



Little Elm ISD

Workshop Meeting

Monday, February 8, 2016 6:30 PM

Agenda of Workshop Meeting

The Board of Trustees Little Elm ISD

A Workshop Meeting of the Board of Trustees of Little Elm ISD will be held February 8, 2016, 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. Introduction and Roll Call
4. Citizen Input
5. Approval of Minutes
 - A. Discuss and approve Regular Meeting Minutes - 1-19-2016 5
Presenter: Sonia F. Badillo
6. Reports of the Superintendent
 - A. Annual Child Care Program Report 11
Presenter: Matthew Gutierrez
7. Action Items
 - A. Discuss and approve Issue \$21 Million of Voted Authorized from 2002 Bond Election and \$20,255,000 of refunding 12
Presenter: Grant Anderson
 - B. Discuss and approve New Courses for 2016-2017 68
Presenter: Cyndy Mika
8. The Board will recess into Closed Meeting in PL1 as permitted by the Texas Open Meetings Act Code Subchapter 551.074 and 551.072. The Board and Superintendent will discuss:
 - A. Personnel - 551.074
 - B. Land - 551.072
9. Discussion Items
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Presenter: Sonia F. Badillo	
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Presenter: Grant Anderson	
E. Discuss and approve Gifts and Donations	236
Presenter: Grand Anderson	
F. Discuss and approve the Reimbursement Resolution Expressing Intent to Finance Expenditures to be Incurred	238
Presenter: Grant Anderson	
11. Board President Comments	
Presenter: LeAnna Harding	
12. Board Comments	
13. Superintendent Comments	
14. 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

- 551.082 or implementation of security personnel or devices.
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

Original copy of this agenda was posted on the bulletin board at the Little Elm ISD 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 02-08-2016	Reports of the Superintendent <input type="checkbox"/>	Business Item <input type="checkbox"/>	Consent Agenda <input type="checkbox"/>	Reports, Routine Monthly <input type="checkbox"/>	Action <input checked="" type="checkbox"/>
Subject:	REGULAR BOARD MEETING MINUTES - 1-19-2016				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Board Meeting Minutes for January 19, 2016.				
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 19, 2016.				
Motion:	I move that the Board approve the attached Regular Board Meeting Minutes for January 19, 2016.				

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 Tuesday, January 19, 2016, beginning at 6:30 PM in the Zellars Center for Learning and Leadership.

PRESENT: Board President LeAnna Harding, Board Vice President Melissa Myers, Board Secretary DeLeon English, Trustee Christopher Williams, Trustee David Montemayor, Trustee Alejandro Flores and Superintendent Dr. Lowell Strike.

ABSENT: Trustee Christopher Williams.

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 LeAnna Harding called the meeting to order at 6:33 pm.
2. Pledge of Allegiance
The Board led those present to the Pledges of the United States Flag and the Texas Flag.
3. Invocation
Father Richard Kirkham from St. Martin de Porres offered the Invocation.
4. Introduction and Roll Call
Ms. Sonia F. Badillo took roll call.
5. Citizen Input
There was no citizen input.
6. Approval of Minutes
 - A. Discuss and approve Regular Meeting Minutes - 12/14/2015
Board Vice President Melissa Myers made the first motion to approve the Regular Meeting Minutes as submitted. Trustee Jason Olson seconded the motion. The motion passed (6-0).
7. Superintendent Spotlight
 - A. Students of the Month - Little Elm High School
Mr. Ruben Molinar presented the students of the month awards to Edgar Khan and Alicia Law.
 - B. Town of Little Elm School Board Proclamation
Mr. Doug Peach proclaimed the month of January as LEISD School Board Month Appreciation.
 - C. Board Appreciation Celebration
LEISD Principals and Assistant Principals thanked the Board for everything they

do and presented to the Board with posters from students. The students expressed their appreciation to the Board on these posters. The Board also received gift baskets and gift bags from the Principals and Assistant Principals. Each school representative approached the Board and expressed their sincere appreciation on everything the Board does.

D. School Spotlight - Lakeside Middle School

Mr. Clint Miller presented to the Board the Student Council Officers. The officers wrote letters of appreciation to the Board.

Mr. Miller presented Mr. John Kassen and the boys' choir for a performance.

Ms. Pat Robbins shared with the Board their portrait from Lifetouch. Ms. Robbins also thanked for what they do.

Dr. Lowell H. Strike approached the Board and presented them with the hero capes because they are LEISD Heroes.

Ms. Cecelia Jones shared with the Board a video for students across the District thanking the Board.

Board President LeAnna Harding thanked Principals, Assistant Principals and everyone present for everything including the amazing video.

8. Reports of the Superintendent

A. HB4 High Quality Pre-Kindergarten

Presenter: Ashley Glover

House Bill 4

High – Quality Pre-kindergarten grant program

- Why?
- Research
- The Gist
- How does this affect LEISD?
- Planning
- Cost Off – Set Considerations
- Thoughts on Cost

9. The Board recessed into Closed Meeting at 7:30 pm in the Superintendent's Office as permitted by the Texas Open Meetings Act Code Subchapter 551.074. The Board and Superintendent discussed:

A. Personnel - 551.074

The Board reconvened at 8:24 pm.

10. Action Items

A. Discuss and approve the New Courses for 2016-2017

Mr. Matthew Gutierrez presented to the Board the New Courses for 2016-2017. New Courses have been added to the middle-and high school course catalogs for inclusion in the 2016-2017 school year.

Trustee Alejandro Flores made the first motion to approve the New Courses for the 2016-2017 school year as submitted. Board Secretary DeLeon English seconded the motion. The motion passed (6-0).

B. Discuss and approve the EIC (LOCAL)

Mr. Matthew Gutierrez shared with the Board EIC (LOCAL). Revisions are being requested beginning with 2016-2017 that would give the same weight to AP and Dual Credit classes for GPA. We currently have students taking dual credit classes through Project Lead the Way Engineering coursed, NCTC, and University of Texas. Next year we will classes from TWU.

Trustee Alejandro Flores made the first motion to approve EIC (LOCAL) as submitted. Board Vice President Melissa Myers seconded the motion. The motion passed (6-0).

C. Discuss and approve 2016-2017 School Calendar

Mr. Matthew Gutierrez presented to the Board the 2016-2017 School Calendar. The proposed calendar allows for 77,810 minutes of instruction for students and 187 days for teachers. The presentation included the following:

- What is HB 2610?
- Intent
- The Reality
- Calendar Preparation
- LEISD Calendar Option A
- LEISD Calendar Option B
- Survey Results
- Winner – Calendar B

Trustee Alejandro Flores made the first motion to approve the 2016-2017 School Calendar with the corrections of February 20th being a holiday and the 2nd week in August being Staff Development. Board Secretary DeLeon English seconded the motion. The motion passed (6-0).

D. Discuss and approve EIF (LOCAL)

Mr. Ross Roberts and Ms. Ashley Helms presented to the Board EIF (LOCAL). Addition of Health for 0.5 credit and Student Success Course for 0.5 credit to high school graduation requirements beginning with freshmen entering high school 2017-2018 school year.

Trustee Jason Olson made the first motion to approve EIF (LOCAL) as submitted. Trustee David Montemayor seconded the motion. The motion passed (6-0).

E. Discuss and approve the Financial Report

Mr. Grant Anderson presented to the Board the Financial Report for this month. Trustee Jason Olson made the first motion to approve the Financial Report as submitted. Trustee David Montemayor seconded the motion. The motion passed (6-0).

F. Discuss and approve the Resolution for Section 8002 Authorized Signer

Mr. Grant Anderson shared wit the Board the Resolution for Section 8002 Authorized Signer. Impact Aid funding applications must be submitted by a Board approves Authorized Signer.

Board Vice President Melissa Myers made the first motion to approve the Resolution for Section 8002 Authorized Signer as submitted. Trustee Alejandro Flores seconded the motion. The motion passed (6-0).

11. Consent Agenda

- A. Discuss and approve Personnel Memo
 - B. Discuss and approve Gifts and Donations
Trustee David Montemayor made the first motion to approve the Consent Agenda as submitted. Board Vice President Melissa Myers seconded the motion. The motion passed (6-0).
12. Board President Comments
Presenter: LeAnna Harding
- A. Cross Knowledge Transfer and Educational Research
Board President LeAnna Harding let Board Secretary DeLeon English speak on this topic.
Mr. English informed spoke about the opportunities to improve the district gathering with other districts locally and nationally. Administrators should be able to travel and learn in different areas so they can be implemented in our district.
Trustee Jason Olson mentioned that there are always opportunities and partnerships.
Mr. English mentioned how Superintendent can do a research with staff and go to those places to bring that knowledge back.
Dr. Lowell Strike mentioned how educational area changes from state to state as well as across the nation. He also mentioned how there are some focus areas that the district can look at and as well as international.
Mr. English said that there are always opportunities to learn from others.
13. Board Comments
Board President LeAnna Harding gave thanks for a fantastic evening
Trustee Alejandro Flores felt overwhelmed and grateful from all the thank yous and the children. We do it for the children!
Trustee Jason Olson thanked those present for the hard work and dedication. “You make us look good”. Mr. Olson also mentioned the LE Chamber of Commerce event. “It was awesome seeing our teachers getting recognized”. He mentioned how the partnership between town and district is growing tremendously.
Board Secretary DeLeon English – “We’ve come along way. A lot of hard work. Thank you! Our students have to be successful. Thank you staff for all the support”.
Board Vice President Melissa Myers said she feels very appreciated. “Thank you staff and everybody in the district. Level of work and dedication. We greatly appreciate the staff”.
Trustee David Montemayor stated that the true backbone of the District is the staff. “Great highlight from teachers and staff. Great things going on in this district”.
14. Superintendent Comments
Dr. Lowell H. Strike mentioned the following:
- Chamber of Commerce Luncheon for Teachers of the Year
 - Everything is from the heart in this District
 - Campuses, students and staff mean it when they say Thank You
15. Adjournment
Trustee Alejandro Flores made the first motion to adjourn the meeting. Board

Secretary DeLeon English seconded the motion. The motion passed (6-0).
The meeting adjourned at 9:42 pm.

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	Discussion
2-8-2016	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presenter or Contact Person:	Matthew Gutierrez, Deputy Superintendent				
Policy/Code:	NA				
Summary:	Annual Child Care Program Report will be presented by the Director of the Child Care Program, Lisa Hooten.				
Financial Implications:	NA				
Attachments:					
Recommendation:	NA				
Motion:	NA				

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 Item
02-03-2016	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	ISSUE \$21 MILLION OF VOTED AUTHORIZATION FROM 2002 BOND ELECTION AND \$20,255,000 OF REFUNDING BONDS				
Presenter or Contact Person:	Grant Anderson, CFO / Derek Honea, RBC Asst. Superintendent of Finance and Operations				
Policy/Code:	CCA (LEGAL) - Revenue Sources Local Bond Issues				
Summary:	The Bond Order authorizes the issuance of the remaining \$21 Million of voted authorization from the 2002 Bond Election. The Bond Order also authorizes, assuming certain savings parameters can be met, the issuance of up to \$20,255,000 of refunding bonds in order to refund the District's Series 2006 Bonds.				
Financial Implications:	Fund capital projects as approved in the 2002 bond election and decrease bond costs				
Attachments:	Bond Order				
Recommendation:	The Administration recommends approval of the Bond Order to issue \$21 million of voted authorization from 2002 bond election and refund the district's series 2006 bonds.				
Motion:	I move to approve the Order authorizing the issuance of Little Elm ISD Unlimited Tax Bonds for refunding and school facilities according to specific parameters, as presented.				

ORDER AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF ONE
OR MORE SERIES OF LITTLE ELM INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, UNLIMITED TAX
REFUNDING BONDS AND COMBINATION UNLIMITED TAX SCHOOL
BUILDING AND REFUNDING BONDS

Adopted: February 8, 2016

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AN ORDER AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF LITTLE ELM INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, UNLIMITED TAX REFUNDING BONDS AND COMBINATION UNLIMITED TAX SCHOOL BUILDING AND REFUNDING BONDS; 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 ONE OR MORE PURCHASE CONTRACTS, PAYING AGENT/REGISTRAR AGREEMENTS AND ESCROW AGREEMENTS RELATING TO SUCH BONDS; APPROVING THE PREPARATION OF ONE OR MORE OFFICIAL STATEMENTS; AND ENACTING OTHER PROVISIONS RELATED THERETO

WHEREAS, there are presently outstanding certain obligations of Little Elm Independent School District (the "District"), described on Schedule I attached hereto and incorporated herein by reference for all purposes (collectively, the "Refunded Bond Candidates"), which are secured by and payable from ad valorem taxes levied, assessed and collected, without legal limit as to rate or amount, on property within the District in an amount sufficient to pay principal of and interest on such bonds as they become due; and

WHEREAS, it is intended that all or a portion of the Refunded Bond Candidates shall be designated as Refunded Bonds (as hereinafter defined) in the Pricing Certificates (as hereinafter defined) executed under this order from time to time and shall be refunded pursuant to this Order and the Pricing Certificates; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the District to issue refunding bonds for the purpose of refunding or defeasing the Refunded Bonds in advance of their maturities, and to accomplish such refunding or defeasance by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the Board of Trustees (the "Board") of the District desires to authorize the execution of one or more escrow agreements in order to provide for the deposit of proceeds of the refunding bonds and, to the extent specified pursuant hereto, other lawfully available funds of the District, to pay the redemption price of the Refunded Bonds when due; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the Board of the District hereby finds and determines that the issuance and delivery of the refunding bonds hereinafter authorized is in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

WHEREAS, the Board hereby finds and determines that the refunding contemplated in this Order will benefit the District by allowing it to restructure its debt and providing a present value savings in the debt service payable by the District, and that such benefit is sufficient consideration for the refunding of the Refunded Bonds; 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 February 2, 2002 (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>	<u>Authorized but Unissued Balance</u>
February 2, 2002	\$144,500,000	\$123,500,000	\$21,000,000

WHEREAS the Board of the District does hereby determine that the school building bonds in an amount not to exceed \$21,000,000, including any premium charged 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 from time to time 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 each series or subseries of 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 purchasing school buses and paying the costs of issuing the Bonds at this time; and

WHEREAS, the school building bonds are authorized to be issued pursuant to Chapter 45 and such bonds are authorized to be issued in combination with refunding bonds pursuant to Section 1207.004, Texas Government Code; 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 of the Texas Government Code, as amended (“Chapter 1371”); and

WHEREAS, pursuant to Chapters 1207 and 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 in this Order, or unless the context clearly requires otherwise, the following terms shall have the meanings specified below:

“Accreted Value” means, with respect to the Capital Appreciation Bonds, the original principal amount of such Bond plus the initial premium, if any, paid therefore, with interest thereon compounded semiannually, as set forth in the Pricing Certificate.

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

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

“Bond” means any of the Bonds.

“Bond Counsel” means Bracewell LLP.

“Bonds” means 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.

“Capital Appreciation Bonds” means, collectively, the Bonds designated as Capital Appreciation Bonds in the Pricing Certificate, if any, and with respect to which interest is compounded semiannually and is payable only at Maturity.

“Chapter 1207” means Chapter 1207, Texas Government Code, as amended.

“Chapter 1371” means Chapter 1371, Texas Government Code, as amended.

“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, including applicable regulations, published rulings and court decisions.

“Current Interest Bonds” means, collectively, the Bonds designated as Current Interest Bonds in the Pricing Certificate and with respect to which interest is payable on each Interest Payment Date.

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

“Debt Service” means, collectively, all amounts due and payable with respect to the Bonds representing the principal, premium, if any, and the interest due on the Current Interest Bonds and the Maturity Amount of the Capital Appreciation Bonds, 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, its corporate trust office 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.

“Escrow Agent” means the Escrow Agent designated in the Pricing Certificate, or any successor thereto.

“Escrow Agreement” means the escrow agreement by and between the District and the Escrow Agent relating to the Refunded Bonds.

“Escrow Fund” means the fund established by the Escrow Agreement to hold cash and securities for the payment of debt service on the Refunded Bonds.

“Escrow Securities” means (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent; and (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on

the date hereof, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Fiscal Year” means such fiscal year of the District as shall be set from time to time by the Board.

“Initial Bonds” means the Initial Current Interest Bond and the Initial Capital Appreciation Bond.

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

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

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

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

“Maturity Amount” means, with respect to the Capital Appreciation Bonds, the original principal amount thereof plus the initial premium, if any, paid therefor, plus interest accreted and compounded thereon, as set forth herein and in the Pricing Certificate, and payable at Maturity.

“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 the 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.

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

“Purchase Contract” means the purchase contract between the District and the Underwriters pertaining to the sale of the Bonds.

“Record Date” means, with respect to the Current Interest Bonds, 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.

“Refunded Bond Candidates” means the obligations of the District described in Schedule I attached hereto which are hereby authorized to be designated as Refunded Bonds in the Pricing Certificate.

“Refunded Bonds” means those obligations of the District designated as such in the Pricing Certificate from the list of Refunded Bond Candidates described in Schedule I attached hereto.

“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.

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

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

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

“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” mean the underwriters designated in the Pricing Certificate.

Section 1.02. 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 1.03. 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 1.04. 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, with respect to the Bonds, 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, and said taxes are hereby irrevocably pledged to pay Debt Service and to no other purpose; such tax shall be assessed and collected each such year; the proceeds of such tax shall be credited to the interest and sinking fund designated for the Bonds; and the proceeds of such tax shall be appropriated and applied to Debt Service on the Bonds.

(b) To pay the Debt Service coming due on the Bonds prior to receipt of the taxes levied to pay such Debt Service, if any, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

(c) 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.

(d) 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.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

Section 3.01. Authorization. One or more series or subseries of the District's bonds as may be designated and having such title or titles as may be specified in the respective Pricing Certificates for each such series or subseries, are hereby authorized to be issued and delivered, from time to time, in accordance with the Constitution and laws of the State of Texas, including particularly Chapter 45, Texas Education Code, and Chapters 1207 and 1371, Texas Government Code. The designation for each such series or subseries of Bonds shall contain information identifying the Bonds as Little Elm Independent School District Unlimited Tax Bonds. The Bonds, which may be issued as new money bonds, refunding bonds or combination new money and refunding bonds, each as specified by the Authorized Officer in the respective Pricing Certificates for each such series or subseries of Bonds shall be issued (a) in an aggregate principal amount not to exceed \$20,255,000 for the purpose of refunding the Refunded Bonds and paying the costs of issuing the Bonds; and (b) in an aggregate principal amount not to exceed \$21,000,000 (including premium on the Bonds allocated to voted authorization) for the purposes of constructing, improving, renovating and equipping school buildings of the District and the purchase of necessary sites therefor and purchasing school buses and paying costs of issuing the Bonds. The total principal amount of the Bonds to be issued from time to time pursuant to this Order shall not exceed \$41,255,000, and the respective Pricing Certificates for each such series or subseries of Bonds shall reflect the amount of the authorization utilized and remaining under this Order.

Section 3.02. Date, Denomination, Maturities, and Interest.

(a) The Bonds shall be dated the Dated Date as set forth in the Pricing Certificate and shall be in fully registered form without coupons.

(b) The Current Interest 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 Current Interest Bond, which shall be numbered ICI-1.

(c) The Current Interest 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 Current Interest Bond, respectively, until the principal amount thereof has been paid or provision for such payment has been made, from the later of (i) the Dated 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.

(e) The Capital Appreciation Bonds shall be in the aggregate original principal amount and aggregate Maturity Amount designated in the Pricing Certificate, shall be in the Maturity Amounts of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward, except the Initial Capital Appreciation Bond, which shall be numbered ICA-1.

(f) The Capital Appreciation Bonds shall be issued in the original principal amounts and shall bear interest at the per annum rates, calculated on the basis of a 360-day year composed of twelve 30-day months (subject to rounding to the Accreted Values thereof), and shall mature on the dates and in the Maturity Amounts set forth in the Pricing Certificate.

