

**Procedures
Regarding
Compliance with
Federal Securities
Law and Bond
Covenants**

These procedures are intended to assist the District in complying with federal securities law and related District agreements after the District has issued debt, including bonds and maintenance tax notes (each an “obligation,” and collectively, “obligations”). Failure to comply with federal securities law could have serious consequences for investors, the District, its officials, and its employees.

Continuing
Disclosure
Obligations

After issuing obligations (including taxable bonds), the District may be required to prepare and file “continuing disclosures” of financial information and operating data pursuant to an agreement entered into pursuant to Rule 15c2-12 (the “Rule”) of the United States Securities and Exchange Commission (“SEC”). The Rule indirectly applies to the District by requiring the underwriters of the District’s obligations to ensure that the District has agreed to make such continuing disclosures before the underwriters may purchase or sell the District’s obligations.

[See CCA(LEGAL) at FEDERAL SECURITIES LAW for federal laws the District must generally follow before issuing obligations.]

Obligations, whether taxable or tax-exempt, sold in a public offering in an amount of \$1 million or more are subject to the Rule. If the District has less than \$10 million in obligations outstanding, it may qualify for the “small issuer exemption” to the Rule. The District may consult with qualified counsel to determine if this exemption applies. Pursuant to the Rule, the District is required to make annual filings of certain information, as well as make filings upon the occurrence of certain specified events. All filings must be made with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access System (EMMA) at <http://emma.msrb.org/>.

To identify exactly what continuing disclosures are required in connection with a particular issuance of obligations and when such disclosures must be made, the District must refer to the continuing disclosure agreement (CDA) it entered into when the obligations were issued. [See CCA(LEGAL) at FEDERAL SECURITIES LAW, CONTINUING DISCLOSURE AFTER ISSUING BONDS.]

The District’s existing CDAs should generally track the Rule’s requirement for making certain annual filings and event filings.

CDAs executed by the District for obligations to be issued now or in the future will most likely require the District to file at least the information described below under ANNUAL FILINGS and NOTICE OF SPECIFIED EVENTS. The CDA may also require certain other parties (“obligated persons” as defined by the Rule) to make

continuing disclosures if such obligated person(s) is committed to support repayment of all or part of a particular issuance of District obligations.

As a best practice, the District may identify an official or officials of the District (the "primary disclosure official[s]") who will be responsible for making continuing disclosure filings and otherwise complying with the District's CDAs. [See COMPLYING WITH FEDERAL SECURITIES LAW below.]

Annual Filings

The CDA will require the District to file the information listed below with EMMA within the time frame set forth in the CDA for so long as the respective series of obligations remains outstanding. [See CE(LOCAL)] The CDA will require the District to file each of the following items with EMMA:

1. An update of all financial information and operating data of the type included in the official statement prepared in connection with the issuance of the obligations; and
2. If not included as part of the financial information and operating data, the District's audited financial statements.

The District's primary disclosure official(s) must compile, prepare, and make such filings within the required time, or, alternatively, contract with a third-party, such as the District's financial adviser, to make such filings on the District's behalf.

Notices of Specified Events

The CDA will require the District to provide notice of any of the following events with respect to the obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event):

3. Principal and interest payment delinquencies;
4. Nonpayment-related defaults, if material. "Material" under federal securities law generally means information a reasonable investor in the District's obligations would want to know. The District may consult with qualified counsel if it is unsure whether notice of a particular event should be filed;
5. Unscheduled draws on debt service reserves reflecting financial difficulties;
6. Unscheduled draws on credit enhancements reflecting financial difficulties;

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7. Substitution of credit or liquidity providers, or their failure to perform;
8. Adverse tax opinions, the issuance by the IRS 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 obligations, or other material events affecting the tax status of the obligations;
9. Modifications to rights of obligation holders, if material;
10. Obligations calls, including redemptions and other early payments, if material, and tender offers;
11. Defeasances;
12. Release, substitution, or sale of property securing repayment of the obligations, if material;
13. Rating changes;
14. Bankruptcy, insolvency, receivership, or similar event of the District or another obligated person;
15. The consummation of a merger, consolidation, or acquisition involving the District or another obligated person; or the sale of all or substantially all of the assets of the District or another obligated person, 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;
16. Appointment of a successor or additional trustee or the change of name of a trustee, if material; and
17. In a timely manner, notice of a failure of the District to make the required annual filings listed at ANNUAL FILINGS, above.

The District's primary disclosure official(s) should review this list at regular intervals to determine whether any event has occurred that may require a filing with EMMA.

