



# SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

## Agenda Item Summary

Meeting Date: August 16, 2023

Agenda Section: Discussion and Possible Action

Agenda Item Title: Consideration and approval of a resolution by the Board of trustees of the South San Antonio Independent School District providing for the defeasance of certain currently outstanding obligations; authorizing the execution of an escrow agreement; delegating to certain district officials and staff the authority to effectuate matters herein resolved

From: Tony Kingman, Chief Financial Officer

Additional Presenters if Applicable:

Description: The I&S revenue collection for the I&S fund is projected to be in a range of \$2,000,000 to \$4,000,000 more than the obligated expenditure. The Board finds it is in the best interest of the District and its residents to defeasance certain of its Eligible Bonds extinguishing the District's payment obligations with respect thereto at the time of defeasance. South San Antonio ISD's School Board would need to adopt the defeasance resolution to keep the tax rate at \$0.4990.

Historical Data: The Board of Trustees (the "Board") of the South San Antonio Independent School District (the "District") previously authorized the issuance of obligations described in Exhibit A (the "Eligible Bonds")

Recommendation: Approve the Defeasance Resolution.

Funding Budget Code and Amount:

**CERTIFICATE FOR RESOLUTION**

We, the undersigned officers of the Board of Trustees of South San Antonio Independent School District (the "District"), hereby certify as follows:

1. The Board of Trustees of the District (the "Board") convened in regular meeting on the 16th day of August, 2023, at the regular designated meeting place (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board, to-wit:

Manuel Lopez, President, Place #1  
Cyndi Ramirez, Vice President, Place #6  
Shirley Ibarra, Secretary, Place #4  
Ernesto Arrellano, Jr., Trustee, Place #2

Homer Flores, Jr., Trustee, Place #3  
Abel Martinez, Jr., Trustee, Place #5  
Joe Araiza, Trustee, Place #7

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

A RESOLUTION BY THE BOARD OF TRUSTEES OF THE SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT PROVIDING FOR THE DEFEASANCE OF CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; DELEGATING TO CERTAIN DISTRICT OFFICIALS AND STAFF THE AUTHORITY TO EFFECTUATE MATTERS HEREIN RESOLVED

(the "Resolution") was duly introduced for the consideration of the Board. It was then duly moved and seconded that the Resolution be passed; and, after due discussion, said motion, carrying with it the passage of the Resolution, prevailed and carried by the following votes:

AYES: \_\_\_\_\_ NOES: \_\_\_\_\_ ABSTENTIONS: \_\_\_\_\_

2. A true, full, and correct copy of the Resolution passed at the Meeting is attached to and follows this Certificate; the Resolution has been duly recorded in the Board's minutes of the Meeting; the above and foregoing paragraph is a true, full, and correct excerpt from the Board's minutes of the Meeting pertaining to the passage of the Resolution; the persons named in the above and foregoing paragraph are the duly chosen, qualified, and acting officers and members of the Board as indicated therein; each of the officers and members of the Board was duly and sufficiently notified officially and personally, in advance, of the time, place, and purpose of the Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public, and public notice of the time, place, and purpose of the Meeting was given all as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this 16th day of August, 2023.

\_\_\_\_\_  
Secretary, Board of Trustees

\_\_\_\_\_  
President, Board of Trustees

(DISTRICT SEAL)

**A RESOLUTION BY THE BOARD OF TRUSTEES OF THE SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT PROVIDING FOR THE DEFEASANCE OF CERTAIN CURRENTLY OUTSTANDING OBLIGATIONS; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; DELEGATING TO CERTAIN DISTRICT OFFICIALS AND STAFF THE AUTHORITY TO EFFECTUATE MATTERS HEREIN RESOLVED**

WHEREAS, the Board of Trustees (the “Board”) of the South San Antonio Independent School District (the “District”) previously authorized the issuance of obligations described in Exhibit A (the “Eligible Bonds”); and

WHEREAS, the Board finds it is in the best interest of the District and its residents to defease certain of its Eligible Bonds extinguishing the District’s payment obligations with respect thereto at the time of defeasance, all as herein provided; now, therefore,