(g) Interest shall accrete on each Capital Appreciation Bond from the Closing Date and shall be compounded semiannually as designated in the Pricing Certificate, until Maturity. The accreted interest on each Capital Appreciation Bond shall be payable at Maturity as a portion of the Maturity Amount.

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 Current Interest 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.

(c) The principal of each Current Interest Bond and the Maturity Amount of each Capital Appreciation 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.

(d) 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.

(e) In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received 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 shall be fifteen (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 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.

(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 that 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 Bonds 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 her duly authorized agent, which certificate shall be evidence that the Initial Bonds 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, the Initial Bonds, being (i) a single Initial Current Interest Bond representing the entire principal amount of the Current Interest Bonds designated in the Pricing Certificate and (ii) a single Initial Capital Appreciation Bond representing the aggregate Maturity Amount of the Capital Appreciation Bonds designated in the Pricing Certificate, each such Initial Bond to be payable in stated installments to the Representative or its designee, to be executed by manual or facsimile signatures 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, with the Closing will be delivered to the Representative or its

designee. Upon payment for the Initial Bonds, the Paying Agent/Registrar shall cancel the Initial Bonds 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 an 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 or Maturity Amount thereof, as applicable, for the further purpose of making and receiving payment of the interest thereon (subject to the provision herein that for the Current Interest Bonds interest is to be paid to the person in whose name the Current Interest Bond is registered on the Record Date or Special Record Date, as applicable), 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 the 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 (with respect to Current Interest Bonds) or Maturity Amount (with respect to Capital Appreciation Bonds) equal to the unpaid principal amount or Maturity Amount, as applicable, 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 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 forty-five (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 dispose of such cancelled Bonds in the manner required by the Securities Exchange Act of 1934, as amended.

Section 3.08. 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 (with respect to the Current Interest Bonds) or Maturity Amount (with respect to Capital Appreciation Bonds) 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 and 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 and the District to save them harmless;

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

(iv) satisfies any other reasonable requirements imposed by the District 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 3.09. 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 fully registered Bond 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 3.10 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. 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 3.10. 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 3.11. 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.

(a) The Current Interest 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.

(b) The Capital Appreciation Bonds shall be subject to optional redemption at the option of the District at such times, in such Maturity Amounts, in such manner and at such redemption prices as may be designated and provided for in the Pricing Certificate.

(c) The District, at least 45 days before any redemption date for the Bonds, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption and of the principal amount of Current Interest Bonds or Maturity Amount of Capital Appreciation Bonds, as applicable, to be redeemed.

Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Current Interest 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 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, 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 Current Interest Bonds or Capital Appreciation Bonds, as applicable, are to be redeemed pursuant to Section 4.02, the District shall determine the maturities and the principal amount or Maturity Amount, as applicable, thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or any other customary random selection method.

(b) A portion of a single Current Interest 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 Current Interest Bond as though it were a single Bond for purposes of selection for redemption. A portion of a single Capital Appreciation Bonds of a denomination greater than \$5,000 Maturity Amount may be redeemed, but only in a Maturity Amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 Maturity Amount portion of such Capital Appreciation 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, or Maturity Amount, as applicable, equal to the unredeemed principal amount, or Maturity Amount, as applicable, 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(b), 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 fails 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 each series of 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 or trust company organized under the laws of the State, or any other entity duly qualified and legally authorized to serve and perform the duties and services of paying 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) forty-five (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 to accompany the Initial Bonds, the Certificate of the Paying Agent/Registrar, the Assignment form and the Certificate of the Permanent School Fund Guarantee to appear on each of the Bonds (i) shall be substantially in the forms set forth in Exhibit A attached hereto, 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 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.

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 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 in one or more series or subseries from time to time in accordance with the terms of this Order. As authorized by Chapters 1207 and 1371, Texas Government Code, the Authorized Officer is hereby 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 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, from time to time, whether such Bonds shall be issued as new money bonds, refunding bonds and/or combination new money and refunding bonds, the form in which the Bonds shall be issued, the years and dates on which the Bonds will mature, the principal amount to mature in each of such years, the selection of the specific maturities or series of Refunded Bonds from the list of Refunded Bond Candidates, the aggregate principal amount of Refunded Bonds, the aggregate principal amount of Bonds to be issued by the District, the rate of interest to be borne by each maturity of 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, acquisition of the Permanent School Fund Guarantee for the Bonds, retaining the verification agent, whether or not the Bonds will be designated as qualified tax-exempt obligations, the selection of the Underwriters and all other matters relating to the issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds, all of which shall be specified in the Pricing Certificate; subject to the following conditions:

(i) the refunding of the Refunded Bonds shall produce a total net present value debt service savings of at least 10% of the principal amount of the Refunded Bonds;

(ii) the aggregate principal amount of the Bonds authorized to be issued for the purposes described in Section 3.01 shall not exceed the limits described in that Section, and the Bonds sold for the purposes of refunding the Refunded Bonds shall be in an amount sufficient, in combination with the net premium from the sale of the Bonds, plus other available funds of the District, if any, to provide for the refunding of the Refunded Bonds to be selected from the Refunded Bond Candidates identified in

Schedule I hereto and the costs and expenses of issuance of the Bonds, including underwriter's discount;

(iii) the new money Bonds authorized to be issued pursuant to Section 3.01(b) shall not bear interest at a true interest cost greater than 5.00%;

(iv) the Pricing Certificate for each series or subseries of Bonds issued for the purposes described in Section 3.01(b), from time to time, 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

(v) the refunding Bonds authorized to be issued pursuant to Section 3.01(a) shall mature not later than the final maturity of the Refunded Bonds being refunded; and

(vi) the new money Bonds authorized to be issued pursuant to Section 3.01(b) shall mature not later than August 15, 2041.

The Authorized Officer is hereby authorized and directed to execute and deliver on behalf of the District one or more Purchase Contracts, 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 each 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. 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 Initial Bonds shall initially be registered in the name of the Representative or such other entity as may be specified in the Purchase Contract.

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

(c) The District hereby approves the preparation and distribution of one or more Preliminary Official Statements for use in the initial offering and sale of the Bonds and each such Preliminary Official Statement is confirmed (in the form and with such addenda, supplements or amendments as may be approved by the Authorized Officer and the Underwriters) as 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 Purchase Contract and other relevant information. The use of such final Official Statement by the Underwriters (in the form and with such appropriate variations as shall be approved by the Authorized Officer and the Underwriters) is hereby approved and authorized and the proper officials of the District are authorized to sign such Official Statement.

(d) The President or Vice President of the Board, the Authorized Officer and all other officers of the District are authorized to take such actions, to obtain such consents or approvals and to execute such documents, certificates and receipts as they may deem necessary and

appropriate in order to consummate the delivery of the Bonds, to pay the costs of issuance of the Bonds, and to effectuate the terms and provisions of this Order, including, without limitation, making application for the guarantee of the permanent school fund for the Bonds from the Texas Education Agency. 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).

(e) The obligation of the Underwriters to accept delivery of the Bonds is subject to, among other conditions specified in the Purchase Contract, the Underwriters 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 Bonds 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; INVESTMENTS

Section 8.01. Creation of Funds.

(a) The District hereby establishes the following special funds or accounts, which may be renamed as appropriate in the Pricing Certificate, which shall be maintained at an official depository of the District:

(i) “Little Elm Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2016 Interest and Sinking Fund.”

(ii) “Little Elm Independent School District Unlimited Tax School Building and Refunding Bonds, Series 2016 Construction Fund.”

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 Current Interest Bonds plus the aggregate amount of interest due and that will become due and payable on such Current Interest Bonds, plus the Maturity Amount due and that will become due and payable on the Capital Appreciation 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. Construction Fund.

(a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01(b).

(b) All amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund.

Section 8.04. 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.

Section 8.05. Investments.

(a) Money in the Interest and Sinking Fund and Construction Fund, at the option of the District, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money in the Interest and Sinking Fund 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 8.06. Investment Income. Income derived from investment of any fund created by this Order shall be credited to such fund.

Section 8.07. Escrow Fund. The investment and application of money in the Escrow Fund, shall be in accordance with the provisions of the Escrow Agreement.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. 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 9.02. 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 9.03. 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 of the Code and the applicable Regulations. 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 of the Code and the applicable Regulations. In particular, the District covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the District will not be required to comply with any particular requirement of this Section 9.03, if the District has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 9.03, inclusive.

(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 and the Regulations promulgated thereunder. 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 Refunded Bonds have not been and 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 and the applicable Regulations promulgated thereunder.

(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 and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The District covenants and agrees that it has not and will not take any action, or has not knowingly omitted and will not 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 and the applicable Regulations thereunder. 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 Refunded Bonds have not been used in a manner that would cause the Refunded Bonds or the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations promulgated thereunder.

(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 and the applicable Regulations promulgated thereunder. Moreover, the District will certify, through an authorized officer, employee or agent, that, 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 Refunded Bonds have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations.

(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 steps necessary 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 the 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 and the applicable Regulations promulgated thereunder.

(h) Record Retention. The District will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Refunded Bonds and the Bonds until three years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the 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, such remedial action is taken, 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 9.03 shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE X

DISCHARGE

Section 10.01. Discharge. The District reserves the right to defease, refund or discharge the Bonds in any manner now or hereafter permitted by law.

ARTICLE XI

SUBSCRIPTION FOR SECURITIES; APPROVAL OF ESCROW AGREEMENT; PAYMENT OF REFUNDED BONDS

Section 11.01. Subscription for Securities. The Authorized Officer is authorized to make necessary arrangements for and to execute such documents and agreements in connection with the purchase of the Escrow Securities required by and referenced in the Escrow Agreement, if any, as may be necessary for the Escrow Fund and the application for the acquisition of the Escrow Securities is hereby approved and ratified.

Section 11.02. Appointment of Escrow Agent; Approval of Escrow Agreement; Deposit with Paying Agent for Refunded Bonds. The Authorized Officer is hereby authorized to select and appoint the Escrow Agent for the Bonds, if any, and the Escrow Agent shall be designated in the Pricing Certificate. The Authorized Officer is hereby authorized to execute and deliver, or cause the execution and delivery by the President and Secretary of the Board, an Escrow Agreement, having such terms and provisions as are approved by the Authorized Officer as evidenced by his execution thereof or the execution thereof by other appropriate District officials. Alternatively, the Authorized Officer may elect to deposit directly with the paying agent for the Refunded Bonds the proceeds of the Bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds.

Section 11.03. Payment of Refunded Bonds; Redemption of Refunded Bonds. Following the deposit to the Escrow Fund or with the paying agent for the Refunded Bonds as herein specified, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund or such other fund held by the paying agent for the Refunded Bonds for the purpose of refunding the Refunded Bonds and shall cease to be payable from ad valorem taxes, firm banking and financial arrangements having been made for the discharge and final payment or redemption of the Refunded Bonds pursuant to Chapter 1207. The Refunded Bonds are hereby called for redemption prior to maturity on the dates and at the redemption prices set forth in the Pricing Certificate. The Secretary of the Board is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Bonds a certified copy of this Order calling the Refunded Bonds for redemption and a copy of the Pricing Certificate. The delivery of this Order and the Pricing Certificate to the paying agent for the Refunded Bonds shall constitute the giving of notice of redemption to the paying agent for the Refunded Bonds and such paying agent is hereby authorized and directed to give notice of redemption to the owners of the Refunded Bonds in accordance with the requirements of the order(s) authorizing the issuance thereof.

ARTICLE XII

PERMANENT SCHOOL FUND GUARANTEE

Section 12.01. Permanent School Fund Guarantee. The District will apply for and expects to receive 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, subject to compliance with the Texas Education Agency's

rules and regulations. If 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) 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 date of sale of the Bonds;

(b) 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) the District will notify the Division of State Funding in writing within ten (10) calendar days of the defeasance of any guaranteed Bonds.

ARTICLE XIII

CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Definitions of Continuing Disclosure Terms. As used in this Article, the following terms have the meanings assigned to such terms below:

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

Section 13.02. 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, 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 13.03. 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:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. 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;
- G. Modifications to rights of the holders of the Bonds, if material;
- H. Bond calls, if material, and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material;

K. Rating changes;

L. Bankruptcy, insolvency, receivership or similar event of the District;

Note to paragraph L: For the purposes of the event identified in paragraph L 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.

M. 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

N. Appointment of successor or additional paying agent/registrar or the change of name of a paying agent/registrar, 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 13.02 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 13.04. 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 X 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 13.02 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

MISCELLANEOUS

Section 14.01. 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 14.02. 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 14.03. 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.

PASSED, APPROVED AND EFFECTIVE on February 8, 2016.

Secretary, Board of Trustees
Little Elm Independent School District

President, Board of Trustees
Little Elm Independent School District

[SEAL]

SCHEDULE I

SCHEDULE OF REFUNDED BOND CANDIDATES

The Authorized Officer may select the specific maturities and series of bonds constituting the Refunded Bonds from the following series of the District's outstanding bonds:

Unlimited Tax School Building and Refunding Bonds, Series 2006

EXHIBIT A

FORM OF CURRENT INTEREST BOND

(a) Form of Current Interest Bond.

REGISTERED

No. _____

REGISTERED

\$ _____

United States of America

State of Texas

County of Denton

LITTLE ELM INDEPENDENT SCHOOL DISTRICT

UNLIMITED TAX REFUNDING BOND

SERIES _____¹

CURRENT INTEREST BOND

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP NUMBER:

_____ %

Little Elm Independent School District (the "District"), in the County of Denton, 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 Dated 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 _____² and _____³ of each year, commencing _____⁴.

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

¹ Insert from Officers Pricing Certificate.

² Insert from Officers Pricing Certificate.

³ Insert from Officers Pricing Certificate.

⁴ Insert from Officers Pricing Certificate.

the corporate trust office of _____⁵, _____⁶, Texas, or such other location designated by the Paying Agent/Registrar (the “Designated Payment/Transfer Office”), of the 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 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 (30) days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the District. Notice of the Special Record Date and of the special payment date of the past due interest (the “Special Payment Date,” which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last 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 is one of a series of fully registered bonds specified in the title hereof, dated as of _____⁷, issued in the aggregate principal amount of \$_____⁸, in part as (i) \$_____⁹ original principal amount of Current Interest Bonds and (ii) \$_____¹⁰ Capital Appreciation Bonds (herein referred to as the “Bonds”), issued pursuant to a certain order (the “Bond Order”) adopted by the Board of Trustees of the District and a pricing certificate executed pursuant to the Bond Order (the “Pricing Certificate,” and, together with the Bond Order, the “Order”), for the purposes of (i) refunding certain outstanding unlimited tax obligations of the District, (ii) constructing, improving, renovating and equipping school buildings of the District and the purchase of necessary sites therefor and purchasing school buses and (iii) paying the costs of issuing the Bonds. This Bond is a Current Interest Bond.

⁵ Insert from Officers Pricing Certificate.

⁶ Insert from Officers Pricing Certificate.

⁷ Insert from Officers Pricing Certificate.

⁸ Insert from Officers Pricing Certificate.

⁹ Insert from Officers Pricing Certificate.

¹⁰ Insert from Officers Pricing Certificate.

The Bonds and the interest thereon are payable from the proceeds of a direct and continuing ad valorem tax levied, without limit as to rate or amount, against all taxable property in the District sufficient, together with certain available funds of the District on deposit in the interest and sinking fund for the Bonds, to provide for the payment of the principal of and interest on the Bonds, as described and provided in the Order.

The District has reserved the option to redeem the Bonds maturing on and after _____¹¹, in whole or in part before their respective scheduled maturity dates, on _____¹², 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 maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot or other method that results in random selection the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

[Bonds maturing on _____¹³ (the "Term Bonds") are subject to mandatory sinking fund redemption prior to their scheduled maturity, and will be redeemed by the District, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<u>Term Bonds Maturing</u> _____	
<u>Redemption Date</u> ₁₄	<u>Principal Amount</u> ₁₅
_____	_____

The Paying Agent/Registrar will select by lot or by any other customary method that results in a random selection the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory sinking fund redemption provisions hereof shall be reduced, at the option of the District, by the principal amount of any Term Bonds which, at least forty-five (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.]

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

¹¹ Insert from Officers Pricing Certificate.

¹² Insert from Officers Pricing Certificate.

¹³ Insert from Officers Pricing Certificate.

¹⁴ Insert from Officers Pricing Certificate.

¹⁵ Insert from Officers Pricing Certificate.

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. 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 Bonds or portions 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 of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, 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 forty-five (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 in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that sufficient and proper provision for the levy and collection of taxes has been made, without limit as to rate

or amount, which when collected shall be appropriated exclusively to the timely payment of the principal of and interest on the Bonds; and that the total indebtedness of the District, including the Bonds, does not exceed any constitutional or statutory limitation.

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

Secretary, Board of Trustees
Little Elm Independent School District

President, Board of Trustees
Little Elm Independent School District

[SEAL]

(b) Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Order. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

16

As Paying Agent/Registrar

Dated: _____

By: _____

¹⁶ Insert from Officers Pricing Certificate.

(c) 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.

(d) Statement of Permanent School Fund Guarantee.

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

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 of its Unlimited Tax Refunding Bonds, Series _____¹⁷, dated _____¹⁸, in the principal amount of \$_____¹⁹ 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.



Mike Morath
Commissioner of Education

¹⁷ Insert from Officers Pricing Certificate.

¹⁸ Insert from Officers Pricing Certificate.

¹⁹ Insert from Officers Pricing Certificate.

(e) Initial Current Interest Bond Insertions

(i) The Initial Current Interest Bond shall be in the form set forth in paragraphs (a), (c) and (d) of this Section, except that, in the event there is more than one maturity of Bonds:

1. 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 "CUSIP NO. _____" deleted;

2. in the first paragraph the words "on the Maturity Date specified above, the sum of _____ DOLLARS" shall be deleted and the following will be inserted: "on _____²⁰ 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
------	------------------	---------------

(Information to be inserted from the Pricing Certificate); and

3. the Initial Bond shall be numbered ICI-1.

4. The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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 to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY HAND AND SEAL OF OFFICE this _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

²⁰ Insert from Officers Pricing Certificate.

EXHIBIT B

FORM OF CAPITAL APPRECIATION BOND

(a) Form of Capital Appreciation Bond.

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas
County of Denton

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX REFUNDING BOND
SERIES _____¹

CAPITAL APPRECIATION BOND

YIELD TO MATURITY	ORIGINAL PRINCIPAL AMOUNT	MATURITY DATE	CLOSING DATE	CUSIP NO.
_____%	\$ _____	_____, ____	_____, ____	_____

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

or registered assigns, on the Maturity Date specified above, the Maturity Amount of this Bond, being the sum of

_____ DOLLARS

The Maturity Amount represents the total of the Original Principal Amount hereof, plus the initial premium paid hereon, together with interest thereon to the Maturity Date. Interest accretes from the Closing Date specified above, and will compound semiannually on _____² and _____³ in each year, commencing _____⁴. A table of the "Accreted Values" per \$5,000 Maturity Amount is printed on or attached to this Bond. The term "Accreted Value," as used herein, means the original principal amount of this Bond plus the initial premium, if any, paid therefor with interest thereon accreted and compounded semiannually to the _____⁵ or _____⁶ next preceding the date of such calculation

¹ Insert from Officers Pricing Certificate.

² Insert from Officers Pricing Certificate.

³ Insert from Officers Pricing Certificate.

⁴ Insert from Officers Pricing Certificate.

⁵ Insert from Officers Pricing Certificate.

⁶ Insert from Officers Pricing Certificate.

(or, the date of calculation, if such calculation is made on _____⁷ or _____⁸) at a compounding rate which produces the approximate yield to maturity set forth above. For any date other than a _____⁹ or _____¹⁰, the Accreted Value of this Bond shall be determined by a straight line interpolation between the values for the applicable semiannual compounding dates, based on 30 day months.