Liability Under
Federal Securities
Law

The District and its Board members, appointed officials, and employees are subject to liability under the "antifraud provisions" of the federal securities laws contained in Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 of the SEC. The antifraud provisions generally prohibit false or misleading statements made in

connection with the offer or sale of a district's obligations (or the omission of material facts from such statements), including all continuing disclosure filings made after the obligations are issued and any other statement reasonably expected to reach investors in the obligations.

[See SEC Report on the Municipal Securities Market (July 31, 2012) at pg. 29 (the "SEC 2012 Report") and SEC Exchange Act Release No. 33741 (March 9, 1994).]

The antifraud provisions also apply to statements made before the District's obligations are issued, including the official statement for the obligations. [See CCA(LEGAL) at FEDERAL SECURITIES LAW.]

*Disclosure of
Non-Compliance
in Official
Statements*

The Rule requires any material instances in which the District failed to comply with its CDAs during the previous five years to be disclosed in any official statement prepared in connection with the issuance of the District's obligations. A material misstatement regarding the District's past compliance may constitute a violation of the antifraud provisions.

*Complying with
Federal
Securities Law*

The SEC has recently expressed concern regarding the accuracy, completeness, and timeliness of continuing disclosures and has instituted enforcement actions against municipalities for failure to comply with their CDAs executed pursuant to federal securities laws. [See MSRB Notice 2013-18 (August 12, 2013) available at <http://www.msrb.org/Rules-and-Interpretations/Regulatory-Notices/2013/2013-18.aspx>.]

The District will implement the following best practices to ensure that the District makes accurate, complete, and timely continuing disclosures and otherwise fully complies with its CDAs and federal securities law after obligations are issued:

18. Identify the primary disclosure official(s) who will be responsible for making continuing disclosure filings and otherwise complying with the District's CDAs and ensure the primary disclosure official(s) and their disclosure team receive proper training to understand the District's obligations under its CDAs.
19. Develop continuing disclosure procedures for the disclosure team to follow (which shall not be adopted by the Board).
20. Engage a third party, such as the District's financial adviser or another outside consultant, to assist the District in complying with its CDAs.

The District may also consult with qualified counsel for advice regarding compliance with its CDAs and related federal securities laws.

Note: See Governmental Finance Officers Association, GFOA Best Practice: *Understanding Your Continuing Disclosure Responsibilities* (2010), available at <http://www.gfoa.org/understanding-your-continuing-disclosure-responsibilities> and cited on page 57 of the 2012 SEC Report.

Purpose	The purpose of the District's Debt Management Policy (the "Policy") is to establish responsibilities and guidelines for the issuance of debt obligations and to provide guidelines for the ongoing management of the District's debt portfolio. This Local Policy affirms the intent of the District to adhere to sound debt management practices within the highest industry, legal and governmental standards, while achieving the lowest cost of capital given established parameters.
Scope	This Policy applies to any debt obligation with a term of one (1) year or longer that is payable from the Interest & Sinking Fund. It does not apply to short-term debt such as accounts payable or obligations incurred and normally paid within a short time period of, for example, thirty (30) to ninety (90) days.
Debt Management Objectives	<p>The debt management objectives of the District are to:</p> <ol style="list-style-type: none">1. Maintain the financial integrity and stability of the District.2. Preserve public trust.<ol style="list-style-type: none">A. Complete debt programs within guidelines communicated to taxpayers; andB. Obtain citizen input to formulate components of capital improvement programs funded with voter approved debt.3. Provide sufficient debt capacity for current and future capital needs of the District. <p>The District shall:</p> <ol style="list-style-type: none">A. Formulate a multi-year capital improvement plan in conjunction with its financial advisor, demographer, facilities planner, architect and bond committee, as applicable. The Administration shall review the capital improvement plan on an annual basis and recommend appropriate changes to the Board of

Trustees. The capital improvement plan shall include:

- a) A timeline of the anticipated capital improvements needed and the projected cost thereof, given projected student enrollments and existing school facilities;
 - b) A prioritization of such projects; and
 - c) A preliminary financing plan that demonstrates the parameters for which such capital needs may be completed.
- B. Repay its debt obligations as expeditiously deemed prudent given the applicable tax rate parameters and the District's overall financing objectives (see "Guidelines for Repayment of Debt Obligations").
4. Provide flexibility to manage annual debt service requirements and corresponding Interest & Sinking Fund tax rate.

