRAWAL DEADLINES

See separate TexPool Operating Procedures for detailed deposit and withdrawal deadlines.

H. REPORTING AND DISCLOSURE

The Act requires that public fund investment pools provide basic information regarding the pool's investments and operations. The pool is to provide the investment officer, or other authorized representative of a participating entity, disclosure information in an Information Statement. The required disclosure items are listed in the Act. This information is provided to all participants. Further, to maintain eligibility to receive funds from and invest funds on behalf of the pool's participants, TexPool must furnish investment confirmations and a monthly report disclosing certain information. Finally, the Comptroller requires that TexPool be audited annually by an independent auditor.

I. AUTHORIZED DEALERS

The Comptroller maintains a list of approved dealers and brokers (collectively, "dealers") authorized to provide investment services. All dealers who desire to become qualified bidders for investment transactions for TexPool must be on the approved list. The Comptroller annually reviews the financial condition and registration of the qualified dealers and revises the approved list as needed.

J. ETHICS AND CONFLICT OF INTEREST

The Comptroller requires the Investment Manager and its staff that are involved with making investment decisions for or executing trades on behalf of TexPool to disclose any personal or business relationship with a broker/dealer seeking to sell investments to TexPool. These employees are also required to refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. The Investment Manager's Compliance Officer is required to file a quarterly statement with the Trust Company evidencing compliance with foregoing matters by the Investment Manager and its employees.

Moreover, agents, advisors, and contractors providing services in connection with the custody, management, and investment of public funds under a contract with the Comptroller are required to at all times avoid any actual or apparent conflict of interest with respect to the custody, management, and investment of public funds. For purposes of this investment policy, a conflict of interest refers to any circumstances in which an agent, advisor, or contractor who, in the context of duties under its contract with the Comptroller, has interests that are or may become inconsistent with the interests of the agent, advisor, or contractor with respect to other duties, contractual or otherwise.

Lone Star Investment Pool



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Lone Star
Investment Pool

February 1, 2018

Grant Anderson
Chief Financial Officer
Little Elm Independent School District
300 Lobo Lane
Little Elm, TX 75068

Dear Mr. Anderson:

I am an Investment Officer of the Lone Star Investment Pool (the "Pool"). In that capacity I am responding to your request regarding the investment policy certification required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The Pool meets all of the requirements of the Act for an eligible investment pool and, as such, is an authorized investment option for local governments and state agencies in Texas.

In my capacity as an Investment Officer of the Pool, I hereby certify to Little Elm Independent School District (the "Investor") as follows:

- 1) An Investment Officer of the Pool has received and reviewed Investor's investment policy and a copy of a resolution adopted by Investor wherein Investor (a) authorized participation in the Pool and (b) adopted the investment policy of the Pool as an investment policy of the Investor with respect to Investor monies invested in the Pool; and
- 2) With respect to the Investor's investment in the Pool, the Pool has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between Investors and the Pool that are not authorized by the Investors investment policy, except to the extent that such authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires an interpretation of subjective investment standards.

In addition, I have enclosed a copy of the Pool's legal opinion, which states the Pool complies with the Act.

Thank you for your participation in the Lone Star Investment Pool. Please feel free to contact me at 800-580-8272 if you have questions or need additional information.

Sincerely,

William Mastrodicasa
Investment Officer

Enclosures
WM/gf



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February 1, 2018

Grant Anderson
Chief Financial Officer
Little Elm Independent School District
300 Lobo Lane
Little Elm, TX 75068

Dear Mr. Anderson:

I am the Compliance Officer of First Public, LLC ("First Public"). In that capacity I am responding to your request regarding the investment policy certification required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act").

I hereby certify to Little Elm Independent School District (the "Investor") as follows:

- 1) I have received and reviewed Investor's investment policy; and
- 2) First Public has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between Investor and First Public that are not authorized by the Investor's investment policy, except to the extent that such authorization is dependent on an analysis of the makeup of the Investor's entire portfolio or requires an interpretation of subjective investment standards.

Thank you for your continued support and business. Please feel free to contact me at 800-558-8875 if you have questions or need additional information.