The Maturity Amount of this Bond shall be payable on the Maturity Date shown above, 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 _____¹¹, Texas, or at such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of the _____¹², the initial Paying Agent/Registrar, or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor.

If the date for the payment of the Maturity Amount 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 Maturity Date.

This Bond is one of a series of fully registered bonds specified in the title hereof, dated as of the _____¹³, issued in the aggregate principal amount of \$_____¹⁴ in part as (i) \$_____¹⁵ original principal amount of Current Interest Bonds and (ii) \$_____¹⁶ Capital Appreciation Bonds, pursuant to a certain order (the "Bond Order") adopted by the Board of Trustees of the District and a pricing certificate executed pursuant to the Bond Order (the "Pricing Certificate," and, together with the Bond Order, the "Order"), for the purposes of (i) refunding certain outstanding unlimited tax obligations of the District, (ii) constructing, improving, renovating and equipping school buildings of the District and the purchase of necessary sites therefor and purchasing school buses, and (iii) paying the costs of issuing the Bonds. This Bond is a Capital Appreciation Bond.

The Capital Appreciation Bonds are not subject to redemption prior to stated maturity.

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 of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of

⁷ Insert from Officers Pricing Certificate.

⁸ Insert from Officers Pricing Certificate.

⁹ Insert from Officers Pricing Certificate.

¹⁰ Insert from Officers Pricing Certificate.

¹¹ Insert from Officers Pricing Certificate.

¹² Insert from Officers Pricing Certificate.

¹³ Insert from Officers Pricing Certificate.

¹⁴ Insert from Officers Pricing Certificate.

¹⁵ Insert from Officers Pricing Certificate.

¹⁶ Insert from Officers Pricing Certificate.

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 forty-five (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 in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; that sufficient and proper provision for the levy and collection of taxes has been made, without limit as to rate or amount, which when collected shall be appropriated exclusively to the timely payment of the principal of and interest on the Bonds; and that the total indebtedness of the District, including the Bonds, does not exceed any constitutional or statutory limitation.

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

Secretary, Board of Trustees
Little Elm Independent School District

President, Board of Trustees
Little Elm Independent School District

[SEAL]

(f) Form of Certificate of Paying Agent/Registrar

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Order. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

17

As Paying Agent/Registrar

Dated: _____ By: _____

(g) 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.

¹⁷ Insert from Officers Pricing Certificate.

(h) Initial Capital Appreciation Bond Insertions

(i) The Initial Capital Appreciation Bond shall be in the form set forth in paragraphs (a), (c), (e), (f) and (g) of this Section, except for the following alterations:

1. immediately under the name of the Bond, the headings “YIELD TO MATURITY,” “ORIGINAL PRINCIPAL AMOUNT” AND “MATURITY DATE” shall be completed with the words “As Shown Below” and the heading “CUSIP NO. _____” deleted;

2. in the first paragraph, the words “on the Maturity Date specified above, the Maturity Amount of this Bond, being the sum of _____ DOLLARS” shall be deleted and the following shall be inserted: “on _____¹⁸ in the years, in the Original Principal Amounts and Maturity Amounts and with interest at the compounding rates which produce the respective approximate Yield to Maturity set forth in the following Schedule:

<u>Year</u>	<u>Original Principal Amount</u>	<u>Yield to Maturity</u>	<u>Maturity Amount</u>
-------------	--------------------------------------	------------------------------	----------------------------

(Information to be inserted from the Pricing Certificate); and

3. the Initial Capital Appreciation Bond shall be numbered ICA-1.

(i) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond:

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

¹⁸ Insert from Officers Pricing Certificate.

(j) Statement of Permanent School Fund Guarantee.

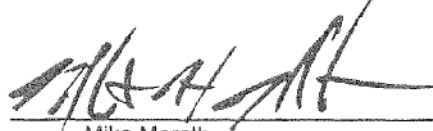
The following statement shall appear on or be attached to each Bond:

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 Fort Bend Independent School District of its Unlimited Tax Refunding Bonds, _____¹⁹, dated _____²⁰, in the principal amount of \$ _____²¹ 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.



Mike Morath
Commissioner of Education

¹⁹ Insert from Officers Pricing Certificate.

²⁰ Insert from Officers Pricing Certificate.

²¹ Insert from Officers Pricing Certificate.

(k) Table of Accreted Values.

The Accreted Values of the Capital Appreciation Bonds set forth below shall be printed on the reverse side of, or attached to, each of the Capital Appreciation Bonds, including the Initial Capital Appreciation Bond.

TABLE OF ACCRETED VALUES

The Accreted Value, initial offering price, and principal amount (all per \$5,000 of Maturity Amount), together with the interest rate and yield to maturity are as follows. Accreted values are calculated based on the initial offering price and yield to maturity and, except at maturity, do not equal principal amount plus accrued interest.

CERTIFICATE FOR ORDER

THE STATE OF TEXAS §
COUNTY OF DENTON §

We, the undersigned officers of the Board of Trustees of Little Elm Independent School District, hereby certify as follows:

1. The Board of Trustees of Little Elm Independent School District convened in a regular meeting on the 8th day of February, 2016, at the regular meeting place thereof, within said District, and the roll was called of the duly constituted officers and members of said Board, to wit:

LeAnna Harding	President
Melissa Myers	Vice President
DeLeon English	Secretary
Alex Flores	Trustee
Jason Olson	Trustee
Christopher Williams	Trustee
David Montemayor	Trustee

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

AN ORDER AUTHORIZING THE ISSUANCE FROM TIME TO TIME OF LITTLE ELM INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS; LEVYING A TAX AND PROVIDING FOR THE SECURITY AND PAYMENT THEREOF; PROVIDING FOR THE AWARD OF THE SALE THEREOF IN ACCORDANCE TO SPECIFIED PARAMETERS; AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE PURCHASE CONTRACTS, PAYING AGENT/REGISTRAR AGREEMENTS AND ESCROW AGREEMENTS RELATING TO SUCH BONDS; APPROVING THE PREPARATION OF ONE OR MORE OFFICIAL STATEMENTS; AND ENACTING OTHER PROVISIONS RELATED THERETO

was duly introduced for the consideration of said Board and read in full. It was then duly moved and seconded that said order be adopted; and, after due discussion, said motion, carrying with it the adoption of said order, prevailed and carried by the following vote:

___ Member(s) shown present above voted "Aye."
___ Member(s) shown present above voted "No."

2. A true, full and correct copy of the aforesaid order adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said order has been duly recorded in said Board's minutes of said meeting; that the above and

foregoing paragraph is a true, full and correct excerpt from said Board's minutes of said meeting pertaining to the adoption of said order; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said Board as indicated therein; that each of the officers and members of said Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said order would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Chapter 551, Texas Government Code.

SIGNED AND SEALED this February 8, 2016.

Secretary, Board of Trustees
Little Elm Independent School District

[SEAL]

Board Agenda Item

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

Board Mtg. Date 2-08-2016	Reports of the Superintendent <input type="checkbox"/>	Business Item <input checked="" type="checkbox"/>	Consent Agenda <input type="checkbox"/>	Reports, Routine Monthly <input type="checkbox"/>	Other <input type="checkbox"/>
Subject:	New Courses for 2016-2017				
Presenter or Contact Person:	Cyndy A. Mika, Assistant Superintendent for Curriculum and Learning Services				
Policy/Code:	EG (Local)				
Summary:	A new Course for 2016-2017 has been added to the course guide for the middle school: <ul style="list-style-type: none">• Principles of Education and Training (CTE -HS Credit)				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	New Courses for 2016-2017				
Recommendation:	The Administration recommends the approval of the new course to be offered in 2016-2017 as submitted.				
Motion:	I move the Board approve the new course to be offered in 2016-2017 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	Discussion
2-08-2016	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presenter or Contact Person:	Ross Roberts, Assistant Superintendent for Student and Administrative Services				
Policy/Code:	CK (Legal)				
Summary:	This is an addendum to our existing agreement with the Town of Little Elm for additional School Resource Officers. The current program is geared towards the reduction and the prevention of crime committed by juveniles and young adults. Uniformed police officers will be assigned to designated campuses. The Police Officers will work directly with campus administrative staff to provide alcohol and drug education, maintain a safe campus environment, and take appropriate action regarding on campus or school related criminal activity.				
Financial Implications:	\$150, 000.00 – 2015/2016 Fund Balance \$160,000 – 2016/2017 Annual Budget				
Attachments:	Power Point Presentation-SRO Proposal Existing Town of Little Elm SRO MOU (Memorandum of Understanding)				
Recommendation:	The administration recommends approval of a School Resource Officer at the high school and an additional School Resource Officer to support our Elementary Campuses.				
Motion:	I move the Board approve the addition of 2 School Resource Officers.				

School Resource Officer Program

**(Little Elm Independent
School District)**



- 1 High School –School Resource Officer
- 1 Middle School –School Resource Officer
- 0 Elementary School –School Resource Officer

Here's What!
(the facts)

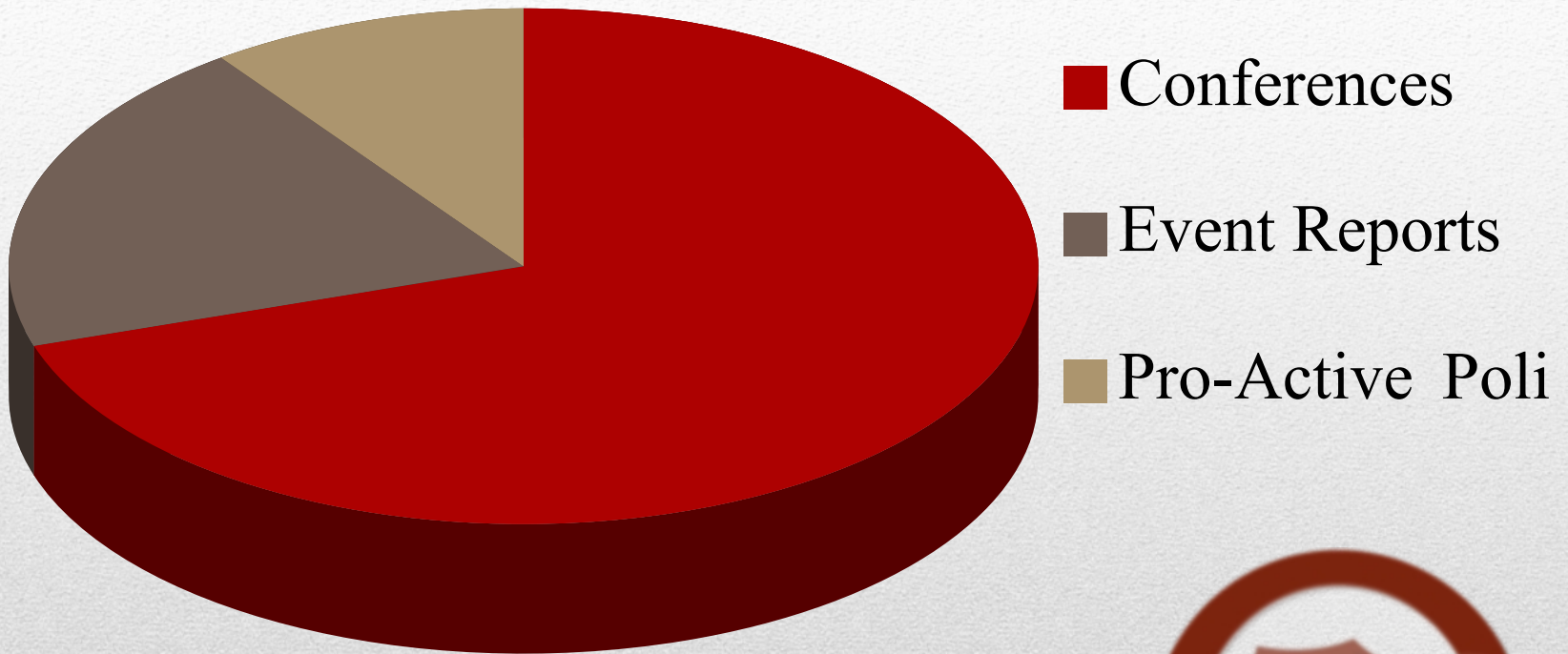


Students Served	SRO's	2015/2016	2016/2017
LEHS	1	1,946	2,100 (+154)
LSMS	1	891	905 (+14)
Elementary	0	2,893	3,399 (+506)
Total	2	5,730	6,404 (+674)

Here's What!
(the facts)



Duties



Here's What!
(the facts)



- Less Time for Pro-Active Policing
- Minimized Visibility
- Increased Discipline Problems
- Decreased Interactions with Students, Staff, and Community

So What?
(the conclusions)



- Pro-Active vs. Re-active
- Maximize Visibility
- Decrease Discipline Problems
- Build Quality Relationships with Students, Staff, and Community

So What?
(the goals)



- Create Programs
- Provide Safety for Students/Staff
- Refer Students and Families to Appropriate Agencies When Determined

So What?
(the goals)



- UIL/Extra Curricular Sports and Activities
- Open Houses
- Polling/Voting Duties
- Travel Out of Town to Events

So What?
(the goals)



- Amend MOU/ILA with the Town of Little Elm
- **Addition of 2 School Resource Officers**
 - (1) SRO Assigned to LEHS
 - (1) SRO Assigned to service the Elementary Campuses

Now What?
[proposal-action steps]



- SRO's Assigned to LEISD campuses
During the School Year
- SRO's Assigned to the Police Department
During the Summer Months
- LEISD Would Pay 75% of salaries

Now What?
(proposal-action steps)



- Town of Little Elm Would Pay 25% of Salaries
- LEISD and Town of Little Elm Will Pay ½ of Training
 - Tx. School Safety Center Conference
 - NASRO Conference
 - Basic SRO Training
 - Advanced SRO Training

Now What?
(proposal-action steps)



- Extra Officer for Support for the 15/16 School Year
- LEISD Will Provide 2 Squad Cars for SRO Program
- All Non-School Training Paid for by LEPD

Now What?
(proposal-action steps)



- Cost-\$150,000 2015/2016 Fund Balance
- Cost-\$160,000 2016/2017 Annual Budget

Now What?
(proposal-action steps)



#1 Objective:

Keep Our Students Safe!

**School Resource
Officer Program
(questions)**



Little Elm Police Department
2015/2016 Memorandum of Understanding
(School Resource Officers)

This agreement is between the Town of Little Elm and the Little Elm ISD, hereinafter referred to as the “District.” For and in consideration of the mutual promises, terms, and conditions set forth herein, the parties agree as follows:

PURPOSE OF AGREEMENT

The purpose of the School Resource Officer program is the reduction and prevention of crime committed by juveniles and young adults. The town will assign uniformed police officers to the campuses for the School Resource Officer program. The School Resource Officers, herein referred to as “SRO,” will work with the school principals to provide alcohol and drug education, maintain a peaceful campus environment, and take appropriate action regarding on-campus or school-related criminal activity.

1. GOALS

- 1.1 Frequency of criminal offenses committed by juveniles and young adults.
- 1.2 Establish rapport with the students
- 1.3 Establish rapport with the parents, faculty, staff, and administrators.
- 1.4 Create programs that benefits the students, school district and police.
- 1.5 Create a positive role model for students and adults.
- 1.6 Provide safety for students, faculty, staff and all persons involved with the school district.

- 5.8 Gather information regarding potential problems such as criminal activity, gang activity and student unrest, and attempt to identify particular individuals who may be a disruptive influence to the school and students.
- 5.9 Provide limited counseling to students, parents and staff as necessary.
- 5.10 Assist in maintaining order and enforcing school policies on school property. In conjunction with school officials, the SRO will take the appropriate law enforcement action, consistent with a police officer's duty. As soon as practicable, the SRO shall make the principal of the school aware of such action. At the principal's request, the SRO shall take appropriate law enforcement action against intruders and unwanted guests who may appear at the school and related school functions, to the extent that the SRO may do so under authority of law.
- 5.11 Refer students and/or their families to the appropriate agencies for assistance when the need is determined.
- 5.12 The SRO shall not act as a school disciplinarian. However, if the principal believes an incident is a violation of the law, the principal should contact the SRO. Furthermore, upon request by any school official, staff member or any district employee the SRO is required to attend disciplinary proceedings or meetings with student and/or parents especially where safety may be a concern.
- 5.13 Provide assistance in cases of poor attendance and truancy.
- 5.14 **Student Consultation:** SRO's are not intended to replace any school counselor nor are they to conduct or offer any formal psychological

counseling. SRO's will advise students on responsibilities and procedures concerning criminal matters. SRO's will give advice to help resolve issues between students that involve matters that may result in criminal violations, disturbances or disruptions. Student confidentiality should be maintained unless the gravity of the situation dictates otherwise.

- 5.15 **Enforcement:** Although the SRO has been placed in a formal educational environment, they are not relieved of the official duties as an enforcement officer. Decisions to intervene normally will be made when it is necessary to prevent violence, a breach of the peace, personal injury or loss of property. Citations should be issued and arrests made when appropriate and under departmental policy. When immediate action is needed and an SRO is not available, another officer may be dispatched to the school. SRO's should investigate and prepare reports on all offenses committed at the schools.

- 5.16 The SRO can perform other duties as may be mutually agreed upon by the Town and the District.

EXPENSE

- 6.1 Both the Town and School District agree to fund the SRO positions with a 75/25% split for two (2) positions. The District is responsible for 75% of each SRO salary and benefits and the Town is responsible for 25% of each SRO salary and benefits. The District agrees to make payment to the Town of Little Elm quarterly.

OFFICER SALARY BREAKDOWN

Eric Olsen (SRO)

Annually Base Salary:	\$56,652.00
Total benefits	\$29,872.00

Cristoval Trevino (SRO)

Annually Base Salary:	\$62,024.00
Total benefits:	\$31,419.00

<u>Total Salary Cost</u>	<u>\$179,967.00</u>
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*** Note: The increase in cost is associated with both employees receiving salary adjustment to market standards and increase in benefit package cost.

2-SRO positions	LEISD 75% = \$134,975.25
	LEPD 25% = \$44,991.75

Total of percentage	75% + 25% = \$179,967.00
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2014/2015 Quarterly Payments	\$33,743.81
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7. TIME AND PLACE OF PERFORMANCE

- 7.1 Town will be sure that the SRO will be on the assigned campus each day that school is in session during the regular school year. The SRO's activities will be restricted to the assigned campus except for:
 - 7.1.a Follow-up home visits when needed as a result of school-related problems.
 - 7.1.b School-related off-campus activities when officer participation is requested by the principal and approved by the Town.
 - 7.1.c Responses to off-campus, but school-related criminal activity.
 - 7.1.d Responses to emergencies or court appearances.

8. DISTRICT RESPONSIBILITIES

- 8.1 The District shall provide the SRO with access to an office and such equipment as is necessary at his/her assigned school. This equipment shall include a telephone, lockable filing space, and access to a computer and/or secretary assistance.
- 8.2 Provide access and encourage classroom participation by SRO's.
- 8.3 Provide the opportunity for SRO's to address teachers and administrators about the SRO program, goals and objectives.
- 8.4 Seek input from SRO regarding criminal justice problems relating to students.
- 8.5 Provide timely evaluation information concerning SRO to Police Chief.

The SRO is first and foremost a law enforcement officer. This fact must be constantly reinforced. Nothing required herein is intended to or will constitute a relationship of duty for the assigned police officer or the Town beyond the general duties that exist for the law enforcement officer within the State.