WHEREAS, to accomplish the purpose of this Resolution, the Board has determined to delegate to the Authorized Officer (defined below) the authority to determine which of the Eligible Bonds will be defeased and/or redeemed; and

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1. The Chief Financial Officer, Superintendent, and President, Board of Trustees of the District (each an “Authorized Officer”) is hereby authorized to act on behalf of the District in effectuating the defeasance and/or redemption of one or more series of Eligible Bonds, including determining which series of Eligible Bonds shall be defeased and/or redeemed, the maturities and principal amounts within each series to be defeased and/or redeemed (such Eligible Bonds selected for defeasance and/or redemption are hereinafter referred to as the “Defeased Obligations”), and the manner in which the Defeased Obligations shall be defeased and/or redeemed. The Authorized Officer may exercise the authority granted by this Resolution on one or more occasions. An Authorized Officer shall accomplish the defeasance of the Defeased Obligations by transferring such amount to the hereinafter defined Escrow Fund after taking into consideration District funds from the sources identified above, interest earnings on Escrow Fund deposits, and final costs related to establishment of the Escrow Fund. District officials currently estimate that the Defeased Obligations will equal at least \$2,000,000 to \$4,000,000 in principal amount.

SECTION 2. The discharge and defeasance of the Defeased Obligations may be effectuated in any manner authorized by law and by the bond orders and pricing certificates that authorized the issuance of the Defeased Obligations (collectively, the “Bond Orders”), including by cash defeasance by the deposit of funds with the paying agent/registrars for each respective series of Defeased Obligations and/or pursuant to the terms and provisions of one or more escrow agreements (collectively, the “Escrow Agreements”) in the form attached as Exhibit B to be entered into by and between the District and the escrow agent(s) selected by the Authorized Officer.

Furthermore, each Authorized Officer, the District’s Financial Advisor (Specialized Public Finance Inc.), and the District’s Bond Counsel (Winstead PC), in cooperation with the Escrow Agent, are hereby authorized and directed to make the necessary arrangements for the deposit of cash and/or the purchase of any securities referenced in the Escrow Agreements and the delivery thereof to the Escrow Agent upon delivery to the Escrow Agent of the Defeasance Proceeds for deposit to the credit of the escrow fund (the “Escrow Fund”), including the execution of the subscription forms, if any, for the

purchase and issuance of the “United States Treasury Securities - State and Local Government Series” for deposit to the Escrow Fund; all as contemplated and provided by the provisions of Chapter 1207, Texas Government Code, as amended, this Resolution, and the Escrow Agreements.

SECTION 3. The President and Secretary of the Board are authorized and instructed to give notice of defeasance described herein to the paying agent/registrar for the Defeased Obligations for further delivery thereby to the holders of such Defeased Obligations, as provided in the Orders authorizing the Defeased Obligations.

SECTION 4. The President and Secretary of the Board, or the designees thereof, are authorized to evidence adoption of this Defeasance Resolution and to do any and all things necessary or convenient to effect the redemption and defeasance described herein and otherwise give effect to the intent hereof, including the retention of a verification agent (the “Verification Agent”) to provide the Report (as defined in the Escrow Agreements).

SECTION 5. The Board hereby directs that the actions authorized herein shall include amounts sufficient to pay professional fees and expenses of the District’s Bond Counsel, the District’s Financial Advisor, the Escrow Agent, the Verification Agent, the paying agent/registrar for the Eligible Bonds, respectively, and any other party whose services have been determined by the District to be necessary to accomplish the purpose and intent of this Resolution. Use of such funds to pay these expenses is hereby approved.

SECTION 6. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 7. All orders and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

SECTION 8. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

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

SECTION 10. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

\* \* \*

PASSED AND APPROVED, this the 16th day of August, 2023.