Sincerely,

Tammy Davis
Chief Compliance Officer

Enclosures

TD/gf

Lone Star Investment Pool

Investment Policy

Overview

The purpose of this Investment Policy is to set forth the policies which are to be followed in managing and operating the Lone Star Investment Pool (the “Pool”). Policies presented in this document have been developed based on the advice and recommendations of consultants and professionals who serve the Pool. The Board of Trustees of the Pool (the “Board”) has approved these policies. All actions with respect to the Pool, including the establishment and implementation of this Investment Policy, shall be made solely for the interest of the Participants in the Pool. Capitalized terms used herein and not otherwise defined have the same meanings assigned to them in the Investment Agreement creating the Pool.

Identification of Pool

The investment objectives of the Pool, in order of priority, are preservation and safety of principal, liquidity, and yield.

The Pool is a public funds investment pool, designed to invest in certain fixed income securities, and is created under the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Investment Act”).

Investment Policy Objective

The primary objective of this Investment Policy is to emphasize the importance of safety of principal and liquidity of Pool assets. The policy also addresses other key elements, including but not limited to investment diversification, maturity, quality and capability of investment management, and yield.

Communication Objective

This document is intended to serve as a guide to improve communication between the Board and:

- ★ The Advisory Board;
- ★ The Investment Officer(s);
- ★ The Investment Advisor(s);
- ★ The Custodian;
- ★ The Administrator;
- ★ The Investment Consultant;
- ★ New Board members;
- ★ Current and potential Participants.

Investment Strategy and Guidelines

Pursuant to the Agreement and applicable law, the Pool's investments are limited to those permitted under the Investment Act. Further restrictions on eligible investments for each of the Pool's funds are set forth below.

Government Overnight Fund

The Government Overnight Fund is designed for funds that may be required for immediate expenditure. The objectives of the Government Overnight Fund are, in order of importance:

1. an understanding of the suitability of the investment to the financial requirements of the Government Overnight Fund;
2. preservation and safety of principal;
3. liquidity;
4. marketability of each investment if the need arises to liquidate the investment before maturity;
5. diversification of the investment portfolio;
6. and yield.

The Government Overnight Fund seeks to offer daily liquidity and to maintain a net asset value of one dollar. The net asset value of the Government Overnight Fund is determined daily to ensure that the market value of the Fund's assets is maintained at one dollar. The dollar-weighted average maturity of the Government Overnight Fund is 60 days or fewer. The maximum stated maturity of each security acquired by the Government Overnight Fund is 13 months for fixed rate securities and 24 months for variable rate securities. Because of their short maturities, high quality, and minimal price fluctuations, securities in which the Government Overnight Fund invests are generally considered to be marketable and very liquid. Though the Government Overnight Fund may hold investments until they mature, it may periodically trade securities to take advantage of perceived disparities between markets for various categories of investments in an effort to increase returns. The Government Overnight Fund may not invest more than one-third of the value of its assets (determined as of the date of investment) in the securities of any single issuer, except for direct obligations of the U.S. Government.

Though the Pool has the authority to invest in all securities authorized under the Investment Act, it is the Board's policy that only the following of such authorized investments will be eligible as Government Overnight Fund investments:

- ★ Obligations of the United States or its agencies and instrumentalities
- ★ Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the United States or its agencies and instrumentalities
- ★ Fully collateralized repurchase agreements that meet the following criteria: (1) have a defined termination date; (2) are secured by obligations of the United States or its agencies and instrumentalities; (3) require the securities being purchased by the Government Overnight Fund to be pledged to the Government Overnight Fund, held in the Government Overnight Fund's name, and deposited at the time the investment is made with the Government Overnight Fund or with a third party selected and approved by the Government Overnight Fund; and (4) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state. The market value of repurchase agreement collateral is required to initially be 102 percent of the principal amount of such repurchase agreement. Thereafter, the market value of such collateral will be determined (marked-to-market) daily and reset to 102 percent of the principal amount if it falls below 100 percent.
- ★ The Government Overnight Fund may lend up to 25 percent of its securities pursuant to a reverse repurchase agreement authorized under the Investment Act. Any funds obtained pursuant to a reverse repurchase agreement must be invested in authorized Government Overnight Fund investments and match the term of the reverse repurchase agreement. The term of any reverse repurchase agreement may not exceed 90 days.
- ★ No-Load money market mutual funds regulated by the Securities and Exchange Commission (SEC), that invest exclusively in authorized Government Overnight Fund investments, provided the Government Overnight Fund

shall not invest its funds in any one money market mutual fund in an amount that exceeds (i) 25 percent of the Government Overnight Fund's total assets or (ii) 10 percent of the total assets of such money market mutual fund.