Town of Little Elm
Police Department

Little Elm Independent School District

 7-21-15

Chief of Police Date

Superintendent Date

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	Discussion
2-08-2016	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Presenter or Contact Person:	Ross Roberts, Assistant Superintendent for Student and Administrative Services				
Policy/Code:	DH (Local)				
Summary:	<p>Employee Standards of Conduct - The district prohibits the use, possession, or display of any firearm, illegal knife, club, or prohibited weapon, as defined at FNCG, on District property at all times.</p> <p>Exceptions-No violation of this policy occurs when: The use, possession, or display of an otherwise prohibited weapon takes place as part of a District-approved activity supervised by proper authorities. [See FOD]</p> <p>A District employee who holds a Texas handgun license properly stores a handgun in a vehicle parked on District property.</p>				
Financial Implications:	N/A				
Attachments:	Board Policy - DH (Local)				
Recommendation:	The administration recommends approval of DH (Local) and its updates.				
Motion:	I move the Board approve the update to Board policy D H (Local).				

PROPOSED REVISIONS

Each District employee shall perform his or her duties in accordance with state and federal law, District policy, and ethical standards. [See DH(EXHIBIT)]

Each District employee shall recognize and respect the rights of students, parents, other employees, and members of the community and shall work cooperatively with others to serve the best interests of the District.

An employee wishing to express concern, complaints, or criticism shall do so through appropriate channels. [See DGBA]

VIOLATIONS OF STANDARDS OF CONDUCT

Each employee shall comply with the standards of conduct set out in this policy and with any other policies, regulations, and guidelines that impose duties, requirements, or standards attendant to his or her status as a District employee. Violation of any policies, regulations, or guidelines may result in disciplinary action, including termination of employment. [See DCD and DF series]

WEAPONS PROHIBITED

The District prohibits the use, possession, or display of any firearm, illegal knife, club, or prohibited weapon, as defined at FNCG, on District property at all times.

EXCEPTIONS

No violation of this policy occurs when:

1. The use, possession, or display of an otherwise prohibited weapon takes place as part of a District-approved activity supervised by proper authorities. [See FOD]
2. A District employee who holds a Texas handgun license properly stores a handgun in a vehicle parked on District property.

Electronic media includes all forms of social media, such as text messaging, instant messaging, electronic mail (e-mail), web logs (blogs), electronic forums (chat rooms), video-sharing websites, editorial comments posted on the Internet, and social network sites. Electronic media also includes all forms of telecommunication, such as landlines, cell phones, and web-based applications.

USE WITH STUDENTS

In accordance with administrative regulations, a certified or licensed employee, or any other employee designated in writing by the Superintendent or a campus principal, may use electronic media to communicate with currently enrolled students about matters within the scope of the employee's professional responsibilities. All other employees are prohibited from using electronic media to communicate directly with students who are currently enrolled in the District. The regulations shall address:

1. Exceptions for family and social relationships;
2. The circumstances under which an employee may use text messaging to communicate with students; and
3. Other matters deemed appropriate by the Superintendent or designee.

Each employee shall comply with the District's requirements for records retention and destruction to the extent those requirements apply to electronic media. [See CPC]

PERSONAL USE	An employee shall be held to the same professional standards in his or her public use of electronic media as for any other public conduct. If an employee's use of electronic media violates state or federal law or District policy, or interferes with the employee's ability to effectively perform his or her job duties, the employee is subject to disciplinary action, up to and including termination of employment.
SAFETY REQUIREMENTS	Each employee shall adhere to District safety rules and regulations and shall report unsafe conditions or practices to the appropriate supervisor.
HARASSMENT OR ABUSE	<p>An employee shall not engage in prohibited harassment, including sexual harassment, of:</p> <ol style="list-style-type: none"> 1. Other employees. [See DIA] 2. Students. [See FFH; see FFG regarding child abuse and neglect.] <p>While acting in the course of employment, an employee shall not engage in prohibited harassment, including sexual harassment, of other persons, including Board members, vendors, contractors, volunteers, or parents.</p> <p>An employee shall report child abuse or neglect as required by law. [See FFG]</p>
RELATIONSHIPS WITH STUDENTS	An employee shall not form romantic or other inappropriate social relationships with students. Any sexual relationship between a student and a District employee is always prohibited, even if consensual. [See FFH]
TOBACCO AND E-CIGARETTES	An employee shall not smoke or use tobacco products or e-cigarettes on District property, in District vehicles, or at school-related activities. [See also GKA]
ALCOHOL AND DRUGS	An employee shall not manufacture, distribute, dispense, possess, use, or be under the influence of any of the following substances

during working hours while on District property or at school-related activities during or outside of usual working hours:

1. Any controlled substance or dangerous drug as defined by law, including but not limited to marijuana, any narcotic drug, hallucinogen, stimulant, depressant, amphetamine, or barbiturate.
2. Alcohol or any alcoholic beverage.
3. Any abusable glue, aerosol paint, or any other chemical substance for inhalation.
4. Any other intoxicant or mood-changing, mind-altering, or behavior-altering drug.

An employee need not be legally intoxicated to be considered "under the influence" of a controlled substance.

EXCEPTIONS

It shall not be considered a violation of this policy if the employee:

1. Manufactures, possesses, or dispenses a substance listed above as part of the employee's job responsibilities;
2. Uses or possesses a controlled substance or drug authorized by a licensed physician prescribed for the employee's personal use; or
3. Possesses a controlled substance or drug that a licensed physician has prescribed for the employee's child or other individual for whom the employee is a legal guardian.

NOTICE

Each employee shall be given a copy of the District's notice regarding drug-free schools. [See DI(EXHIBIT)]

A copy of this policy, a purpose of which is to eliminate drug abuse from the workplace, shall be provided to each employee at the beginning of each year or upon employment.

ARRESTS, INDICTMENTS, CONVICTIONS, AND OTHER ADJUDICATIONS

An employee shall notify his or her principal or immediate supervisor within three calendar days of any arrest, indictment, conviction, no contest or guilty plea, or other adjudication of the employee for any felony, any offense involving moral turpitude, and any of the other offenses as indicated below:

1. Crimes involving school property or funds;
2. Crimes involving attempt by fraudulent or unauthorized means to obtain or alter any certificate or permit that would entitle any person to hold or obtain a position as an educator;

3. Crimes that occur wholly or in part on school property or at a school-sponsored activity; or
4. Crimes involving moral turpitude, which include:
 - Dishonesty; fraud; deceit; theft; misrepresentation;
 - Deliberate violence;
 - Base, vile, or depraved acts that are intended to arouse or gratify the sexual desire of the actor;
 - Felony possession or conspiracy to possess, or any misdemeanor or felony transfer, sale, distribution, or conspiracy to transfer, sell, or distribute any controlled substance defined in Chapter 481 of the Health and Safety Code;
 - Felony driving while intoxicated (DWI); or
 - Acts constituting abuse or neglect under the Texas Family Code.

DRESS AND
GROOMING

An employee's dress and grooming shall be clean, neat, in a manner appropriate for his or her assignment, and in accordance with any additional standards established by his or her supervisor and approved by the Superintendent.

Board Agenda Item

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

Board Mtg. Date 2-08-2016	Reports of the Superintendent <input type="checkbox"/>	Business Item <input checked="" type="checkbox"/>	Consent Agenda <input type="checkbox"/>	Reports, Routine Monthly <input type="checkbox"/>	Discussion <input type="checkbox"/>
Presenter or Contact Person:	Ross Roberts, Assistant Superintendent for Student and Administrative Services				
Policy/Code:	BF (Local)				
Summary:	TASB's Update 103 encompasses changes in law from the 84 th Legislative Session. Local policies included in Update 103 address topics including safety and conduct, food service, employment practices and requirements, compensation and benefits, curriculum and instruction, and student attendance and discipline. Update 103 includes local policy recommendations to address recommendations to clarify the structure of the policy manual.				
Financial Implications:	N/A				
Attachments:	Under Separate Cover				
Recommendation:	The administration recommends approval of Update 103 and all localized policies associated with it.				
Motion:	I move the Board approve Update 103 and all localized policies associated with it.				

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	Discussion Item
Board Mtg. Date 02-08-2016	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Subject:	FINANCIAL REPORTS - DECEMBER 2015				
Presenter or Contact Person:	Grant Anderson, CFO				
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:	<ol style="list-style-type: none">1) Budget Amendments2) 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 Consent Agenda as submitted.				
Motion:	I move that the Board approve the Consent Agenda as submitted				

Little Elm Independent School District
General Fund
Budget Amendments
February 2016

	Fund	FX	Decrease	FX	Increase	Org	Incr / (Decr) Fund Bal	Reason
1	183	00	3,702	36	3,702	999		Increase revenue and expense budget for funds received by Athletics Dept for hosting playoff games
2	183	00	1,200	36	1,200	999		Increase revenue and expense budget for stadium rental fees received
3	199	11	140	13	140	001		Reallocate funds to cover professional dues for art teacher
4	199	11	180	36	180	001		Reallocate funds to cover entry fees for art students
5	199	11	200	36	200	041		Reallocate funds to cover student travel for choir
6	199	36	500	13	500	041		Reallocate funds to cover employee travel for staff development
7	199	00	700	36	700	104		Increase budget for Target Scholarship America to be used to help cover field trip
8	199	00	10,000	11	10,000	823		Increase budget for Tuition-Based Pre-K receipts received to cover expenses for the program
9	199	13	3,000	11	3,200	821		Reallocate funds to cover ESL tutoring
		21	200					
10	199	13	6,000	21	20,000	821		Reallocate funds to cover travel for staff development
		11	14,000					
11	199	11	37,400	23	37,400	821		Reallocate funds to contracted services for leadership coaching
12	199	11	3,000	13	3,000	821		Reallocate funds to cover employee travel for alternative education program
13	197	81	25,904	36	25,904	001		Reallocate renovation funds to proper function for athletics graphics

Little Elm Independent School District
General Fund
Budget Amendments
February 2016

	Fund	FX	Decrease	FX	Increase	Org	Incr / (Decr) Fund Bal	Reason
14	196	51	210,014	11	16,869	Var		Reallocate funds to correct functional area to cover equip purchases.
				21	75,221			
				23	1,546			
				35	23,856			
				36	36,110			
				41	5,555			
				53	50,857			
15	199	00	1,042	36	1,042	105		Increase budget for Deal Group donation and Kula MyCoke Rewards to be used for Camp Jolt scholarships
16	199	11	1,300	23	500	001		Reallocate funds to cover employee travel to state DECA competition
				21	800			
17	199	00	100	11	100	041		Increase budget for art class fees received to purchase supplies for classroom
18	199	00	5,326	11	5,326	001		Increase budget for LEHS band fees received to cover uniform maintenance/cleaning and instrument repair
19	199	00	634	11	634	041		Increase budget for Middle School band fees received to cover uniform maintenance/cleaning and instrument repair
20	199	00	625	11	255	042		Increase budget for gateway to technology and music class fees as well as donations received for 5th grade field trip and 4th grade science project
				23	145			
				36	225			
21	199	23	60	31	60	041		Reallocate funds to cover counselor travel
22	199	00	150,000	52	150,000	999	(150,000)	SRO Agreement with Town of Little Elm
	Total		475,227		475,227		(150,000)	

Pending approval
by Board

Little Elm Independent School District
2015-2016 Fund Balance Comparison
as of December 31, 2015

Page 1 of 2

06

		GENERAL FUND			DEBT SERVICE FUND		
		1XX			511		
CONTROL	REVENUES	ORIGINAL	PROPOSED	AMENDED	ORIGINAL	PROPOSED	AMENDED
CODES		BUDGET	AMENDMENTS	BUDGET	BUDGET	AMENDMENTS	BUDGET
5700	LOCAL	28,562,179	4,614,583	33,176,762	13,696,553	(3,500,000)	10,196,553
5800	STATE	25,134,508	1,128,148	26,262,656	-		-
5900	FEDERAL	325,000	817,165	1,142,165	-		-
		54,021,687	6,559,896	60,581,583	13,696,553	(3,500,000)	10,196,553
Expenditures							
11 Instruction		31,895,345	2,798,778	34,694,123	-		-
12 Library Services		610,391	198,552	808,943	-		-
13 Staff Development		607,026	182,795	789,821	-		-
21 Instructional Admin		1,050,259	109,159	1,159,418	-		-
23 Campus Administration		3,632,166	225,416	3,857,582	-		-
31 Guidance & Counseling		1,633,536	133,675	1,767,211	-		-
32 Attendance & Social Services		20,350		20,350	-		-
33 Health Services		473,205	30,585	503,790	-		-
34 Student Transportation		1,622,150		1,622,150	-		-
35 Food Services		82,545	1,694	84,239	-		-
36 Co-curricular Activities		1,416,559	79,762	1,496,321	-		-
41 General Administration		2,428,498	244,133	2,672,631	-		-
51 Plant Maintenance		5,716,088	1,548,838	7,264,926	-		-
52 Security		359,026	1,846	360,872	-		-
53 Data Processing		884,964	186,315	1,071,279	-		-
61 Community Services		37,949	1,563	39,512	-		-
71 Debt Services		851,630		851,630	11,413,651		11,413,651
81 Facilities		500,000	1,310,650	1,810,650	-		-
95 Payments to JUV Justice Alt		32,000		32,000	-		-
99 Intergovernmental Charges		258,000		258,000	-		-
	TOTAL EXPENDITURES	54,111,687	7,053,761	61,165,448	11,413,651	-	11,413,651
00 Other Resources		-		-			-
00 Other Uses		-		-			-
	EST FUND BALANCE 08/31/15	23,247,360		23,247,360	5,390,317		5,390,317
	EST FUND BALANCE @ 12/31/15	23,157,360	(493,865)	22,663,495	7,673,219	(3,500,000)	4,173,219

Little Elm Independent School District
2015-2016 Fund Balance Comparison
as of December 31, 2015

Page 2 of 2

		FOOD SERVICE FUND			CHILD CARE		
		240			720		
		PROPOSED			PROPOSED		
CONTROL	REVENUES	ORIGINAL	AMENDMENTS	AMENDED	ORIGINAL	AMENDMENTS	AMENDED
CODES		BUDGET		BUDGET	BUDGET		BUDGET
5700	LOCAL	1,222,000	214,000	1,436,000	575,054		575,054
5800	STATE	17,000		17,000	-		-
5900	FEDERAL	1,811,393	159,231	1,970,624	-		-
		3,050,393	373,231	3,423,624	575,054	-	575,054
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		3,050,393	373,231	3,423,624	-		-
36 Co-curricular Activities		-		-	-		-
41 General Administration		-		-	-		-
51 Plant Maintenance		-		-	-		-
52 Security		-		-	-		-
53 Data Processing		-		-	-		-
61 Community Services		-		-	586,389		586,389
71 Debt Services		-		-	-		-
81 Facilities		-		-	-		-
95 Payments to JUV Justice Alt		-		-	-		-
99 Intergovernmental Charges		-		-	-		-
	TOTAL EXPENDITURES	3,050,393	373,231	3,423,624	586,389	-	586,389
EST FUND BALANCE 08/31/15		1,193,666		1,193,666	141,604		141,604
EST FUND BALANCE @ 12/31/15		1,193,666	-	1,193,666	130,269	-	130,269

Little Elm Independent School District
Statement of Unaudited Revenues and Expenditures - Budget vs. Actual
As of December 31, 2015

GENERAL FUND

Fund 1XX

CONTROL CODES	REVENUES	2015-2016 Approved Budget	PERIOD RECEIPTS/ EXPENDITURES	Y-T-D RECEIVED/ ENC + EXP	VARIANCE FAVORABLE (UNFAVORABLE)	PERCENT TO TOTAL	PERCENT OF YEAR ELAPSED
5700	LOCAL	33,176,762.00	19,667,713.78	21,755,382.91	(11,421,379.09)	65.57%	33%
5800	STATE	26,262,656.00	329,693.86	12,009,757.92	(14,252,898.08)	45.73%	33%
5900	FEDERAL	1,142,165.00	37,416.09	954,816.96	(187,348.04)	83.60%	33%
TOTAL	REVENUES	60,581,583.00	20,034,823.73	34,719,957.79	(25,861,625.21)	57.31%	33%
	EXPENDITURES						
0011	Instruction	34,694,123.00	2,494,357.50	12,833,087.72	21,861,035.28	36.99%	33%
0012	Library Services	808,943.00	45,818.88	249,799.56	559,143.44	30.88%	33%
0013	Curriculum & Staff Development	789,821.00	51,762.56	279,557.99	510,263.01	35.40%	33%
0021	Instructional Leadership	1,159,418.00	77,384.36	439,187.30	720,230.70	37.88%	33%
0023	School Leadership	3,857,582.00	299,252.48	1,246,228.10	2,611,353.90	32.31%	33%
0031	Guidance & Counseling	1,767,211.00	140,915.76	533,857.36	1,233,353.64	30.21%	33%
0032	Social Work Services	20,350.00	-	20,200.00	150.00	99.26%	33%
0033	Health Services	503,790.00	38,886.66	199,568.66	304,221.34	39.61%	33%
0034	Student Transportation	1,622,150.00	182,534.44	388,836.41	1,233,313.59	23.97%	33%
0035	Food Services	84,239.00	7,153.13	52,808.44	31,430.56	62.69%	33%
0036	Co-curricular Activities	1,496,321.00	122,389.25	601,129.00	895,192.00	40.17%	33%
0041	General Administration	2,672,631.00	296,354.99	964,524.25	1,708,106.75	36.09%	33%
0051	Plant Maintenance	7,264,926.00	498,404.24	2,212,064.78	5,052,861.22	30.45%	33%
0052	Security & Monitoring	360,872.00	12,786.27	113,661.74	247,210.26	31.50%	33%
0053	Data Processing	1,071,279.00	60,484.66	359,176.61	712,102.39	33.53%	33%
0061	Community Service	39,512.00	3,093.32	12,224.51	27,287.49	30.94%	33%
0071	Debt Services	851,630.00	102,117.90	510,291.70	341,338.30	59.92%	33%
0081	Facility Acquisition	1,810,650.00	139,588.16	745,400.69	1,065,249.31	41.17%	33%
0095	Pmt to Juvenile Justice	32,000.00	3,738.00	9,701.00	22,299.00	30.32%	33%
0099	Intergovernmental Charges	258,000.00	67,002.13	128,210.45	129,789.55	49.69%	33%
TOTAL	EXPENDITURES	61,165,448.00	4,644,024.69	21,899,516.27	39,265,931.73	35.80%	33%
	OPERATING TRANSFERS						
7910	Other Resources	-	-	-			
8910	Other Uses	-	-	-			
TOTAL	OPERATING TRANSFERS	-	-	-			
0100	Estimated Fund Balance 08/31/15	23,247,360.00	-	23,247,360.00			
3000	Year to Date Fund Bal. (unaudited)	22,663,495.00		36,067,801.52			