The District shall structure its debt obligations with a call provision, if possible, to allow such obligations to be redeemed prior to final scheduled maturity. Generally speaking, the District, in consultation with the District's financial advisor, shall select the earliest call provision given prevailing market conditions.

5. Minimize the District's interest and financing costs.

While not all-inclusive, the District shall:

- A. Implement debt strategies to achieve the lowest cost of capital given the District's established risk parameters, overall financing objectives and prevailing market conditions (see "Composition of Debt Portfolio and Debt Strategies").
- B. Refinance the District's existing debt obligations at a lower interest rate as such opportunities are available (see "Guidelines for Refunding Debt Obligations").
- C. When economically feasible, combine multiple debt sales into one sale in order to minimize issuance costs.

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- D. Maximize State funding assistance that may be available for the payment of debt.
- 6. Comply with all applicable state and federal laws in the issuance, investment, and reporting of debt.

Allowable Purposes
for the Issuance of
Debt

The District regards the issuance of debt as a valuable management tool for which must be judiciously utilized within the District's financial and legal operating environment. In general, the District may issue debt obligations to fund capital improvements within the District or to refinance the District's debt obligations. The following summarizes the permitted purposes for which the District may consider the issuance of debt:

- 7. The District may finance certain capital improvements, which include, but are not limited to:

The purchase of land for future school facilities (school facilities in the context of this Policy include school buildings, career and technology centers, agricultural facilities, athletic facilities, maintenance facilities, etc.):

- A. The construction, acquisition and equipment of school facilities;
 - B. The renovation of school facilities;
 - C. The purchase of school buses;
 - D. Refund the District's outstanding debt obligations (see "Guidelines for Refunding Debt Obligations");
 - E. Any other purpose legally available to the District pursuant to State law.
- 8. Long-term debt obligations may not be used:
 - A. To fund operating expenditures of the district that may not be capitalized;
 - B. For the purpose of investing; and or
 - C. For the sole purpose of earning arbitrage.

Types of Authorized
Debt

The District is authorized to issue debt as follows in accordance with law:

- 1. Unlimited tax bonds as permitted by Education Code 45.001.
- 2. Tax anticipation notes and maintenance tax notes as permitted by Education Code 45.108.

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3. Delinquent tax notes as permitted by Education Code 45.104.
4. Time warrants as permitted by Education code 45.103.
5. Contractual obligations as permitted by Chapter 271 Local Government Code.
6. Lease purchase agreement as permitted by Chapters 271 and 303 Local Government code.
7. Revenue bonds as permitted by Education Code 45.032.
8. Refunding bonds as permitted by Chapter 1207 Texas Government Code.

Guidelines for
Repayment of Debt
Obligations

The purpose and useful life of capital improvement projects to be financed with debt obligations shall be carefully considered when selecting an amortization period of debt obligations. The District shall repay its debt in compliance with all Federal, State and local requirements and seek to repay its debt in an expeditious manner within the District's overall financial objectives, the useful life of the project financed and the source of repayment. In no circumstances shall the District amortize its debt obligations for a time period longer than the expected useful life of such project being financed. However, such amortization schedule must not restrict the District's ability to annually manage its Interest & Sinking Fund tax rate or severely limit the District's ability to issue future debt obligations.

1. Short-term Capital Improvement Projects

- A. Short-term capital improvement projects shall be those projects that generally have a useful life of 10 years or less. The following are guidelines to be used for the amortization of debt obligations is sued for short-term capital improvements:

<u>Description</u>	<u>Average Life of Debt Obligations</u>
Software	5 – Years
Computer Equipment	5 – Years
Furniture, Fixtures and Equipment	10 – Years
School Buses	10 – years
Stadium Turf	10 – Years

2. Long-term Capital Improvement Projects

- A. Long-term capital improvement projects shall be those projects that generally have a useful life of more than 10 years.
- B. Pursuant to State law, the District shall amortize all debt obligations within the parameters established by State law.

3. Total Debt Portfolio

- A. The District may consider the following principal repayment targets for its total debt portfolio:
 - a. 5-Year = Principal repayment target of 15%-25%;
 - b. 10-Year = Principal repayment target of 40%-50%;
 - c. 20-Years = Principal repayment target of 65%-80%; and
 - d. 25-Years = Principal repayment target of 100%.
- B. To the extent such principal amortization requirements described in (a) above should limit the District's ability to annually manage its Interest & Sinking Fund Tax rate or cost-effective issue future debt obligations, the District shall maintain its financial management flexibility by amortizing its debt obligations at a slower repayment rate than described above.
- C. To the degree the principal repayment targets described in (a) above are not met, should the District's taxable assessed valuation increase more than assumed within its multi-year capital improvement program and/or additional revenues are received for the payment of debt service, the District shall, to the degree it is deemed financially feasible, use such excess funds to repay its debt obligations prior to final maturity, while maintaining an Interest & Sinking Fund tax rate within the parameters previously communicated to taxpayers.