Corporate Overnight Fund

The Corporate Overnight Fund is designed for funds that may be required for immediate expenditure. The objectives of the Corporate Overnight Fund are, in order of importance:

1. an understanding of the suitability of the investment to the financial requirements of the Government Overnight Fund;
2. preservation and safety of principal;
3. liquidity;
4. marketability of each investment if the need arises to liquidate the investment before maturity;
5. diversification of the investment portfolio;
6. and yield.

The Corporate Overnight Fund seeks to offer daily liquidity and to maintain a net asset value of one dollar. The net asset value of the Corporate Overnight Fund is determined daily to ensure that the market value of the Fund's assets is maintained at one dollar. The dollar-weighted average maturity of the Corporate Overnight Fund is 60 days or fewer. The maximum stated maturity of each security acquired by the Corporate Overnight Fund is 13 months for fixed rate securities and 24 months for variable rate securities. Because of their short maturities, high quality, and minimal price fluctuations, securities in which the Corporate Overnight Fund invests are generally considered to be marketable and very liquid. Though the Corporate Overnight Fund may hold investments until they mature, it may periodically trade securities to take advantage of perceived disparities between markets for various categories of investments in an effort to increase returns.

The Corporate Overnight Fund has the authority to invest in all securities authorized under the Investment Act. However, it is the Board's policy to also have the following restrictions:

- ★ Except for money market mutual funds regulated by the SEC, the Corporate Overnight Fund shall not invest its assets in the securities of any one nongovernmental issuer in an amount that exceeds 5 percent of the Corporate Overnight Fund's total assets at cost.
- ★ Fully collateralized repurchase agreements that meet the following criteria: (1) have a defined termination date; (2) are secured by obligations of the United States or its agencies and instrumentalities; (3) require the securities being purchased by the Corporate Overnight Fund to be pledged to the Corporate Overnight Fund, held in the Corporate Overnight Fund's name, and deposited at the time the investment is made with the Corporate Overnight Fund or with a third party selected and approved by the Corporate Overnight Fund; and (4) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state. The market value of repurchase agreement collateral is required to initially be 102 percent of the principal amount of such repurchase agreement. Thereafter, the market value of such collateral will be determined (marked-to-market) daily and reset to 102 percent of the principal amount if it falls below 100 percent.
- ★ If an A-1 or P-1 investment is placed on the watch list with negative implications by Standard & Poor's or Moody's Investor Services, the Investment Advisor must notify the Investment Consultant and Administrator that same day and if a ready market exists for that security, sell the investment within one week.
- ★ The Corporate Overnight Fund shall not invest its funds in any one money market mutual fund in an amount that exceeds (i) 25 percent of the Corporate Overnight Fund's total assets or (ii) 10 percent of the total assets of such money market mutual fund.

Corporate Overnight Plus Fund

The Corporate Overnight Plus Fund is designed for funds that may be required for immediate expenditure. The objectives of the Corporate Overnight Fund are, in order of importance:

1. an understanding of the suitability of the investment to the financial requirements of the Government Overnight Fund;
2. preservation and safety of principal;
3. liquidity;
4. marketability of each investment if the need arises to liquidate the investment before maturity;
5. diversification of the investment portfolio;
6. and yield.