	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>	16,220,058.52	15,293,418.67	14,598,824.18	14,776,084.01	-	-	-	-	-	-	-	-	16,220,058.52
RECEIPTS													
Tax Collections	29,961.10	212,127.79	1,440,443.65	15,772,027.90	-	-	-	-	-	-	-	-	17,454,560.44
Interest	3,418.65	3,606.39	3,421.54	3,490.08	-	-	-	-	-	-	-	-	13,936.66
Other Local Revenue	357,548.13	187,019.48	157,507.43	83,379.92	-	-	-	-	-	-	-	-	785,454.96
State Revenue - Available School	-	-	-	131,722.00	-	-	-	-	-	-	-	-	131,722.00
State Revenue - Foundation	4,689,592.00	3,841,342.00	2,030,060.00	-	-	-	-	-	-	-	-	-	10,560,994.00
State Revenue - Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
State Revenue - Misc	-	331,319.76	70,521.48	-	-	-	-	-	-	-	-	-	401,841.24
MAC Receipts/SHARS	31,847.87	19,810.40	834,115.36	30,394.32	-	-	-	-	-	-	-	-	916,167.95
Federal Program Revenue	13,638.11	166,138.09	265,405.04	133,097.69	-	-	-	-	-	-	-	-	578,278.93
Federal Program Revenue 240	55,788.75	231,085.91	222,380.68	175,343.26	-	-	-	-	-	-	-	-	684,598.60
Lunch Revenue - local 240	168,744.89	183,816.64	141,447.11	112,174.76	-	-	-	-	-	-	-	-	606,183.40
Payroll Deposits	-	-	-	400.00	-	-	-	-	-	-	-	-	400.00
Proceeds Maintenance Tax Notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from Debt Service	-	-	-	5,160.00	-	-	-	-	-	-	-	-	5,160.00
Transfers from Investment Acct	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	5,350,539.50	5,176,266.46	5,165,302.29	16,447,189.93	-	-	-	-	-	-	-	-	32,139,298.18
DISBURSEMENTS													
Payroll Checks	2,467,271.52	2,805,677.82	2,655,904.77	2,628,105.91	-	-	-	-	-	-	-	-	10,556,960.02
Accounts Payable Checks	2,770,209.66	1,937,833.98	1,642,284.17	1,816,431.06	-	-	-	-	-	-	-	-	8,166,758.87
TRS Deposit	687,652.37	698,620.00	304,366.74	686,557.96	-	-	-	-	-	-	-	-	2,377,197.07
IRS Deposit	350,917.85	428,192.94	384,846.78	379,232.93	-	-	-	-	-	-	-	-	1,543,190.50
Bank Charges/ NSF's/Bk Trans	1,127.95	536.21	640.00	567.00	-	-	-	-	-	-	-	-	2,871.16
Total Expenditures	6,277,179.35	5,870,860.95	4,988,042.46	5,510,894.86	-	-	-	-	-	-	-	-	22,646,977.62
Cash													
Cash to TEA	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Transferred to Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers to Investment Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures & Transfers	6,277,179.35	5,870,860.95	4,988,042.46	5,510,894.86	-	-	-	-	-	-	-	-	22,646,977.62
Net Change in Cash	(926,639.85)	(694,594.49)	177,259.83	10,936,295.07	-	-	-	-	-	-	-	-	9,492,320.56
<i>Ending Cash Balance in bank</i>	15,293,418.67	14,598,824.18	14,776,084.01	25,712,379.08	-	-	-	-	-	-	-	-	25,712,379.08
Beginning Cash Balance Lone Star	12,176,981.06	12,178,751.96	12,180,710.16	12,182,679.04	-	-	-	-	-	-	-	-	12,176,981.06
Beginning Cash Balance TexStar	1,379,554.63	1,379,667.36	1,379,796.07	1,379,927.12	-	-	-	-	-	-	-	-	1,379,554.63
Beginning Cash Balance Texas Class	1,810,899.95												

[illegible]

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
Cash and Investments Reconciliation
as of December 31, 2015

Operating Fund:

Balance per bank	25,712,379.08
Add: Texas Class/MBIA	1,812,327.77
Lone Star	12,185,517.22
TexStar	1,380,146.04
Add: Deposits in Transit	184.21
Taxes in Transit	4,047,538.70
Less: Outstanding Checks/Wires	(453,951.59)
Balance per Books	44,684,141.43

Interest & Sinking Fund:

Balance per bank	4,983,138.13
Add: Texpool	5,939,319.52
Add: Taxes in Transit	1,280,345.31
Less: Outstanding Checks	-
Balance per Books	12,202,802.96

Total Balance per Books	56,886,944.39
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LITTLE ELM INDEPENDENT SCHOOL DISTRICT
SUMMARY OF CURRENT INVESTMENTS - BY FUND
MONTH ENDED: December 31, 2015

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
12/01/15	Lone Star		Investment Pool Investment	12,182,679.04	100.0000%	100.0000%	0.0000%	12,182,679.04				
			Withdrawal	-				12,182,679.04				
12/31/15			Interest	2,838.18			0.2700%	12,185,517.22			2,838.18	-
				<u>12,185,517.22</u>				<u>12,185,517.22</u>			<u>2,838.18</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
12/01/15	TexSTAR		Investment Pool Investment	1,379,927.12	100.0000%	100.0000%	0.0000%	1,379,927.12				
			Withdrawal	-				1,379,927.12				
12/31/15			Interest	218.92			0.1868%	1,380,146.04			218.92	-
				<u>1,380,146.04</u>				<u>1,380,146.04</u>			<u>218.92</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
12/01/15	Texas CLASS		Investment Pool Investment	1,811,876.42	100.0000%	100.0000%	0.0000%	1,811,876.42				
			Withdrawal	-				1,811,876.42				
12/31/15			Interest	451.35			0.2900%	1,812,327.77			451.35	-
				<u>1,812,327.77</u>				<u>1,812,327.77</u>			<u>451.35</u>	<u>-</u>

LITTLE ELM INDEPENDENT SCHOOL DISTRICT
SUMMARY OF CURRENT INVESTMENTS - BY FUND
MONTH ENDED: December 31, 2015

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
12/01/15	TexPool		Investment Pool	2,938,477.65	100.0000%	100.0000%	0.0000%	2,938,477.65				
			Investment	3,000,000.00				5,938,477.65				
			Withdrawal	-				5,938,477.65				-
12/31/15			Interest	841.87			0.1863%	5,939,319.52			841.87	
				5,939,319.52				5,939,319.52			841.87	-

Little Elm Independent School District
Summary of Revenue & Expenditures As Of 12/31/15
Accounting Period: 12

	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	60,581,583.00	100.00%	420,442.00	100.00%	702,863.00	100.00%	8,256.00	100.00%
Period Receipts	20,034,823.73		41,025.45		76,289.91		36.23	
Revenue Received to Date	34,719,957.79	57.31%	97,761.49	23.25%	259,465.05	36.92%	1,512.20	18.32%
Revenues Receivable:	25,861,625.21	42.69%	322,680.51	76.75%	443,397.95	63.08%	6,743.80	81.68%
Expenditure Budget	61,165,448.00	100.00%	420,442.00	100.00%	702,863.00	100.00%	8,256.00	100.00%
Period Expenditures	4,644,024.69		27,412.43		68,034.82		309.47	
Exp./Encumbrances to Date	21,899,516.27	35.80%	126,628.42	30.12%	329,604.58	46.89%	2,393.67	28.99%
Balance to Expend:	39,265,931.73	64.20%	293,813.58	69.88%	373,258.42	53.11%	5,862.33	71.01%
Actual Revenue Over (Under)								
Actual Expenditures & Encumbrances:	12,820,441.52		(28,866.93)		(70,139.53)		(881.47)	

Little Elm Independent School District
Summary of Revenue & Expenditures As Of 12/31/15
Accounting Period: 12

	Fund: 244 %		Fund: 255 %		Fund: 263 %		Fund 289 %	
	Voc Ed Basic Grant		Title II TPTR		Title III, Part A LEP/Immigrant		Summer School LEP	
Revenue Budget	47,871.00	100.00%	43,121.00	100.00%	120,466.00	100.00%	-	100.00%
Period Receipts	1,731.33		8,633.08		5,381.69		4,452.00	
Revenue Received to Date	4,635.16	9.68%	8,633.08	20.02%	22,043.75	18.30%	4,452.00	
Revenues Receivable:	43,235.84	90.32%	34,487.92	79.98%	98,422.25	81.70%	(4,452.00)	
Expenditure Budget	47,871.00	100.00%	43,121.00	100.00%	120,466.00	100.00%	-	100.00%
Period Expenditures	388.97		-		19,475.97		-	
Exp./Encumbrances to Date	5,024.13	10.50%	8,633.08	20.02%	44,416.45	36.87%	-	#DIV/0!
Balance to Expend:	42,846.87	89.50%	34,487.92	79.98%	76,049.55	63.13%	-	
Actual Revenue Over (Under)								
Actual Expenditures:	(388.97)		-		(22,372.70)		4,452.00	

Little Elm Independent School District
Summary of Revenue & Expenditures As Of 12/31/15
Accounting Period: 12

	Fund 397	%	Fund 410	%	Fund: 240	%	Fund: 511	%
	APIB Campus Awards		Instructional Materials		Food Service		Debt Service	
Revenue Budget	-	100.00%	389,332.00	100.00%	3,423,624.00	100.00%	10,196,553.00	100.00%
Period Receipts	-		-		311,139.14		6,212,611.00	
Revenue Received to Date	-	#DIV/0!	389,332.24	100.00%	1,298,708.41	37.93%	6,813,296.01	66.82%
Revenues Receivable:	-		-	0.00%	2,124,915.59	62.07%	3,383,256.99	33.18%
Expenditure Budget	-	100.00%	415,383.00	100.00%	3,423,624.00	100.00%	11,413,651.00	100.00%
Period Expenditures	-		89,381.68		427,805.40		-	
Exp./Encumbrances to Date	-	#DIV/0!	396,384.86	95.43%	1,179,187.84	34.44%	810.00	0.01%
Balance to Expend:	-		18,998.14	4.57%	2,244,436.16	65.56%	11,412,841.00	99.99%
Actual Revenue Over (Under)								
Actual Expenditures & Encumbrances:	-		(7,052.62)		119,520.57		6,812,486.01	

Little Elm Independent School District
Summary of Revenue & Expenditures As Of 12/31/15
Accounting Period: 12

	Fund: 647 %		Fund: 720 %	
	2012 & 2014 Bonds		Child Care	
Revenue Budget	18,180,345.00	100.00%	575,054.00	100.00%
Period Receipts	451.35		47,381.22	
Revenue Received to Date	18,195,889.31	100.09%	193,830.01	33.71%
Revenues Receivable:	-	0.00%	381,223.99	66.29%
Expenditure Budget	18,180,345.00	100.00%	586,389.00	100.00%
Period Expenditures	11,859.53		49,127.31	
Exp./Encumbrances to Date	16,765,471.59	92.22%	222,757.60	37.99%
Balance to Expend:	1,414,873.41	7.78%	363,631.40	62.01%
Actual Revenue Over (Under)				
Actual Expenditures & Encumbrances:	1,430,417.72		(28,927.59)	

Denton County
Monthly Collection Status Report
December 2015

Little Elm ISD

	Collections Month of December	Cumulative Total 10/1/15 thru 12/31/15	% of Tax Levy
Current Tax Year Collections			
Base M&O	19,628,861.62	21,435,048.19	68.38%
Base I&S	6,207,418.50	6,778,606.03	
Base I&S Bond	-	-	
P&I M&O	116.40	280.32	
P&I I&S	-	-	
P&I I&S Bond	-	-	
Attorney Fee	-	-	
Subtotal	25,836,396.52	28,213,934.54	68.38%
Delinquent TaxYears Collections			
Base M&O	6,367.64	33,088.34	
Base I&S	3,061.15	15,889.02	
Base I&S Bond	-	-	
P&I M&O	1,712.47	9,026.27	
P&I I&S	779.96	4,230.27	
P&I I&S Bond	-	-	
Attorney Fee	2,252.31	12,274.09	
Other*	-	-	
Subtotal	14,173.53	74,507.99	
Combined Current & Delinquent:			
Base M&O	19,635,229.26	21,468,136.53	
Base I&S	6,210,479.65	6,794,495.05	
Base I&S Bond	-	-	
P&I M&O	1,828.87	9,306.59	
P&I I&S	779.96	4,230.27	
Attorney Fee	2,252.31	12,274.09	
Other*	-	-	
Total Collections	25,850,570.05	28,288,442.53	
Original 2015 Tax Levy		41,181,714.37	
Current 2015 Tax Levy		41,258,303.61	

Denton County
Cumulative Comparative Collection Status Report
December 2015

Little Elm ISD

	Tax Year 2015 Collections thru December 2015	% of Tax Levy	Tax Year 2014 Collections thru December 2014	% of Tax Levy
Current Tax Year Collections				
Base M&O + I&S	28,213,654.22	68.38%	25,301,311.27	69.61%
P&I M&O + I&S	280.32		1,268.60	
Attorney Fee	-		-	
Subtotal	<u>28,213,934.54</u>	68.38%	<u>25,302,579.87</u>	69.61%
Delinquent Tax Years Collections				
Base M&O + I&S	48,977.36		137,656.04	
P&I M&O + I&S	13,256.54		30,170.27	
Attorney Fee	12,274.09		12,665.39	
Subtotal	<u>74,507.99</u>		<u>180,491.70</u>	
Combined Current & Delinquent:				
Base M&O + I&S	28,262,631.58		25,438,967.31	
P&I M&O + I&S	13,536.86		31,438.87	
Attorney Fee	12,274.09		12,665.39	
Other	-		-	
Total Collections	<u>28,288,442.53</u>		<u>25,483,071.57</u>	
Adjusted 2014 Tax Levy			<u>36,349,525.52</u>	
Original 2015 Tax Levy	<u>41,181,714.37</u>			
Current 2015 Tax Levy	<u>41,258,303.61</u>			

Denton County
Levy Outstanding Status Report
December 2015

Little Elm ISD

	Current Tax Year	Delinquent Tax Years
Current Month:		
Tax Levy Remaining as of 12/01/15	38,876,514.81	558,447.17
Base M&O + I&S Collections	25,836,280.12	9,428.79
Supplement/Adjustments	4,414.70	13,661.03
	<hr/>	<hr/>
Remaining Levy as of 12/31/15	<u>13,044,649.39</u>	<u>562,679.41</u>
Cumulative (From 10/01/15 thru 12/31/15)		
Original 2014 Tax Levy (as of 10-1-15)	41,181,714.37	568,254.16
Base M&O + I&S Collections	28,213,654.22	48,977.36
Supplement/Adjustments	76,589.24	43,402.61
	<hr/>	<hr/>
Remaining Levy as of 12/31/15	<u>13,044,649.39</u>	<u>562,679.41</u>

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LITTLE ELM HIGH SCHOOL TRADE & INDUSTRY LAB / CLASSROOM RENOVATIONS

Total Project Authorized by Board of Trustees

179,492.00

Expenditures as of 02-02-16

			Expenditures to Date						
Project Codes	Project	Project Budget	FY 2014-2015	FY 2015-2016	Encumbered	Total	Less Retainage	Available +/-	% of Budget Committed
199-81-6629-00-001-599002	LEHS CTE Lab - Architect	6,502.00	6,184.50	325.40		6,509.90	-	(7.90)	100%
199-81-6629-01-001-599002	LEHS CTE Lab - Construction	90,791.00	26,280.66	49,415.80		75,696.46	4,553.03	10,541.51	88%
199-81-6629-02-001-599002	LEHS CTE Lab - FF&E	82,199.00	73,130.45	16,862.98	1,259.94	91,253.37	-	(9,054.37)	111%
	Total	179,492.00	105,595.61	66,604.18	1,259.94	173,459.73	4,553.03	1,479.24	99%

Summer Renovation Projects

Total Project Authorized by Board of Trustees	1,092,073.00
Add'l Approved by Board for Hackberry Moisture Barrier	50,000.00
	1,142,073.00

Expenditures as of 02-02-16

			Expenditures to Date		Encumbered	Total	Retainage	Available +/-	% of Budget Committed
Project Codes	Project	Project Budget	FY 14-15	FY 15-16					
199-81-6629-00-105-599004	Hackberry Renovations - Architect	45,000.00	43,447.50	4,500.00		47,947.50		(2,947.50)	107%
199-81-6629-01-105-599004	Hackberry Renovations	731,845.00	606,091.88	61,261.21		667,353.09		64,491.91	91%
199-81-6629-01-103-599005	Brent Renovations	92,631.00	55,702.50	33,568.50		89,271.00		3,360.00	96%
199-81-6629-01-107-599006	Lakeview Renovations	102,939.00	38,600.00	64,338.82		102,938.82		0.18	100%
199-81-6629-01-104-599007	Chavez Renovations	95,972.00	70,205.00	25,767.50		95,972.50		(0.50)	100%
199-81-6629-01-999-599008	Zellars Childcare Renovations	23,286.00	9,159.38	14,126.25		23,285.63		0.37	100%
199-81-6629-01-999-599009	Lakeside Kitchen Renovations	3,400.00	15,460.00			15,460.00		(12,060.00)	455%
199-81-6629-01-042-599010	Prestwick Band Storage	37,000.00	-			-		37,000.00	0%
199-36-6299-00-999-599000	Refinish Gym Floors	10,000.00	7,720.00	-		7,720.00		2,280.00	77%
	Total	1,142,073.00	846,386.26	203,562.28	-	1,049,948.54	-	92,124.46	92%

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- (1) No retainage, balance to finish \$35,457.44
- (2) No retainage, balance to finish \$3,500.11
- (3) Materials for band storage not delivered until FY 15-16.

Renovations / Maintenance Projects

Total Approved in Original Budget FY 15-16 500,000.00
 Additional Approved Dec 2015 1,500,000.00
2,000,000.00

Expenditures as of 02-02-16

Account Code	Account Description	Vendor	Description	Expenditures	Encumbered	Total
197-36-6299-00-001-691000	Athletics Graphics LEHS	Waterboy Graphics LLC	Graphics - Athletics, Band Theatre, Choir and Dance		25,903.35	25,903.35
197-51-6249-00-103-699000	Brent Repair & Maintenance	The Deal Group	Interior entry renovation	12,942.00		12,942.00
197-51-6249-00-104-699000	Chavez Repair & Maintenance	The Deal Group	Interior entry renovation	7,842.00		7,842.00
197-51-6249-00-105-699000	Hackberry Repair & Maintenance	Haven Landscaping & Irrigation	Irrigation repair and landscaping	83,641.48		83,641.48
199-51-6299-00-001-699000	LEHS Electrical Service	The Deal Group	LEHS electrical service work	18,027.94		18,027.94
197-51-6299-00-041-699000	Middle School Misc Contracted Service	The Deal Group	Lakeside MS serving line	5,493.00		5,493.00
197-51-6299-00-041-699000	Middle School Misc Contracted Service	The Deal Group	7 LED wall packs with photo cell control	4,642.00		4,642.00
197-51-6299-00-041-699000	Middle School Misc Contracted Service	The Deal Group	Powell exterior sign	531.00		531.00
197-51-6299-00-105-699000	Hackberry Misc Contracted Service	The Deal Group	Exterior signs	13,124.00		13,124.00
197-51-6299-00-105-699000	Hackberry Misc Contracted Service	The Deal Group	Catch basin	2,048.00		2,048.00
197-51-6299-00-999-699000	Zellars Misc Contracted Service	The Deal Group	Lobo Lane signs	11,660.03		11,660.03
197-51-6299-00-999-699000	Zellars Misc Contracted Service	Perkins & Wills	School graphics	5,116.44		5,116.44
197-51-6299-00-999-699000	Zellars Misc Contracted Service	The Deal Group	Steel beam work, light fixtures	4,766.00		4,766.00
197-51-6299-01-001-699000	LEHS Landscaping	The Deal Group	Landscaping 5 flower beds	8,852.00		8,852.00
197-51-6299-01-001-699000	LEHS Landscaping	The Deal Group	Regrading at LEHS	2,368.00		2,368.00
197-51-6639-00-105-699000	Hackberry HVAC Controls	Climatec, LLC	HVAC controls replacement		83,975.00	83,975.00
197-81-6629-00-001-699003	LEHS Gym Lighting	Facility Solutions Group	Replace lighting in gym		51,719.44	51,719.44
197-81-6629-00-001-699003	LEHS Gym Lighting	Corgan Associates, Inc	Replace lighting in gym - architect	4,333.43		4,333.43
197-81-6629-00-041-699001	Powell Roof	CBS Roofing	Roof repair	68,515.00		68,515.00
197-81-6629-00-041-699006	Lakeside Irrigation System	The Deal Group	Irrigation	7,633.00		7,633.00
197-81-6629-00-041-699007	Powell Renovations Interior	The Deal Group	Room 210 architectural, electrical and data	9,068.75		9,068.75
197-81-6629-00-041-699007	Powell Renovations Interior	The Deal Group	Room 115 architectural	4,531.25		4,531.25
197-81-6629-00-041-699009	Middle School Restrooms	Corgan Associates, Inc	Architectural services	8,608.58		8,608.58
197-81-6629-00-042-699004	Prestwick STEM Canope	The Deal Group	Prestwick canope		24,956.00	24,956.00
197-81-6629-00-108-699002	Oak Point Canope	The Deal Group	Oak Point canope	25,796.00		25,796.00
197-81-6629-00-851-699005	Zellars - Concrete Sidewalk	The Deal Group	Front entry concrete	46,843.75		46,843.75
197-81-6629-00-851-699005	Zellars - Concrete Sidewalk	Corgan Associates, Inc	Front entry concrete - architect	400.00		400.00
197-81-6629-00-999-699008	Zellars Renov - Curriculum	The Deal Group	Renovations Curriculum Dept	39,054.55		39,054.55