Composition of Debt
Portfolio

The District's debt portfolio may be comprised of two types of debt:
1.) traditional fixed-rate debt and;
2.) variable rate debt.

The District shall select the most prudent debt structure at the time debt obligations are sold, given the District's targeted debts portfolio, prevailing and expected market conditions and established risk parameters.

1. Traditional Fixed Rate Debt

Traditional fixed-rate debt are obligations whose interest rates remain constant until the final maturity. The targeted percentage of traditional fixed-rate debt within the District's debt portfolio shall be between 75% - 100%.

2. Variable Rate Debt

Variable rate debt are obligations whose interest rates "reset" on a periodic basis (i.e. daily, weekly, monthly, annually, etc.). The targeted percentage of variable rate debt within the District's debt portfolio shall be 0% - 25%.

Guidelines for
Refunding Debt
Obligations

All refunding proposals should be reviewed by the District's Administration and its financial advisor to determine the applicability, accuracy and potential benefits to the District. Each potential refunding program should be considered on its own merits and shall be analyzed and structured to support current and future debt programs.

When reviewing the appropriateness of a refunding program, the evaluation process should be dynamic enough to consider all potential benefits to the District, such as lowering the District's interest cost, increasing the District's debt capacity, increasing flexibility to manage the District's debt portfolio, etc. The following provides the general criteria the District shall utilize when considering the implementation of a refunding program:

1. Criteria to be Utilized for a Refunding for Interest Cost Savings.
 - A. A refunding program shall produce sufficient interest cost savings to be deemed prudent and material given the inherent risks of the refunding program. A refunding utilizing traditional fixed rate debt may be considered if the "Present Value Savings as a Percentage of the Principal Amount of the Refunded Bonds" ratio is at least 3.0%.
 - B. The final maturity of the Refunding Bonds shall not exceed the final maturity of the Refunded Bonds.

- C. A refunding for savings shall not materially diminish the District's ability to manage its debt portfolio or restrict the District's ability to cost-effectively issue additional debt obligations.
 - D. A refunding for savings shall be combined with a "new money" issuance to achieve economies of scale regarding costs of issuance when feasible and prudent.
2. Criteria to be Utilized for Refunding for Restructuring Purposes.
- A. Both callable and non-callable debt may be refunded for restructuring purposes. In higher interest rate environments non-callable debt shall be restructured prior to any callable debt, if possible.
 - B. A restructuring may be implemented to:
 - a. Permit additional debt obligations to be sold more cost-effectively;
 - b. Keep within the tax rate parameters communicated to voters of the District or to manage the District's Interest & Sinking Fund tax rate; and
 - c. Add flexibility to the District's debt portfolio, given prevailing circumstances.
 - C. The costs associated with a restructuring (costs of issuance and additional interest cost, if any) shall be evaluated in contrast to the expected benefit of the restructuring.
 - D. A restructuring should not materially diminish the District's ability to manage its debt portfolio or restrict the District's ability to cost-effectively issue additional debt.

Method of Sale to be Utilized

The District recognizes that each issuance of debt obligations has unique characteristics that will provide the basis for determining the appropriate method of sale. Such methods of sale include competitive, negotiated and private placements. The conditions which indicate the appropriate method of sale are generally described below:

1. Competitive Sale

The District may consider a competitive sale of its debt obligations if:

- A. The debt market is stable and demand for the debt obligations is strong;
- B. The District can reasonably expect at least three bids will be received;
- C. Structural features and credit quality are conventional;
- D. Transaction size is manageable; and/or
- E. Volume of competing transactions is low.

2. Negotiated Sale

The District may consider a negotiated sale of its debt obligations if:

- A. An advance refunding is being completed;
- B. Debt market is volatile, demand for debt obligations is perceived to be weak or the volume of competing sales is high;
- C. Coordination of multiple components of the financing is required;
- D. Substantial education of investors is required;
- E. Structural features or credit quality is unconventional;
- F. Large transaction size; and/or
- G. Retail participation is expected or desired to be high.