The Corporate Overnight Plus Fund has longer maturities than those of the Corporate Overnight Fund and Government Overnight Fund. The Corporate Overnight Plus Fund seeks to offer daily liquidity and to maintain a net asset value of one dollar. The net asset value of the Corporate Overnight Plus Fund will be determined daily to ensure that the fair value of the fund's assets is maintained at one dollar. The dollar-weighted average maturity of the Corporate Overnight Plus Fund is 120 days or fewer. The maximum stated maturity of each security acquired by the Corporate Overnight Plus Fund is two years from date of purchase unless otherwise restricted by the Investment Act. Because of their short maturities, high quality, and minimal price fluctuations, securities in which the Corporate Overnight Plus Fund invests are generally considered to be marketable and very liquid. Though the Corporate Overnight Plus Fund may hold investments until they mature, it may periodically trade securities to take advantage of perceived disparities between markets for various categories of investments in an effort to increase returns.

The Corporate Overnight Plus Fund has the authority to invest in all securities authorized under the Investment Act. However, it is the Board's policy to also have the following restrictions:

- ★ Except for money market mutual funds regulated by the SEC, the Corporate Overnight Plus Fund shall not invest its assets in the securities of any one nongovernmental issuer in an amount that exceeds 5 percent of the Corporate Overnight Plus Fund's total assets at cost.
- ★ Fully collateralized repurchase agreements that meet the following criteria: (1) have a defined termination date; (2) are secured by obligations of the United States or its agencies and instrumentalities; (3) require the securities being purchased by the Corporate Overnight Plus Fund to be pledged to the Corporate Overnight Plus Fund, held in the Corporate Overnight Plus Fund's name, and deposited at the time the investment is made with the Corporate Overnight Plus Fund or with a third party selected and approved by the Corporate Overnight Plus Fund; and (4) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state. The market value of repurchase agreement collateral is required to initially be 102 percent of the principal amount of such repurchase agreement. Thereafter, the market value of such collateral will be determined (marked-to-market) daily and reset to 102 percent of the principal amount if it falls below 100 percent.
- ★ If an A-1 or P-1 investment is placed on the watch list with negative implications by Standard & Poor's or Moody's Investor Services, the Investment Advisor must notify the Investment Consultant and Administrator that same day, and if a ready market exists for that security, sell the investment within one week.
- ★ The Corporate Overnight Plus Fund shall not invest its funds in any one money market mutual fund in an amount that exceeds (i) 25 percent of the Corporate Overnight Plus Fund's total assets or (ii) 10 percent of the total assets of such money market mutual fund.

Pool Administration

The Board has appointed Investment Officers and entered into a service agreement with the Administrator. The respective authority and responsibilities of the Board, the Investment Officers, and the Administrator are listed below. It should be noted that some of these responsibilities may overlap, and further that the Investment Officers and the Administrator shall at all times be subject to the Board's direction.

Authority and Responsibilities of the Board

- ★ Adopt this Investment Policy.

- ★ Appoint one or more Investment Officers.
- ★ Oversee selection of Investment Advisor, Custodian, Investment Consultant, and other service providers.
- ★ Monitor compliance with this Investment Policy, the Investment Act, and other law governing the Pool.
- ★ Monitor performance of the Pool.
- ★ Consider revisions to this Investment Policy to reflect changing conditions affecting the Pool or the needs of the Participants.

Authority and Responsibilities of the Investment Officers

- ★ Invest or oversee the investment of Pool assets.
- ★ Execute contracts on behalf of the Pool, including contracts with the Investment Advisor and other service providers.
- ★ Oversee the daily operations of the Pool.
- ★ Monitor performance of the Pool.
- ★ Monitor the selection and performance of the Investment Advisor and other service providers.
- ★ Monitor compliance with this Investment Policy, the Investment Act, and other law governing the Pool.
- ★ Report at least quarterly to the Board.
- ★ Obtain training required under the Investment Act and report training status to the Board not less than annually.

Authority and Responsibilities of the Administrator

- ★ Conduct search for and negotiate contracts with Investment Advisor, Custodian, Investment Consultant, and other service providers, subject to the direction and oversight of the Board and Investment Officers.
- ★ Market program to Local Governments.
- ★ Service Participants on an ongoing basis.
- ★ Meet monthly with Investment Officers and Investment Consultant to review Pool performance.
- ★ Monitor compliance with this Investment Policy, the Investment Act, and other law governing the Pool.
- ★ Report at least quarterly to the Board.
- ★ Prepare and distribute the Information Statement.