Renovations / Maintenance Projects

Total Approved in Original Budget FY 15-16 500,000.00
Additional Approved Dec 2015 1,500,000.00
2,000,000.00

Expenditures as of 02-02-16

Account Code	Account Description	Vendor	Description	Expenditures	Encumbered	Total
197-81-6629-00-999-699008	Zellars Renov - Curriculum	Corgan Associates, Inc	Renovations Curriculum Dept - architect	600.00		600.00
197-81-6629-00-999-699011	Zellars Renov - Technology	The Deal Group	Renovations Technology Dept	48,845.73	3,381.77	52,227.50
197-81-6629-00-999-699012	Zellars Renov - Bus Srvs	The Deal Group	Renovations Business Services	5,725.00	-	5,725.00
197-81-6629-01-042-699010	Band Storage Cabinets	Wenger Corporation	Prestwick band storage	40,399.00		40,399.00
						-
	Total			491,407.93	189,935.56	681,343.49

Available 1,318,656.51

Maintenance Furniture and Equipment Purchases

Total Approved in Original Budget FY 15-16 252,001.00
Add'l Approved Dec 2015 500,000.00
752,001.00

Expenditures as of 02-02-16

Project Codes	Account Description	Vendor	Description	Expenditures	Encumbered	Total
196-11-6398-00-001-611000	Furn & Equip	Office Depot	Science room tables and chairs	-	16,868.11	16,868.11
196-11-6398-00-042-611000	Furn & Equip	Wilson Office Interiors	Prestwick classroom furniture	27,253.45	-	27,253.45
197-11-6398-00-105-611000	Hackberry Classroom Furniture	Office Depot	Furniture for collaborative areas	-	73,590.38	73,590.38
196-21-6398-00-821-699000	Curriculum Furniture	Office Depot	Furniture for Curriculum Dept		75,220.65	75,220.65
196-23-6299-00-108-699000	Oak Point Install TV Break/PLC	RAB Group, Inc	Install TV in break/PLC room		1,545.20	1,545.20
196-35-6398-00-105-699000	Hackberry Cafeteria	Office Depot	Cafeteria tables		23,855.80	23,855.80
196-36-6398-00-999-699000	Athletic Complex Equip	The Deal Group	TV's for Athletic Complex - 3 concession, 1 ticket booth, 1 pro shop	6,167.00	-	6,167.00
196-36-6639-00-001-699000	Band Trailer Modifications	Martin Truck Enterprises	Modifications to band trailer - lights, ramps, stairs, graphics and repair work	18,054.44	18,054.94	36,109.38
196-41-6299-00-741-699000	Student Srvs Install TVs	RAB Group, Inc	Install TVs Student Services Dept at LEHS and Zellars		5,555.00	5,555.00
196-41-6398-00-749-699000	Furn & Equip HR Dept	Office Depot	HR Dept conference room furniture	4,945.39	-	4,945.39
196-51-6639-00-851-699000	Equipment Maintenance	Sam Pack's Five Star Ford	Maintenance vehicles - 4 Transit Connect Cargo, 1 Transit Connect 5 Passenger	-	133,520.24	133,520.24
196-51-6639-00-851-699000	Equipment Maintenance	Sam Pack's Five Star Ford	F-150 Crew Cabs - 2	-	67,692.17	67,692.17
196-53-6398-00-826-699000	Technology Furniture	Office Depot	Furniture for Technology Dept	-	50,856.47	50,856.47
	Total			56,420.28	466,758.96	523,179.24

Available 228,821.76

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
Board Mtg. Date 02-08-2016	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	Expenditures in Excess of \$50,000				
Presenter or Contact Person:	Russell VanHoose, Director of Technology, Digital Learning, & Media Services.				
Policy/Code:	CH (Local)				
Summary:	Policy CH (Local) requires any single, budgeted purchase of goods or services that costs \$50,000 or more, regardless of whether the goods or services are competitively purchased, be approved by the Board before a transaction may take place. The re-installation of a library at Powell 6 th Grade Center required renovation of two classroom spaces that were being utilized by Technology, the purchase of furniture and equipment (Office Depot), and the purchase of regarding materials (Davidson Title).				
Financial Implications:	Furniture & Equipment - \$63,000 (Office Depot) Reading Materials - \$62,000 (Davidson Title)				
Attachments:	None				
Recommendation:	The Administration recommends the approval of the Expenditures in Excess of \$50,000.				
Motion:	I move that the Board approve the expenditure to Office Depot and Davidson Title in excess of \$50,000 for the Powell Library.				

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
02-08-2016	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Subject:	Resolution Ordering Trustee Election				
Presenter or Contact Person:	Sonia F. Badillo, Superintendent Secretary.				
Policy/Code:	N/A				
Summary:	Resolution Ordering Trustee Election.				
Financial Implications:	N/A				
Attachments:	Resolution calling Trustee Election				
Recommendation:	The Administration recommends the approval of the Resolution Ordering Trustee Election.				
Motion:	I move that the Board approve Resolution Ordering Trustee Election.				

***f*LITTLE ELM INDEPENDENT SCHOOOL DISTRICT**

A RESOLUTION ORDERING THE MAY 7, 2016 SCHOOL BOARD TRUSTEE ELECTION

WHEREAS, Texas Election Code, Chapter 271, provides that when two (2) or more political subdivisions of this State are holding elections on the same day in all or part of the same territory, the governing body of any two (2) or more of the political subdivisions may agree to hold their elections jointly in the election precincts that can be served by common polling places, that if any other political subdivisions are holding elections in any part of the same territory, any or all of them may also join in the agreement for a joint election, and that where a joint election is to be held, a resolution shall be adopted by the governing body of each of the participating political subdivisions; and

WHEREAS, Texas Education Code Sec. 11.0581 requires that school districts must hold elections for trustees jointly with a “municipality” located in the school district or with those political subdivisions holding the general election for state and county officers; and

WHEREAS, an election shall be called for May 7, 2016 for the election of two (2) members of the Board of Trustees of the Little Elm Independent School District, a political subdivision in Denton County, State of Texas; and

WHEREAS, the Denton County Elections Administrator shall coordinate, supervise, and handle all aspects of administering the joint election; and

WHEREAS, the Little Elm ISD agrees that Denton County may enter into joint election agreements with other political subdivisions that may have territory located wholly or partially within the boundaries of Little Elm Independent School District, and in such case, all parties sharing common territory shall share a joint ballot on the County’s electronic voting system at applicable polling places; and

WHEREAS, preparation of the necessary materials for notices and the official ballot shall be the responsibility of each participating authority a submission by the Denton County Elections Administrator shall be made to the Department of Justice, on behalf of all political subdivisions participating in the joint election on May 7, 2016; and

**NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES
OF THE LITTLE ELM INDEPENDENT SCHOOL DISTRICT:**

1. That an election is called for May 7, 2016 for the purpose of electing two (2) school board trustees.
2. Polling locations will be in accordance with the Denton County Joint Contract and will be open from 7:00 a.m. until 7:00 p.m. on May 7, 2016 as the Election Day Polling Places.
3. That early voting by personal appearance locations will take place on the dates and times set forth in the contract with Denton County.
4. That the Board authorizes the Superintendent of Little Elm ISD to enter into all required contracts, agreements, and any other documents necessary for the conduct of this election.
5. That this Resolution shall be in force and effect from and after its passage on the date shown below.

PASSED AND APPROVED this the 16th day of February, 2015.

President, Board of Trustees
Little Elm Independent School District

ATTEST:

Secretary, Board of Trustees
Little Elm Independent School District

(District Seal)

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
Board Mtg. Date 02-08-2016	<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 \$6,000.				
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.				

THE STATE OF TEXAS
COUNTY OF DENTON

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

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 7, 2016 election to be administered by Lannie Noble, 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 7, 2016.

The County owns an electronic voting system, the Hart InterCivic eSlate/eScan Voting System (Version 6.2.1), 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.

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. However, in no instance shall a voter be permitted to receive a ballot containing an office or proposition stating a measure on which the voter is ineligible to vote.

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 electronic 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. ~~with the approval of the affected participating authorities.~~ The Elections Administrator shall notify the participating authorities of any changes from the locations listed in Attachment A.

If polling places for the May 7, 2016 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 7, 2016 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 7, 2016 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 picking up the election supplies prior to Election Day and 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 electronic 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 22 days 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 electronic 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 eSlate electronic 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:

Lannie Noble, 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:

Lannie Noble, 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.

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:	Lannie Noble, Denton County Elections Administrator
Tabulation Supervisor:	Brandy Grimes, Denton County Technical Operations Manager
Presiding Judge:	Kerry Martin, Deputy Elections Administrator
Alternate Judge:	Paula Paschal, Contract Manager

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 to the Secretary of State as required by Section 67.017 of the Election Code. ~~The Elections Administrator agrees to upload these reports for each participating authority, unless requested otherwise.~~

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 7, 2016 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 18, 2016. This date may be negotiable based on the Secretary of State's calendar for elections in 2015.

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. **This paragraph will be deleted as of July 1, 2016.**

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 offices 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 Judge 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 7, 2016 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.

[illegible]

XVII. SIGNATURE PAGE (separate page)

Revised 1.26.2016 (3:36 p.m.)

DRAFT

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 02-22-2016	<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 Executive Director for Human Resource Services				
Policy/Code:	DCA, DCB, DC, and DCE, as appropriate.				
Summary:	Administration Contract Renewals.				
Financial Implications:	There is no financial impact to the budget.				
Attachments:	Administration contract renewal memo will be provided at Board meeting.				
Recommendation:	The Administration recommends approval of the Administration Contract Renewals as submitted.				
Motion:	I move the Board approve the Administration Contract Renewals as submitted.				

Board Agenda Item

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

Board Mtg. Date 02-08-2016	Reports of the Superintendent <input type="checkbox"/>	Business Item <input type="checkbox"/>	Consent Agenda <input checked="" type="checkbox"/>	Reports, Routine Monthly <input type="checkbox"/>	Action Item <input type="checkbox"/>
Subject:	Annual Investment Report				
Presenter or Contact Person:	Grant Anderson, CFO Asst Superintendent of Finance and Operations				
Policy/Code:	CDA Legal & 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:	None				
Attachments:	Annual Investment Policies				
Recommendation:	The Administration recommends approval of the Investment Policies.				
Motion:	"I move that we adopt Investment Policy CDA (Legal) dated 5/26/2015 and CDA (Local) dated 8/24/2015 with no changes"				

Little Elm ISD
Annual Investment Report
February 8, 2016

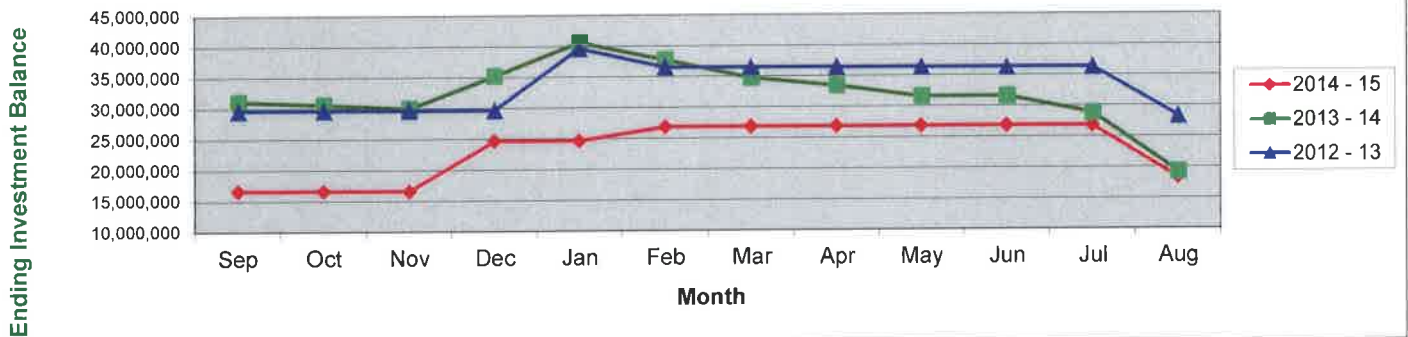
Little Elm ISD
Annual Investment February 8, 2016
Table of Contents

1. Three year historical investment data ending August 31, 2015
2. Investment Policy
3. Lone Star Investment Pool
 - a. Compliance Officer Certification Letter
 - b. Investment Officer Certification Letter
 - c. Lone Star Investment Policy
4. TexSTAR
 - a. Certification Letter
 - b. Investment Policy
5. Texas Class
 - a. Certification Letter
 - b. Investment Policy
6. Texpool
 - a. Certification Letter
 - b. Investment Policy

Little Elm ISD

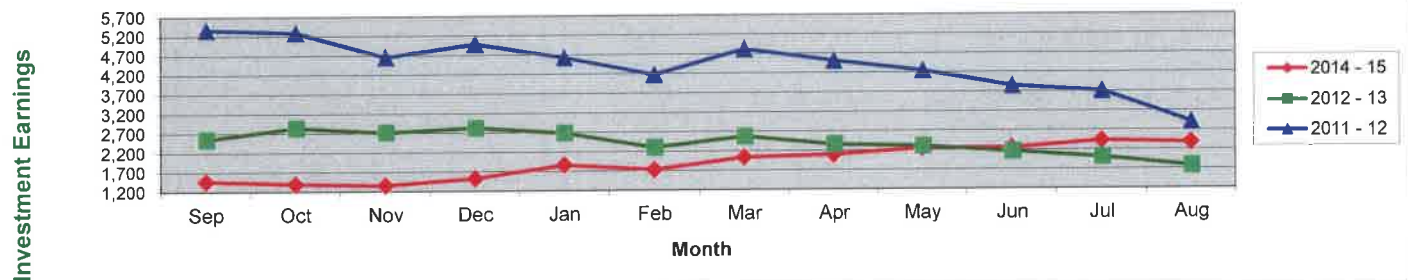
Investment Balances, Returns and Rates
Three Year History Ending August 31, 2015
Unaudited for Management Purposes Only

Monthly Investment Balances Over a 3 Year Period



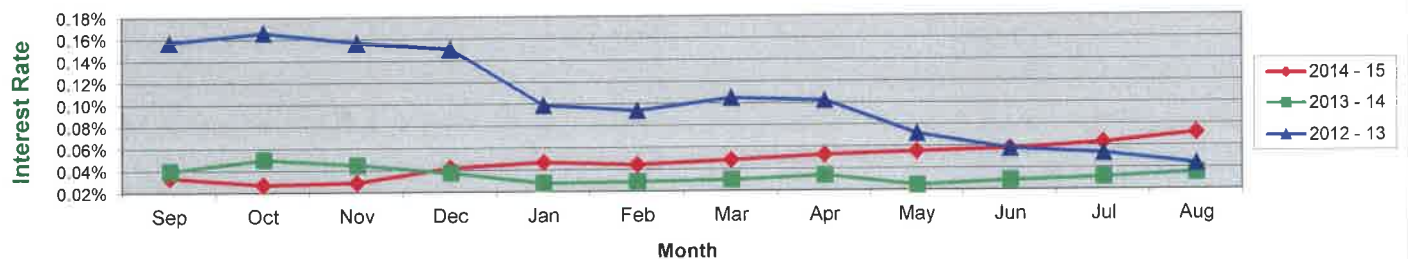
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
2014 - 15	16,591,042	16,592,434	16,593,788	24,595,312	24,597,171	26,805,190	26,807,222	26,809,315	26,811,566	26,813,822	26,816,255	18,305,200
2013 - 14	31,113,873	30,613,264	29,979,180	35,219,465	40,556,616	37,716,904	34,747,300	33,442,441	31,615,662	31,617,826	28,864,395	19,225,539
2012 - 13	29,612,509	29,617,799	29,622,455	29,627,440	39,608,062	36,495,438	36,452,254	36,456,764	36,397,016	36,330,916	36,334,625	28,306,929

Monthly Investment Earnings Over a 3 Year Period



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
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
2012 - 13	2,546	2,837	2,715	2,828	2,682	2,299	2,571	2,362	2,313	2,164	2,012	1,779
2011 - 12	5,365	5,290	4,656	4,985	4,622	4,175	4,817	4,510	4,251	3,848	3,709	2,910

Average Monthly Interest Rates Over a 3 Year Period



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
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%
2013 - 14	0.04%	0.05%	0.04%	0.04%	0.03%	0.03%	0.03%	0.03%	0.02%	0.03%	0.03%	0.04%
2012 - 13	0.16%	0.17%	0.16%	0.15%	0.10%	0.09%	0.10%	0.10%	0.07%	0.06%	0.05%	0.04%

Periodic interest rates of Texpool.

LEISD Investment Policies

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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 treasurer or 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 treasurer or 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 ten 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)-(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-

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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

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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:

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- 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

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secured by an irrevocable letter of credit issued by a bank or-
ganized 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

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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

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"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)

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

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*

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

LONESTAR INVESTMENT POOL



FIRST PUBLIC®

Member FINRA/SIPC

12007 Research Blvd. • Austin, Texas 78759 • 800.558.8875 • Fax: 512.452.7842 • firstpublic.com

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January 7, 2016

Grant B. Anderson
Asst. Superintendent of Finance & Operation Services
Little Elm ISD
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 ISD (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
Compliance Officer

Enclosures

TD/js

January 7, 2016

Grant B. Anderson
Asst. Superintendent of Finance & Operation Services
Little Elm ISD
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 ISD (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/js

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 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 seeks 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 offers daily liquidity and 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 maintain a net asset value of 50 cents. The net asset value of the Corporate Overnight Plus Fund will be determined daily to ensure that the market value of the fund's assets is maintained at 50 cents. 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 and the Investment Act.
- ★ 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 and the Investment Act.
- ★ 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 and the Investment Act.
- ★ 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.

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 maintain a one-dollar net asset value.
- ★ If the Corporate Overnight Plus Fund's book value 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 maintain a 50 cent net asset value.
- ★ 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.

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 Board shall, at least annually, review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with 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 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.

February 2014

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
Senior Vice President - TexSTAR Administrator
First Southwest Company
January 26, 2016



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 First Southwest Company ("*FSC*") serve as co-administrators for *TEXSTAR* under an agreement with the *TEXSTAR* board of directors (the "*Board*"). *JPMIM* provides investment management services, and *FSC* 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*, *FSC*, *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) ninety (90) 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.textstar.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

The investment manager may order the purchase of investments from either co-administrator or affiliates only on terms and conditions approved by a majority of the Participant members of the Board. In addition, employees of the co-administrators shall refrain from personal business activity that conflicts with the proper execution and management of the TEXSTAR program or that could impair their ability to make impartial decisions. Each co-administrator shall implement policies and procedures to comply with these restrictions and shall promptly report any material non-compliance to the Board.

Subject to the foregoing, agents, advisors and contractors providing services in connection with the custody, management and investment of public funds under a contract with the Board must 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 situations in which the duties of an agent, advisor or contractor under its contract with the Board are or may become inconsistent with the interests or other duties of the agent, advisor or contractor.

August 2013

TEXAS CLASS INVESTMENT

January 7, 2016

Mr. Grant B. Anderson RTSBA
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 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 "Gregory S. Wright".