3. Private Placement

The District shall consider a private placement of its debt obligations if it provides more advantageous financing terms than may be obtained in the national capital markets.

Parameter Debt Sales The Board of Trustees may designate the ability to approve the issuance of debt obligations to the District's Administration, so long as the issuance of the debt obligations meets certain parameters approved by the Board of Trustees and it is permissible pursuant to State law.

Credit Ratings and Credit Enhancement The District shall strive to secure and maintain the highest possible credit ratings based upon its stand-alone credit strength. It is the goal of the District to maintain a positive reputation in the debt markets through the maintenance and improvement of the relevant credit characteristics within its control.

1. Credit Ratings

- A. For any new issuance of traditional fixed rate debt sold either through a competitive or negotiated sale, the District shall obtain a credit rating from at least two nationally recognized rating agencies. The District shall obtain a credit rating based upon The District's stand-alone credit strength, as well as, a credit rating based upon any type of credit enhancement obtained for a particular debt issuance.
- B. For any new issuance of variable rate debt sold either through a competitive or negotiated sale, the District shall utilize a credit rating from at least one nationally recognized rating agency.
- C. Based upon a recommendation from the District's financial advisor, the District shall conduct the rating process either in person through a formal rating presentation or via a conference call.
- D. The District will be cooperative with the rating agencies and provide all requested information in a timely manner.

2. Credit Enhancement

- A. Permanent School Fund Guarantee Program – So long as the District's stand-alone credit ratings are rated below the ratings of the Permanent School Fund ("PSF") Guarantee Program of the State of Texas, the District shall attempt to secure credit enhancement through the PSF Guarantee Program. Should the PSF Guarantee Program be out of capacity or have a credit rating lower than the district's stand-alone credit rating, the District shall compare that costs and related benefits of other types of credit enhancement (i.e. bond insurance, etc.) and select the option which results in the lowest interest cost at the time a debt obligation is sold.
- B. Bond Insurance – The District shall consider the use of bond insurance when it provides an economic advantage for a sale of debt obligations. The District's financial advisor shall compare the present value of the prospective interest savings produced by using bond insurance to the cost of such insurance. Bond insurance may be purchased when it results in a

present value benefit. The District may solicit bids for bond insurance.

- C. Liquidity/Credit Facilities – The issuance of variable rate debt may require the use of a liquidity facility and/or a credit facility. Letters of Credit (“LOC”) and Standby Bond Purchase Agreements (“SBPA”) shall be considered as credit enhancement based upon their respective cost effectiveness. The District may solicit bids from qualified financial institutions established in this line of business and select the “best value” based on price, financial stability, terms and conditions, market acceptance and service.

Selection of
Consultants

The Administration may contract with outside professionals for assistance in fulfilling any of the obligations or objectives of the District or the Administration under this Policy. The services to be provided by such professionals shall be set forth pursuant to a contract. It is the responsibility of the Administration to conduct periodic reviews of each professional to determine if the quality of service provided is commensurate with the fees charged by such professionals.

Generally, the District shall consider engaging the following professionals to the degree necessary:

1. Financial Advisor – To assist with the planning and issuance of all debt and debt administration processes relating to the District’s debt portfolio and future debt programs.
2. Bond Counsel – To consult with the District and its financial advisor on legal matters pertaining to the issuance of debt obligations. In addition, Bond Counsel shall provide a written opinion, upon the issuance of a debt obligation, affirming that the District is authorized to issue the debt and that the District has met all constitutional and statutory requirements necessary for issuance. Such written legal opinion should also include a determination regarding the debt obligation’s federal income tax status, if applicable.
3. Demographer – To assist in reviewing and analyzing the demographic changes within the District and the corresponding projections of student enrollment. The District shall incorporate such information assembled by its demographer within its multi-year capital improvement plan.

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Selection of
Underwriters
Negotiated
Transactions - Fixed
Rate Debt Obligations

The District shall select a pool of qualified firms to serve as senior manager and/or co-manager for a five-year period (the "Underwriting Pool"). The District reserves the right to add or remove firms from the Underwriting Pool at any time and to shorten or lengthen the period of time for which the Underwriting Pool is in place. The District may add or remove firms from the Underwriting Pool at any time based on factors including, but not limited to: performance or change in staff or firm organization.