Additional Guidelines and Restrictions

Standard of Care

Investments of Pool assets shall be made with judgment and care, under circumstances then prevailing, that persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Liquidity Needs

The liquidity needs of the Pool shall be determined from its operating history and with a general awareness of the needs of Participants. The Pool's investments and operations shall be managed consistently with such liquidity needs.

Cash Holdings

For liquidity purposes or to respond to unusual market conditions, the Pool may hold some or all of its total assets in cash as a temporary defensive measure, for purposes of assuring sufficient liquidity, or due to the lack of eligible investment securities.

Operational Guidelines

- ★ Each fund within the Pool is designed and shall be managed to ensure it is continuously rated no lower than AAA or AAA-m or at an equivalent rating by at least one nationally recognized rating service.
- ★ Each fund within the Pool will be marked-to-market daily.
- ★ The Custodian may register or transfer assets of the Pool into its own name or the name of one or more nominees, provided its books and records at all times show that such assets are part of the Pool.
- ★ Total administrative and operating expenses of the Pool are not to exceed 0.06 percent per year based on the daily average assets.
- ★ The Investment Officers may prepare and transmit additional written guidelines and expectations for the Pool or for any Fund within the Pool, provided they do not exceed the parameters set forth in this Investment Policy. The Investment Officers will provide a copy of any such transmission to the Board at its next Board meeting.
- ★ If the Corporate Overnight Fund or the Government Overnight Fund's amortized cost is above or below the market value by more than one-half of one percent, the Investment Officer will take such action as the Investment Officer deems appropriate to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005.
- ★ If the Corporate Overnight Plus Fund's book value of units outstanding is above or below market value by more than one-half of 1 percent, the Investment Officer will take such action as the Investment Officer deems appropriate to eliminate or reduce to the extent reasonably practicable any dilution or unfair result to existing participants, including a sale of portfolio holdings to attempt to maintain the ratio between 0.995 and 1.005.
- ★ If the weighted Average Maturity (WAM) of the Corporate Overnight Plus Fund exceeds 90 days, the Investment Advisor must file a report with the Investment Consultant and Administrator detailing why they have the fund positioned beyond 90 days. The report is due the Monday following any week in which the fund's WAM exceeded 90 days.
- ★ The Corporate Overnight Plus Fund will be evaluated on a "total rate of return" basis for the purpose of this Investment Policy; "total rate of return" is defined as interest plus appreciation or depreciation of market value.
- ★ The Investment Advisor(s) shall monitor rating changes in investments acquired by the Pool and shall take all prudent measures that are consistent with this Investment Policy to liquidate an investment that no longer has the minimum rating required under the Investment Act.
- ★ In connection with Chapter 2270, of the Texas Government Code (2270), the Investment Advisor(s) shall monitor the list of scrutinized companies maintained by the Texas Comptroller of Public Accounts, shall take all prudent measures to avoid investing in scrutinized companies, and shall divest from scrutinized companies in accordance with Chapter 2270. When applicable, the Administrator will facilitate all required notifications pursuant to 2270.

Securities Transactions

All securities transactions are required to be effected through licensed broker-dealer firms, in accordance with all applicable laws and selected on the basis of reasonableness of brokerage commissions and provision of other services, if any, to the Pool. A detailed list shall be maintained showing all commissions paid by the Pool and the identity of and amount paid to each broker-dealer firm executing orders for the Pool.

The Investment Advisor shall not order the purchase of investments in mutual funds, or other similar pooled investment vehicles, that are managed by the Investment Advisor or affiliates of the investment advisor.

Evaluation and Review

Frequency of Meetings and Reports

The Administrator, Investment Officers, and Investment Consultant will meet at least monthly to review the market, the Pool's investment portfolio, and other issues related to the Pool. The Investment Officers and the Administrator will provide a written investment report to the Board at least quarterly.

Quality and Capability of Investment Management

The Pool and the Investment Advisor shall be carefully monitored on the basis of several key indicators to ensure a consistent and high quality investment approach is being followed. Such indicators include:

- ★ Changes in the Advisor personnel, ownership or fees;
- ★ Compliance with investment guidelines included in this Investment Policy;
- ★ Advisor's current investment outlook for the next six to 12 months and policy developed in response to such outlook;
- ★ Consistency of Pool's performance with the Advisor's investment style;
- ★ Consistency of Pool's performance with the Advisor's style peer group. See "Performance Goals."