Gregory S. Wright
Texas CLASS Administrator

TEXAS COOPERATIVE LIQUID ASSETS SECURITIES SYTEM 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"), 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 16, 2013 (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"). This policy is effective as of October 18, 2013.

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.

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.

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 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 position 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, (4) state the maturity date of each separately invested asset that has a maturity date, and (5) state the compliance of the investment portfolio as it relates to this Policy and the Investment Act.

Investment Policy | Texas CLASS

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 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.

Investment Policy | Texas CLASS

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 portfolio 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.

Investment Policy | Texas CLASS

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.R. 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 6.03 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(11)(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 the 18 day of October, 2013.


Secretary, Board of Trustees


Chair, Board of Trustees

Investment Policy | Texas CLASS

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, including Texas CLASS PLUS (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

Investment Policy | Texas CLASS

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 (10/18/13)

The following are the qualified broker/dealers with whom Texas CLASS may engage in investment transactions:

- Bank of America
- Barclays
- BNP
- Citigroup
- CSFB
- Deutsche Bank
- FTN Financial
- Goldman, Sachs Group, Inc.
- Greenwich Capital
- G.X. Clarke & Co.
- Harris Nesbitt Burns Corp.
- HSBC
- Jefferies and Co., Inc.
- J. P. Morgan
- Loop Capital
- Mizuho Securities USA, Inc.
- Morgan Stanley
- Nomura Securities Int'l Inc.
- RBC Capital Markets
- South Street Securities, LLC
- UBS
- Wells Fargo Securities, LLC
#4386889.1



Texas
CLASS[®]

Texas Cooperative Liquid Assets Securities System



JUNE 30, 2015

Annual Report

Texas CLASS Rated S&P AAAm

Chairman's Letter

To the Participants of Texas CLASS:

On behalf of the seven members of the Texas CLASS Board of Trustees, its four member Advisory Board, and Public Trust Advisors, the pool administrator and portfolio manager, we are pleased to present the Audited Financials for the period ending June 30, 2015.

During the course of the past fiscal year, the U.S. monetary policy continued to impact Texas CLASS yields. However, the major headline of the year was the resiliency of the U.S. economy, which continued to show signs of steady improvement and recovery. After stumbling in the first quarter, the recent data in regard to the labor market and inflation has been strong enough for the Federal Reserve (Fed) to contemplate raising interest rates by the end of the year. Fed Chair Janet Yellen has reiterated that it is the pace, and not the timing of rate increases that matters most. While a September rate hike is not out of the question, the market is currently placing a higher probability on a move in December. The Fed remains data dependent, and could delay any such move if the economy were to falter or geopolitical events were to jeopardize momentum. For the most part, the markets are poised for the first rate increase from the Fed in almost a decade. We are cautiously optimistic that the months ahead will bring with them the proverbial "greener pastures." But if there is one thing recent economic history has taught us, it is to always expect the unexpected.

As we turn the page on another year at Texas CLASS, we take time to reflect, not on the historically low interest rates, but rather on a variety of positive developments within Texas CLASS this past year:

- In November, we announced that Texas CLASS's secure, online-transaction system "MYACCESS" is now available in a tablet version. We believe that this enhancement demonstrates our ongoing efforts to better serve our busy Participants, by extending account access abilities beyond the desktop. In the coming year, we will continue to improve service, access and conveniences.
- This past year also saw significant changes and growth to the Texas CLASS Client Services staff. Barry Howsden (Director of Fund Accounting) and Jen Gosselin (Vice President of Client Services) have continued to build their operations team with the additions of Christa Kronquist, Evan Hurley and Aaron Joseph. Their combined efforts provide the high standard of customer service, and we are grateful to have such an outstanding team in place.
- On Wednesday, February 18, 2015, Texas CLASS held its Annual Participant Meeting in Houston. The Participants meet annually to determine the number of the Trustees to be selected and to nominate and elect individuals to serve as Trustees of Texas CLASS. Congratulations to the following individuals who were duly elected to serve on the Board of Trustees; Mr. Rene Barajas (Garland I.S.D.), Ms. Cindy Brown (Denton County), Mr. Rodney Rhoades (City of McKinney), Mr. Roger Roecker (City of Friendswood) and Mr. Steve Williams (City of Conroe).
- Further congratulations to Mr. Arthur Martin (Slaton I.S.D.) and Ms. Amy Perez (Harris County), whom the Board of Trustees elected to serve on the Texas CLASS Advisory Board.
- In February 2015, Texas CLASS assets reached a new all-time high watermark, passing the \$3.9 billion dollar mark! More recently, Texas CLASS yields have started to climb, we remain cautiously optimistic that this trend will continue in the weeks and months to come.
- We remained committed to supporting the good work of the public entity associations. Texas CLASS attended and/or sponsored at annual association events for TASBO, GFOAT, TACA, CDCAT, CTAT and TML, amongst others.

As we move forward into the second half of 2015, the Texas CLASS Board of Trustees, the Texas CLASS Advisory Board, as well as the team at Public Trust Advisors, recognize that it is you, the Texas CLASS Participants, that are our greatest asset. In the coming year(s), we are committed to providing, through Texas CLASS, a safe, liquid and competitive cash management and investment option that delivers a high-level of transparency, customer support and educational value.

Respectfully,



Steve Williams
Chairman, Texas CLASS Board of Trustees

Independent Auditors' Report



CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Texas Cooperative Liquid Asset Securities System
C/O Public Trust Advisors
Denver, Colorado

We have audited the accompanying financial statements of Texas Cooperative Liquid Asset Securities System (CLASS), which comprise the statement of net assets as of June 30, 2015, the statement of operations for the year then ended, the related statements of changes in net assets for the years ended June 30, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CLASS as of June 30, 2015, the results of its operations for the year then ended, and the changes in net assets for the years ended June 30, 2015 and 2014 in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial highlights included in Note 7 for the years from 2011 through 2013, were audited by other auditors whose report dated September 27, 2013, expressed an unmodified opinion on the financial highlights.

CliftonLarsonAllen LLP

Denver, Colorado
August 21, 2015



An independent member of Nexia International

STATEMENT OF NET ASSETS — June 30, 2015

Investments, at value	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Repurchase Agreements (8%)*					
Wells Fargo Tri-Party (4%)* (Collateralized by U.S. Government Treasury and Agency Securities with coupon rates between 1.375% and 3.5% and maturing between 04/30/2020 and 06/20/2045) Market value plus accrued interest: \$109,309,864	\$107,166,512	0.14%	07/01/15	0.14%	\$107,166,512
Wells Fargo Tri-Party (1%)* (Collateralized by U.S. Government Agency Securities with coupon rates of 3.00% and 4.00% and maturing between 07/01/2042 and 11/01/2043) Market value plus accrued interest: \$40,521,574	39,213,228	0.02	07/01/15	0.02	39,213,228
RBC Tri-Party (3%)* (Collateralized by U.S. Government Agency Securities with coupon rates between 1.925% and 6.00% and maturing between 03/01/2023 and 03/20/2065) Market value plus accrued interest: \$102,051,297	100,050,290	0.08	07/01/15	0.08	100,050,290
Cost of (\$246,430,030)					<u>246,430,030</u>
U.S. Government Treasury & Agency Securities (2%)*					
Federal Home Loan Bank Notes (2%)*	35,000,000	0.18	10/28/15	0.19	34,994,050
	35,000,000	Disc**	11/06/15	0.18	<u>34,989,714</u>
Cost of (\$69,976,069)					<u>69,983,764</u>
Certificates of Deposit (1%)*					
Federally Insured Custody Account (1%)*	35,000,000	0.18	07/01/15	0.20	<u>35,000,000</u>
Cost of (\$35,000,000)					<u>35,000,000</u>
Commercial Paper (89%)*					
ABN AMRO Funding USA LLC	40,000,000	Disc**	07/01/15	0.24	39,999,844
Anglesea Funding LLC	50,000,000	Disc**	07/01/15	0.21	49,999,790
Bedford Row Funding Corp.	50,000,000	Disc**	07/06/15	0.26	49,998,915
Commonwealth Bank of Australia	50,000,000	Disc**	07/06/15	0.26	49,998,580
Crown Point Capital Co.	40,000,000	Disc**	07/07/15	0.25	39,998,752
Crown Point Capital Co.	50,000,000	Disc**	07/07/15	0.27	49,998,440
Concord Minuteman Capital Co.	50,000,000	Disc**	07/13/15	0.27	49,996,930
ABN AMRO Funding USA LLC	30,800,000	Disc**	07/14/15	0.24	30,798,321
Institutional Secured Funding LLC	40,000,000	Disc**	07/14/15	0.34	39,997,352
Lexington Parker Capital	50,000,000	Disc**	07/14/15	0.27	49,996,690
Kells Funding LLC	50,000,000	0.27 - Var.	07/16/15	0.27	50,005,500
ABN AMRO Funding USA LLC	40,000,000	Disc**	07/20/15	0.24	39,996,664
Albion Capital LLC	49,153,000	Disc**	07/20/15	0.22	49,148,355
Albion Capital LLC	36,376,000	Disc**	07/27/15	0.20	36,371,089
Fortis Funding LLC	50,000,000	Disc**	07/30/15	0.28	49,993,750
Alpine Securitization	50,000,000	Disc**	08/03/15	0.26	49,991,025
Anglesea Funding LLC	50,000,000	Disc**	08/04/15	0.24	49,990,275
Institutional Secured Funding LLC	50,000,000	Disc**	08/04/15	0.35	49,990,275
Macquarie Bank Limited	45,000,000	Disc**	08/05/15	0.30	44,992,800

The accompanying notes are an integral part of the financial statements.

* Denotes percentage of net assets

** Denotes securities purchased at a discount from par

STATEMENT OF NET ASSETS — June 30, 2015 continued

Investments, at value (cont.)	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Alpine Securitization	\$50,000,000	Disc**	08/06/15	0.26%	\$49,989,720
Alpine Securitization	50,000,000	Disc**	08/07/15	0.26	49,989,440
Macquarie Bank Limited	50,000,000	Disc**	08/10/15	0.30	49,990,885
National Australia Bank Limited	50,000,000	Disc**	08/10/15	0.18	50,002,000
ABN AMRO Funding USA LLC	40,000,000	Disc**	08/11/15	0.27	39,992,532
Credit Agricole CIB NY	50,000,000	Disc**	08/13/15	0.29	49,993,275
Credit Agricole CIB NY	50,000,000	Disc**	08/14/15	0.26	49,993,125
Old Line Funding LLC	40,000,000	Disc**	08/14/15	0.24	39,984,000
Atlantic Asset Securitization LLC	40,000,000	Disc**	08/17/15	0.25	39,988,800
Standard Chartered Bank	50,000,000	Disc**	08/17/15	0.32	49,990,000
ING (US) Funding LLC	50,000,000	Disc**	08/18/15	0.27	49,988,430
ING (US) Funding LLC	50,000,000	Disc**	08/19/15	0.27	49,987,500
Institutional Secured Funding LLC	40,000,000	Disc**	08/20/15	0.35	39,987,532
Standard Chartered Bank	50,000,000	Disc**	08/21/15	0.27	49,987,000
Bank of Tokyo-Mitsubishi UFJ Ltd.	40,000,000	Disc**	08/25/15	0.27	39,988,800
Toyota Motor Credit Corp.	50,000,000	0.23 - Var.	08/25/15	0.23	50,007,350
Atlantic Asset Securitization LLC	50,000,000	Disc**	08/26/15	0.25	49,982,580
General Electric Capital Corp.	40,000,000	Disc**	08/31/15	0.26	39,976,400
Old Line Funding LLC	30,000,000	Disc**	09/01/15	0.28	29,971,584
Caisse des Depot et Consignations	50,000,000	Disc**	09/02/15	0.27	49,987,555
Nordea Bank AB	31,230,000	Disc**	09/02/15	0.21	31,222,227
Ridgefield Funding CO LLC	35,000,000	Disc**	09/02/15	0.30	34,985,689
Ridgefield Funding CO LLC	40,000,000	Disc**	09/03/15	0.30	39,983,388
Svenska Handelsbanken AB	50,000,000	Disc**	09/09/15	0.28	49,985,205
Ridgefield Funding CO LLC	30,000,000	Disc**	09/15/15	0.30	29,983,956
Toyota Motor Credit Corp.	50,000,000	Disc**	09/15/15	0.28	49,947,140
Caisse des Depot et Consignations	50,000,000	Disc**	09/16/15	0.29	49,983,750
Bank of Tokyo-Mitsubishi UFJ Ltd.	50,000,000	Disc**	09/23/15	0.27	49,972,845
Bank of Tokyo-Mitsubishi UFJ Ltd.	40,000,000	Disc**	09/28/15	0.27	39,976,000
Nordea Bank AB	50,000,000	Disc**	10/01/15	0.25	49,979,330
Bedford Row Funding Corp.	30,000,000	Disc**	10/02/15	0.27	29,959,950
Old Line Funding LLC	50,000,000	Disc**	10/05/15	0.29	49,945,000
Svenska Handelsbanken AB	50,000,000	Disc**	10/13/15	0.30	49,975,205
Australia & New Zealand Banking Group Ltd.	50,000,000	Disc**	10/26/15	0.28	49,968,860
Bedford Row Funding Corp.	40,000,000	Disc**	11/02/15	0.28	39,946,600
Svenska Handelsbanken AB	30,000,000	Disc**	11/16/15	0.32	29,975,673
Toronto Dominion Holding (USA) Inc.	40,000,000	Disc**	11/16/15	0.25	39,967,564
Dexia Credit Local SA NY	50,000,000	Disc**	11/18/15	0.32	49,945,165
Commonwealth Bank of Australia	50,000,000	0.26 - Var.	12/02/15	0.26	50,000,000
Nordea Bank AB	50,000,000	Disc**	12/02/15	0.35	49,950,485
Chariot Funding LLC	31,000,000	Disc**	12/07/15	0.39	30,949,021
Old Line Funding LLC	25,000,000	Disc**	12/15/15	0.40	24,950,000
Cost of (\$2,712,398,812)					<u>2,712,594,908</u>

The accompanying notes are an integral part of the financial statements.

* Denotes percentage of net assets

** Denotes securities purchased at a discount from par

STATEMENT OF NET ASSETS — June 30, 2015 continued

Investments, at value (cont.)	Principal Amount	Coupon Rate	Maturity	Effective Yield	Market Value
Total Investments in Securities					
Cost of (\$3,063,804,911)					\$3,064,008,702
Other Assets					
Accrued Interest Receivable					51,862
Total Assets					3,064,060,564
Less liabilities					
Administration and Investment Advisory Fees					280,382
Total Liabilities					280,382
Net Assets					<u>\$3,063,780,182</u>
Components of capital					
Capital (Par Value)					\$3,063,576,391
Unrealized Appreciation on Investments					203,791
Net Assets					<u>\$3,063,780,182</u>
Outstanding Participant Shares					<u>3,063,576,391</u>
Net Asset Value per Share					<u>\$1.00</u>

The accompanying notes are an integral part of the financial statements.



STATEMENT OF OPERATIONS — Year Ended June 30, 2015

Investment Income	<u>\$ 6,396,742</u>
Expenses:	
Administration and Investment Advisory Fees	3,209,649
Administration and Investment Advisory Fees Waived	<u>(103,013)</u>
Administration and Investment Advisory Fees Net	<u>3,106,636</u>
Net Investment Income	<u>3,290,106</u>
Net Gain on Investments	1,253
Change in Net Unrealized Appreciation on Investments	<u>62,042</u>
Net Realized and Unrealized Gain on Investments	<u>63,295</u>
Net Increase in Net Assets Resulting from Operations	<u>\$ 3,353,401</u>

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF CHANGES IN NET ASSETS — Years Ended June 30, 2015 and June 30, 2014

	<u>2015</u>	<u>2014</u>
From Investment Activities:		
Net Investment Income	\$ 3,290,106	\$ 2,675,810
Net Change in Unrealized Appreciation (Depreciation) on Investments	62,042	(29,693)
Realized Gain on Investments	<u>1,253</u>	<u>1,431</u>
Net Increase in Net Assets Resulting from Operations	3,353,401	2,647,548
Distributions to Participants from Net Investment Income	(3,290,106)	(2,675,810)
Distributions to Participants from Net Realized Gain	(1,253)	(1,431)
Net Increase (Decrease) in Net Assets from Share Transactions	<u>277,478,434</u>	<u>(314,858,204)</u>
Net Increase (Decrease) in Net Assets	277,540,476	(314,887,897)
Net Assets:		
Beginning of Period	<u>2,786,239,706</u>	<u>3,101,127,603</u>
End of Period	<u>\$ 3,063,780,182</u>	<u>\$ 2,786,239,706</u>

The accompanying notes are an integral part of the financial statements.



Notes to Financial Statements

June 30, 2015

Note 1. Description of Texas CLASS

Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS") is a Participant controlled trust created in accordance with the Texas Public Funds Investment Act, Section 2256.0017 and was established for participating Texas municipalities on January 1, 1996 under the trust agreement (the "Trust Agreement") and commenced operations on April 12, 1996. Texas CLASS is available for investment by Texas municipalities, school districts and public agencies. The purpose of Texas CLASS is to enable such entities to cooperate in the investment of their available funds. Texas CLASS operates like a money market mutual fund with each share valued at \$1.00.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following significant accounting policies are also in conformity with accounting principles generally accepted in the United States of America for investment companies. Such policies are consistently followed by Texas CLASS in the preparation of the financial statements.

Texas CLASS is rated AAAM by Standard and Poor's.

Securities Valuation

Securities, other than repurchase agreements, are valued at the most recent market bid price as obtained from one or more market makers for such securities. Repurchase agreements are recorded at cost, which approximates market value.

Securities Transactions and Investment Income

Securities transactions are accounted for on a trade date basis. Realized gains and losses from securities transactions are recorded on a specific identification basis. Interest income is recognized on the accrual basis and includes amortization of premiums and accretion of discounts. Amortization of premium and accretion of discount accrual method utilized is straight line and it is deemed that there is no significant difference compared to the effective interest method.

Derivative Instruments

Texas CLASS's investment policies do not allow for investments in derivatives and, for the period ended June 30, 2015, Texas CLASS held no financial instruments which meet the definition of a derivative according to Financial Accounting Standards Board ("FASB") Accounting Standards Topic (ASC) 815 "Derivative Instruments and Hedging Activities".

Dividends to Participants

Distributions from net investment income are declared and paid daily. Texas CLASS's policy to distribute net realized capital gains, if any, in a reasonable time frame after the gain is realized.

Income Taxes

Texas CLASS is not subject to federal, state or local income taxes, and accordingly no tax provision has been made.

Texas CLASS files tax returns annually. Texas CLASS is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. Texas CLASS's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

Notes to Financial Statements continued

June 30, 2015

Note 2. Fair Value Measurements

In accordance with FASB guidance, Texas CLASS utilizes ASC 820 "Fair Value Measurement and Disclosure" to define fair value, establish a framework for measuring fair value, and expand disclosure requirements regarding fair value measurements. ASC 820 does not require new fair value measurements, but is applied to the extent that other accounting pronouncements require or permit fair value measurements. This standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. Various inputs are used in determining the value of Texas Class's portfolio investments defined pursuant to this standard.

These inputs are summarized into three broad levels:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with the evaluated bid price supplied by the pricing service and are generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.
- Level 3 – Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The summary of inputs used as of June 30, 2015 to value Texas CLASS's investments in securities and other financial instruments is included in the "Valuation Inputs Summary" and "Level 3 Valuation Reconciliation of Assets" (if applicable) as noted below.