1. Selection Process

The criteria to be utilized in the selection of underwriters for the District's fixed rate negotiated sales shall consider a firm's:

- A. Capital position;
- B. Institutional and retail sales network for municipal debt obligations;
- C. Experience underwriting Texas school district debt obligations;
- D. Experience underwriting municipal debt obligations;
- E. Financing ideas presented or other value provided to the District;
- F. Demonstrated commitment to Texas school districts;
- G. Prior performance on District's negotiated sales;
- H. Performance District's competitive sales;
- I. Local presence; and
- J. Potential conflicts of interest.

In determining its Underwriting Pool, the District shall consider other compensated services currently being performed by potential underwriters to help ensure diversification among its financing team.

2. Underwriting Syndicate Selection

The size and composition of each underwriting syndicate formed for a particular negotiated sale of fixed-rate debt will be based on:

- A. The dollar amount of debt obligations to be sold;
- B. The criteria listed within (1) above; and
- C. Underwriting participation in District's recent negotiated sales.

3. Post-Sale Evaluation of Underwriting Performance

After the completion of each transaction, the senior manager shall be required to present a post-sale analysis to the District's financial advisor which shall include at a minimum:

- A. A summary of orders submitted and allocations (including designations) received by each firm;
- B. A comparison of the District's interest rates to the interest rates on comparable sales; and
- C. A review of market conditions at the time of pricing.

The District's financial advisor will evaluate the success of the underwriting versus the market at the time of sale and analyze each syndicate member's performance and present such information to the District's Administration.

4. Unsolicited Proposals

The District encourages the submission of unsolicited financing proposals from any firm and may accept proposals from firms that are not in its Underwriting Pool. A copy of each proposal shall be provided to the District's financial advisor. All Proposals should include a full analysis of risks and benefits associated with each financing alternative proposed and a description of previous experience with such financing technique, if any. The District reserves the right to issue a Request for Proposals for any product or transaction. If the District implements a financing alternative submitted by a firm that is not a member of its Underwriting Pool, the District may consider inclusion of such firm within the underwriting syndicate.

Selection of Underwriter/Remarketing Agent for Variable Rate Debt Obligations

The District will select qualified firm(s) to serve as underwriter/remarketing agent for each series of the District variable rate debt obligations. The District reserves the right to replace the remarketing agent or utilize other remarketing agents at any time based on factors including, but not limited to: performance, change in staff or firm organization, etc.

1. Selection Process

The criteria to be utilized in the selection of underwriters/-remarketing agents for the District's variable rate debt obligations shall consider a firm's:

- A. Capital position;
- B. Sales and distribution network for short-term municipal debt obligations;

- C. Experience in providing underwriting/- remarketing agent services for municipal debt issuers;
- D. Experience in providing underwriting/- Remarketing agent services for municipal debt issuers;
- E. Financing ideas presented or other value provided to the District;
- F. Demonstrated commitment to Texas school districts;
- G. Prior performance as remarketing agent on District's variable rate issues;
- H. Local presence; and
- I. Potential conflicts of interest.

2. Evaluation of Remarketing Agent Performance

Ongoing Debt
Management
Practices

At least annually, the District's financial advisor shall evaluate the performance of the remarketing agents versus the market performance of other comparable Texas school district financings and present such information to the District's administration.

1. Investments of Debt Proceeds

Any investment of debt proceeds shall be executed in accordance with the District's Investment Policy, legal covenants, and State and Federal tax law limitation. The proceeds of debt or other obligations of the District are subject to the Public Funds Investment Act (see CDA(LEGAL)).

2. Compliance with Federal Arbitrage Rebate Regulations

The use and investment of debt proceeds shall be monitored to ensure compliance with arbitrage restrictions. The District's Administration shall ensure that debt proceeds and investments are tracked in a manner which facilitates the completion of accurate rebate calculations and rebate payments, if any, on an annual basis.

3. Continuing Disclosure Requirements

The District shall comply with the Securities and Exchange Commission (SEC) Rule 15c2-12 by filing with the Municipal Securities Rulemaking Board (MSRB) through their Electronic Municipal Market Access ("EMMA") system and the Municipal Advisory Council of Texas (MAC), if applicable, annual financial statements and other financial and operating data required for the benefit of its debt holders no later than six months after the end of each fiscal year. The inability to make timely filings must be

disclosed promptly. The District will also provide the MSRB and MAC notice of “certain events” (as defined pursuant to SEC Rule 15c2-12) promptly after such event has occurred.

Duties and
Responsibilities

The Districts Administration is responsible for reviewing and monitoring the activities of the District to determine compliance with general guidelines and restrictions established by this Policy.

The Administration shall review the District’s Policy on an annual basis review appropriate changes with the Board of Trustees.