Performance Goals

Although the primary emphasis of this Investment Policy is safety of principal and liquidity, the Board expects the Pool to perform credibly within a peer group of other funds or pools with similar investment structures. The performance of each fund may vary. The following standards, established as benchmarks only, will apply:

Government Overnight Fund

- ★ The Government Overnight Fund should outperform the 91-day U.S. Treasury Bill.
- ★ The Government Overnight Fund's return should be in the upper one-half of comparably managed funds selected by the Investment Consultant.

Corporate Overnight Fund

- ★ The Corporate Overnight Fund should outperform the 91-day U.S. Treasury Bill.
- ★ The Corporate Overnight Fund's return should be in the upper one-half of comparably managed funds selected by the Investment Consultant.

Corporate Overnight Plus Fund

- ★ The Corporate Overnight Plus Fund should outperform the 91-day U.S. Treasury Bill.
- ★ The Corporate Overnight Plus Fund's return should be in the upper one-half of comparably managed funds selected by the Investment Consultant.
- ★ If the dollar-weighted average maturity of the Corporate Overnight Plus Fund is greater than 60 days for the period, the Corporate Overnight Plus Fund should outperform the Corporate Overnight Fund.

Policy Review and Amendment

The Investment Officers and the Administrator will use each of their quarterly investment performance evaluations as an opportunity to also consider recommending whether any elements of the existing Investment Policy should be modified.

The Board and Advisory Board shall review this Investment Policy and investment strategies not less than annually.

Possible reasons for policy modification include, but are not limited to, the following:

- ★ A rationale for change presented by the Investment Consultant or other industry specialist that has merit
- ★ New areas found to be important that are not covered in this Investment Policy
- ★ Impractical time horizon for the Pool's portfolio

The Board considers this Investment Policy to be a basic tool for the implementation of a long-range investment program for Participants but also as a dynamic document that is responsive to the need for any fundamental changes. The Board recognizes that a potentially damaging inconsistency would occur if policies were to undergo substantial change over relatively short periods, or if policy changes were implemented as a "reaction" to current short-term market conditions.

October 2017

Board Agenda Item

Little Elm Independent School District
300 Lobo Lane
Little Elm, Texas 75068

	Reports of the Superintendent	Action Item	Consent Agenda	Reports, Routine Monthly	Discussion Item
Board Mtg. Date 02-19-2018	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	GIFTS AND DONATIONS				
Presenter or Contact Person:	Grant Anderson, Associate Superintendent and Chief Financial Officer				
Policy/Code:	Other Revenues - Grants from Private Sources - CDC (LOCAL)				
Summary:	New gifts and donations received by the District will be presented.				
Financial Implications:	Increase of General Fund revenues and increase in appropriate budgets.				
Attachments:	Donation List				
Recommendation:	The Administration recommends the acceptance of gifts and donations.				
Motion:	I recommend the Board approve the acceptance of gifts and donations as submitted.				

**LITTLE ELM INDEPENDENT SCHOOL DISTRICT
NEW DONATIONS
February 2018**

Donations Less than \$2,500

Campus/Dept	Fund	Donation From	Description	Date	Monetary	Non-Monetary	Total
Communications Services & Marketing Lakeside	499	SFCC	Staff dinner	12/18/17	1,000.00		1,000.00
Hackberry	461	Your Cause	Incentives/awards	01/09/18	72.00		72.00
Communications Services & Marketing	461	Capella University	Classroom supplies	01/11/18	10.00		10.00
Communications Services & Marketing		Sysco	Coffee beans for realtor event	01/18/18		137.58	137.58
Communications Services & Marketing	499	Balfour Beatty Construction	Staff dinner	01/24/18	1,500.00		1,500.00
					2,582.00	137.58	2,719.58

Donations \$2,500 and Greater

Campus/Dept	Fund	Donation From	Description	Date	Monetary	Non-Monetary	Total
							-
					-	-	-