Valuation Inputs Summary (for the fiscal period ended June 30, 2015)

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Repurchase Agreements	\$ -	\$ 246,430,030	\$ -	\$ 246,430,030
U.S. Government Treasury & Agency Securities	-	69,983,764	-	69,983,764
Certificate of Deposits	-	35,000,000	-	35,000,000
Commercial Paper	-	2,712,594,908	-	2,712,594,908
Total	\$ -	\$ 3,064,008,702	\$ -	\$ 3,064,008,702

*For the year ended June 30, 2015, Texas CLASS did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period.

Notes to Financial Statements continued

June 30, 2015

Note 3. Investments

Custodian

Wells Fargo Bank, N.A. serves as the custodian for Texas CLASS portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Texas CLASS's investment portfolio and provides services as the depository in connection with direct investment and withdrawals. The custodian's internal records segregate investments owned by Texas CLASS. Texas CLASS may also use Bank of America NA, Bank of the West, Citibank NA, JPMorgan Chase Bank NA, and Union Banks NA for certificates of deposit.

Risk Disclosure

The portfolio is subject to the following risks:

- **Counterparty Risk** – Counterparty risk is the risk that the counterparty or a third party will not fulfill its obligation to Texas CLASS.
- **Interest Rate Risk** – Interest rate risk is the risk that the value of fixed-income securities will generally decline as prevailing interest rates rise, which may cause Texas CLASS's NAV to likewise decrease, and vice versa.
- **Market Risk** – Market risk is the daily potential for an investor to experience losses from fluctuations in securities prices. This risk cannot be diversified away.
- **Credit Risk** – Credit Risk is the risk an issuer will be unable to make principal and interest payments when due, or will default on its obligations.

Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques. Texas CLASS limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. Texas CLASS's policy is to limit its exposure to any non-government issuer to 5% of net assets.

Investment in Securities

Texas statutes specify investments meeting defined rating and risk criteria in which local government investment pools may invest as noted in Chapter 2256, Texas Government Code. The Board of Trustees has further limited investment instruments for the Texas CLASS portfolio. Texas CLASS may invest in:

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

Notes to Financial Statements continued

June 30, 2015

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:
 - a. the value of securities loaned under the program is not less than 100 percent collateralized, including accrued income;
 - b. a loan made under the program allows for termination at any time;
 - c. 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



Notes to Financial Statements continued

June 30, 2015

- d. 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;
 - e. 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
 - f. 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.

Investments may be categorized as follows: (1) insured or registered or for which the securities are held by Texas CLASS or the custodian bank in Texas CLASS's name (2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in Texas CLASS's name or (3) uninsured and unregistered for which the securities are held by the broker or dealer or by its trust department or agent but not in Texas CLASS's name.

All investments fall under the categorization of (3) as mentioned in the preceding paragraph.

Note 4. Repurchase Agreements

Funds are released from Texas CLASS's portfolio for repurchase agreements only when collateral has been wired to the custodian bank, and for the period ended June 30, 2015, Texas CLASS held no uncollateralized repurchase agreements. The custodian bank reports the market value of the collateral securities to Texas CLASS at least on a weekly basis. If the seller of the agreement defaults and the value of the collateral declines, the immediate realization of the full amount of the agreement by Texas CLASS may be limited. Texas CLASS may use BMO Harris Bank NA, RBC Capital Markets LLC, UBS Securities LLC and Wells Fargo Securities as a safekeeping agent for repurchase agreements. Interest earned on repurchase agreements as a percentage of total income earned accounted for 21% for the year ending June 30, 2015.

Notes to Financial Statements continued

June 30, 2015

Note 5. Administration and Investment Advisory Fees

Investment advisory services and administration and marketing services are provided by Public Trust Advisors, LLC (PTA). Texas CLASS's fees are calculated daily and paid monthly. The Daily Fee shall be calculated as follows: The Investment Property Value is multiplied by the Applicable Fee Rate and is divided by 365 or 366 days in the event of a leap year to equal the Daily Fee accrual. The Investment Property Value shall be based on the current day's shares outstanding. For weekend days and holidays, the shares outstanding for the previous business day will be utilized for the calculation of fees. The Applicable Fee Rate shall be determined monthly on the first business day of each month and shall be as follows:

	<u>Current Day's Shares Outstanding Balance</u>	<u>Fee %</u>
First	\$1,000,000,000	.120%
Next	\$1,000,000,000	.110%
Next	\$1,000,000,000	.100%
Next	\$ 500,000,000	.090%

Fees may be waived or abated at any time, or from time to time, at the sole discretion of the Program Administrator. Any such waived fees may be restored by the written agreement of the Board of Trustees in its sole discretion.

In the event that the Investment Property Value declines at any time to a level that would cause the Program Administrator's fee to equal an amount equal to or in excess of the remaining Investment Property Value, the fee shall be reduced to zero.

The blended fee shall never be greater than the yield to the Participants.

The fees are collected by PTA and used to pay all expenses related to Texas CLASS.

Note 6. Share Transactions

Transactions in shares during the twelve months ended June 30, 2015 and 2014 for Texas CLASS were as follows:

	<u>2015</u>	<u>2014</u>
Shares sold	\$4,877,539,565	\$3,606,089,923
Shares issued on reinvestment of distributions	3,291,224	2,716,360
Shares redeemed	(4,603,352,355)	(3,923,664,487)
Net increase / (decrease)	<u>\$ 277,478,434</u>	<u>\$ (314,858,204)</u>

At June 30, 2015, three participants held more than a 5% participation interest in Texas CLASS. The holdings of these three participants is approximately 19% of the portfolio at June 30, 2015. Investment activities of these participants could have a material impact on Texas CLASS.

Notes to Financial Statements continued

June 30, 2015

Note 7. Financial Highlights

For a Share Outstanding Throughout Each Period

	Years Ended				
	2015	2014	2013	2012	2011
Per Share Data					
Net Asset Value - Beginning of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
Net Investment Income Earned and Distributed to Shareholders	\$0.001	\$0.001	\$0.002	\$0.002	\$0.002
Net Asset Value - End of Period	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
TOTAL RETURN	0.110%	0.099%	0.194%	0.196%	0.223%
RATIOS					
Net Assets-End of period (\$000 Omitted)	\$3,063,780	\$2,786,240	\$3,101,128	\$2,638,096	\$1,918,305
Ratio of Expenses to Average Net Assets Gross	0.110%	0.109%	0.116%	0.500%	0.500%
Ratio of Expenses to Average Net Assets Waived	0.004%	0.020%	0.035%	0.401%	0.364%
Ratio of Expenses to Average Net Assets	0.106%	0.089%	0.081%	0.099%	0.136%
Ratio of Net Investment Income to Average Net Assets	0.112%	0.100%	0.188%	0.208%	0.219%

Note 8. Subsequent Events

In accordance with the provisions set forth in ASC 855-10, Subsequent Events, Management has evaluated the possibility of subsequent events existing in Texas CLASS's financial statements. Management has determined that there were no material events that would require disclosure in Texas CLASS's financial statements as of August 21, 2015.

Note 9. Related Parties

All trustees of Texas CLASS are officers of participating governments.



Board of Trustees

Ms. Monika Arris
Collin County

Ms. Rene Barajas
Garland ISD

Ms. Cindy Brown
Denton County

Mr. Mike Hagar
Alamo Heights ISD

Mr. Rodney Rhoades
City of McKinney

Mr. Roger Roecker
City of Friendswood

Mr. Steve Williams
City of Conroe

Advisory Board

Mr. Mark Burton
Municipal Accounts & Consulting, L.P.

Mr. Tony Sekaly
Qualified Non-Participant

Mr. Arthur Martin
Qualified Non-Participant

Ms. Amy Perez
Harris County



815-A Brazos Street
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Austin, TX 78701-9996
800.707.6242
www.txclass.com

TEXPOOL INVESTMENT POOL



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

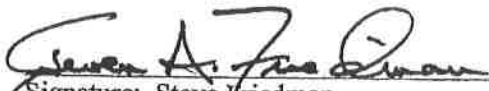
This Acknowledgement and Certification is executed on behalf of the Texas Local Government Investment Pools, TexPool and TexPool Prime (collectively, "TexPool"), and Federated Investment Counseling, as investment adviser to TexPool ("Adviser"), pursuant to Section 2256.005(k), Texas Government Code, 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

FEDERATED INVESTMENT
COUNSELING


Signature: Steve Friedman
Authorized Signatory

Date: 1/27/2016


Signature: Steve Friedman
Vice President

Date: 1/27/2016



TexPool Investment Policy

Texas Local
Government
Investment Pool

Revised September 2014

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.

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 weighted average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes ("VRNs") and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. A 10 business day cure period 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:

- 1) Perform ongoing monitoring of the credit risks of all securities.
- 2) Create and update, as necessary, an approved list of issuers and securities.

- 3) 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.
- 4) Note any changes in the rating of a security and determine whether such change is in compliance with the Act.
- 5) 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:

- 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 10 years; and
- d. 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 may not exceed 397 days for fixed rate securities and 24 months for variable rate notes.

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: No more than 25% of TexPool assets may be invested in term repurchase agreements and no more than 5% of TexPool assets may be invested in term repurchase agreements with maturities exceeding 90 days. 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 maturity on repurchase agreements may not exceed 181 days. The maximum maturity on repurchase agreements may not exceed ninety (90) days unless the repurchase agreements have a put option that allows TexPool to liquidate the position at par (principal plus accrued interest) with no more than 7 days' notice to the

counterparty. 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) 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) maintains a dollar-weighted average stated maturity of 90 days or fewer, 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: Up to 15% of the 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 mutual 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:

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.

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:

- a. 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).
- b. Over-the-counter/exchange traded options or futures (*i.e.*, option contracts, futures contracts).
- c. 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.

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

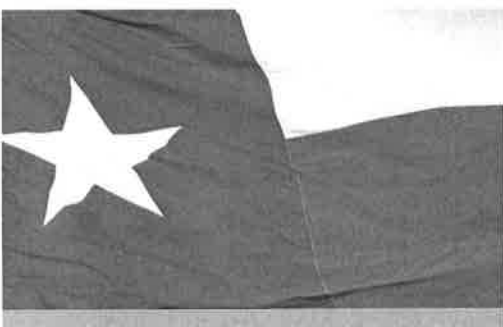
The Comptroller requires the Investment Manager and its staff that are involved with making investment decisions for or executing trades on behalf of TexPool to disclose any personal or business relationship with a broker/dealer seeking to sell investments to TexPool. These employees are also required 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.



Quarterly Update

TexPool and TexPool Prime



Investor Goal

The investor goal for both TexPool and TexPool Prime is preservation and safety of principal, liquidity and yield.

Pool Features

- Administered by the Texas Comptroller of Public Accounts.
- Managed and serviced by Federated Investors.
- Highest possible ratings from Standard & Poor's underscores the portfolios' high credit quality, daily liquidity and relative safety.
- High asset levels give the benefit of economies of scale.

Portfolio Overviews as of 9/30/15

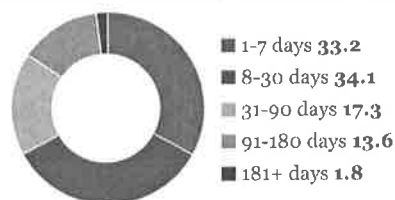
TexPool

Pool Assets \$12.0 billion

Portfolio Composition (%)



Effective Maturity Schedule (%)



Credit Quality Composition (%)



Weighted Average Maturity
40 Days

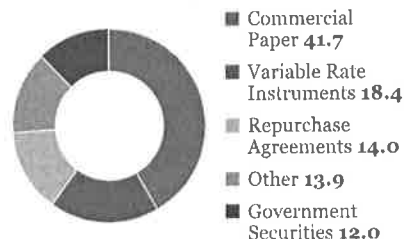
Credit Rating
AAAm Standard & Poor's

Portfolio Managers
Susan Hill
Deborah Cunningham

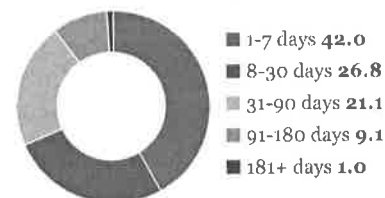
TexPool Prime

Pool Assets \$1.1 billion

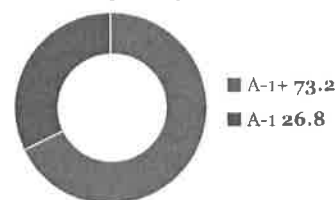
Portfolio Composition (%)



Effective Maturity Schedule (%)



Credit Quality Composition (%)

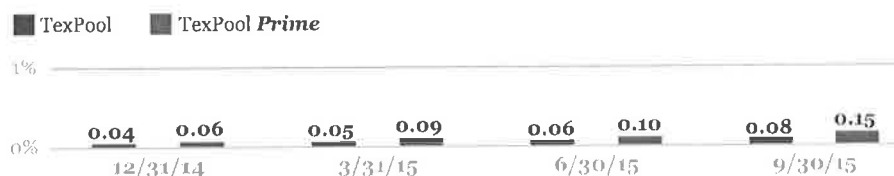


Weighted Average Maturity
32 Days

Credit Rating
AAAm Standard & Poor's

Portfolio Managers
Paige Wilhelm
Deborah Cunningham

Pool Performance Annualized 7-Day Yields (%)



Performance data quoted represents past performance which is no guarantee of future results. Investment return will vary. The value of an investment, when redeemed, may be worth more or less than the original cost. Current performance may be lower or higher than what is stated.

Portfolio Manager Commentary

The third quarter of 2015 held more drama than is typical for the summer months as the market waited to see if the Federal Reserve would raise interest rates for the first time since late 2008. Economic signs pointed in that direction as the quarter opened, with the housing market leading the way with robust new and existing home sales and other positive data. Retail sales, especially autos, also picked up. That renewed consumer confidence had actually begun at the end of the second quarter, shown by an upward revision of its GDP to 3.9% in September.

The unemployment rate fell to 5.1%, the lowest in seven years, in the third quarter, with jobless claims also at low levels. But the labor market certainly had not returned to healthy levels as wages hardly rose and the broader measures of employment, such as labor participation, hardly budged. While the uneven employment situation likely would not have been enough on its own to keep policymakers from hiking rates, persistently low inflation ultimately did. A crucial metric for the Fed, inflation couldn't overcome the low price of oil and a strong dollar holding back exports. Then, late in the quarter, equity markets became volatile fueled by fears of a slowdown in China's economy. It also became more apparent that domestic manufacturing had slowed significantly, which also took a toll on growth.

Citing this low inflation and wanting to see the effect of weak global growth and market turbulence on the U.S. economy, the Fed ultimately decided not to raise the federal funds rate in its mid-September meeting. The money markets sphere thus ended the third quarter with a cloud of uncertainty about when a hike may occur.

The yields on one- and three-month Treasuries fell over the course of the quarter from two basis points to zero for the former and from two basis points to one-and-a-half for the latter. The London interbank offered rate (Libor) steepened over the course of the quarter. While one-month Libor was steady at 19 basis points, three-month Libor rose from 28 basis points to 33 and six-month Libor increased from 44 basis points to 53.

Portfolio composition is subject to change.

An investment in the Pool is not insured or guaranteed by any government or government agency. Although the manager of the Pool seeks to preserve principal, it is possible to lose money by depositing money in the Pool.

An AAAM rating by Standard & Poor's is obtained after Standard & Poor's evaluates a number of factors, including credit quality, market price exposure and management. Ratings are subject to change, and do not remove market risk. For more information on credit ratings, visit standardandpoors.com.

For more complete information, see the investment policy and information statement available at www.texpool.com. You should consider the investment's objectives, risks, charges, and expenses carefully before you invest. Information about these and other important subjects is in the investment policy and information statement, which you should read carefully before investing.

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	Discussion Item
02-08-2016	<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, CFO				
Policy/Code:	Other Revenues – Grants from Private Sources – CDC (Local)				
Summary:	List of new gifts and donations received by the District				
Financial Implications:	Increase of General Fund revenues and increase in appropriate budgets.				
Attachments:	Donation List				
Recommendation:	The Administration recommends approval of the Consent Agenda as submitted.				
Motion:	I move that the Board approve the Consent Agenda as submitted				

**LITTLE ELM INDEPENDENT SCHOOL DISTRICT
NEW DONATIONS FY 2015-16**

Campus/Dept	Fund	Donation From	Description	Date	Monetary	Non-Monetary	Total
Chavez	199	The Deal Group	Camp Jolt Scholarships	10/05/15	1,000.00		1,000.00
Chavez	199	Kula MyCoke Rewards	Student Awards	10/05/15	42.47		42.47
Chavez	199	Target Scholarship America	Field Trip Grant	01/20/16	700.00		700.00
Special Education	461	Knights of Columbus Council #9493	Special Olympics	01/22/16	1,000.00		1,000.00
Prestwick	199	Kevin Beard	Tutoring Snacks	01/29/16	50.00		50.00
					2,792.47	-	2,792.47

Board Agenda Item

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

Board Mtg. Date 02-08-2016	Reports of the Superintendent <input type="checkbox"/>	Business Item <input type="checkbox"/>	Consent Agenda <input checked="" type="checkbox"/>	Reports, Routine Monthly <input type="checkbox"/>	Action Item <input type="checkbox"/>
Subject:	REIMBURSEMENT RESOLUTION EXPRESSING INTENT TO FINANCE EXPENDITURES TO BE INCURRED				
Presenter or Contact Person:	Grant Anderson, CFO Asst. Superintendent of Finance and Operations				
Policy/Code:	Board Policy CCF (Legal)				
Summary:	The Reimbursement Resolution authorizes the district to reimburse the general fund for current expenditures from future debt issues. This provides the opportunity for the district to pay for allowable expenditures (such as, acquiring, constructing, improving and equipping school buildings) made by the District no more than 60 days before the Board approves the Resolution from future debt issue. This resolution does not obligate the district to issue debt or reimburse the general fund, but provides opportunity for reimbursement if a tax maintenance note is issued.				
Financial Implications:	Provides the district authorization to reimburse the general fund for expenditures up to 60 days prior to passing this resolution with possible future debt issue up to \$10,000,000.				
Attachments:	Reimbursement Resolution & Board Policy CCF Legal				
Recommendation:	The Administration recommends approval of the Reimbursement Resolution expressing intent to finance expenditures to be incurred as submitted.				
Motion:	I move the Board approve the Reimbursement Resolution as submitted and discussed.				

REIMBURSEMENT RESOLUTION EXPRESSING INTENT TO
FINANCE EXPENDITURES TO BE INCURRED

WHEREAS, Little Elm Independent School District (the "District") is a political subdivision of the State of Texas authorized to finance its activities by issuing obligations; and

WHEREAS, the District will make, or has made not more than 60 days prior to the date hereof, payments with respect to the acquisition, construction, reconstruction or renovation of the projects listed on **Exhibit A** attached hereto (collectively, the "Financed Project"); and

WHEREAS, the District has concluded that it does not currently desire to issue obligations to finance the costs associated with the Financed Project; and

WHEREAS, the District desires to reimburse itself for the costs associated with the Financed Project from the proceeds of obligations to be issued subsequent to the date hereof; and

WHEREAS, the District reasonably expects to issue obligations to reimburse itself for the costs associated with the Financed Project

NOW, THEREFORE, be it resolved that:

Section 1. The District reasonably expects to reimburse itself for costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the acquisition, construction, reconstruction or renovation of the Financed Project from the proceeds of obligations to be issued subsequent to the date hereof.

Section 2. The District reasonably expects that the maximum principal amount of obligations issued to reimburse the District for the costs associated with the Financed Project will be \$10,000,000.

ADOPTED THIS ____ DAY OF DECEMBER, 2015.

LITTLE ELM INDEPENDENT SCHOOL
DISTRICT

By: _____
President, Board of Trustees

EXHIBIT A

DESCRIPTION OF PROJECT

<u>Purpose/Project</u>	<u>Amount</u>
Acquiring, constructing, improving and equipping school buildings, including acquiring land therefor	\$10,000,000