SOUTH SAN ANTONIO INDEPENDENT  
SCHOOL DISTRICT

/s/ Manuel Lopez  
President, Board of Trustees

ATTEST:

/s/ Shirley Ibarra  
Secretary, Board of Trustees

(DISTRICT SEAL)

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**EXHIBIT A**

**LIST OF ELIGIBLE BONDS**

Unlimited Tax School Building Bonds, Series 2005

Unlimited Tax School Building Bonds, Series 2010

Unlimited Tax School Building Bonds, Taxable Series 2010 (Build America Bonds - Direct Subsidy)

Unlimited Tax Refunding Bonds, Series 2011

Unlimited Tax Refunding Bonds, Series 2013

Unlimited Tax Refunding Bonds, Series 2014

Unlimited Tax Refunding Bonds, Series 2019A

Unlimited Tax Refunding Bonds, Taxable Series 2019B

Unlimited Tax Refunding Bonds, Series 2019C

Unlimited Tax Refunding Bonds, Series 2020

Maintenance Tax Notes, Series 2020

Maintenance Tax Notes, Series 2021

Maintenance Tax Notes, Series 2022

Unlimited Tax Refunding Bonds, Series 2022

**EXHIBIT B**

**ESCROW AGREEMENT**

THIS ESCROW AGREEMENT, dated as of August 1, 2023 (herein, together with any amendments or supplements hereto, called the “Agreement”) is entered into by and between SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT (herein called the “District”) and \_\_\_\_\_, as escrow agent (herein, together with any successor in such capacity, called the “Escrow Agent”). The addresses of the District and the Escrow Agent are shown on “Exhibit A” attached hereto and made a part hereof.

**WITNESS**

WHEREAS, as further described in the Verification Report of \_\_\_\_\_ (the “Report”) attached hereto, the District heretofore issued and there presently remain outstanding certain of the District’s defeased obligations (the “Defeased Obligations”); and

WHEREAS, the Defeased Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in the Report; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity or redemption dates of the Defeased Obligations, then the Defeased Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code (“Chapter 1207”), authorizes the District to deposit any available funds or resources, directly with any place of payment (paying agent) for any of the Defeased Obligations, or with a trust company or commercial bank that does not act as a depository for the District, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Defeased Obligations; and

WHEREAS, Chapter 1207 further authorizes the District to enter into an escrow agreement with any such paying agent for any of the Defeased Obligations or trust company or commercial bank with respect to the safekeeping, investment, administration, and disposition of any such deposit, upon such terms and conditions as the District and such paying agent may agree, provided that such deposits may be invested only in Eligible Investments (defined below), and which may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Defeased Obligations when due; and

WHEREAS, \_\_\_\_\_, is the Paying Agent/ Registrar (the “Paying Agent”) for the Defeased Obligations; and

WHEREAS, the Escrow Agent is a trust company or commercial bank and does not act as depository for the District, and this Agreement constitutes an escrow agreement of the kind authorized and required by Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the Paying Agent the amounts required to provide for the

payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the District desires that, certain available funds of the District shall be applied to purchase certain “Escrowed Securities” for deposit to the credit of the Escrow Fund (defined herein) created pursuant to the terms of this Agreement and to establish a beginning cash balance in such Escrow Fund; and

WHEREAS, the Escrowed Securities shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide money which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay interest on the Defeased Obligations as it accrues and becomes payable and the principal of the Defeased Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, if any, the District desires to establish the Escrow Fund at the principal corporate trust office of the Escrow Agent.

NOW, THEREFORE, in consideration of the mutual undertakings, promises, and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Defeased Obligations, the District and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## **ARTICLE I. DEFINITIONS AND INTERPRETATIONS**

**Section 1.01. Definitions.** Unless the context clearly indicates otherwise, the following terms have the meanings assigned to them below when they are used in this Agreement:

“Code” means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

“Eligible Securities” (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States of America, or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment qualify by a nationally recognized investment rating firm not less than “AAA” or its equivalent; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are related as to investment qualify by a nationally recognized investment rating firm not less than “AAA” or the equivalent.

“Escrow Fund” means the fund created by this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

“Escrowed Securities” means the direct noncallable, not pre-payable United States Treasury obligations and obligations the due timely payment of which is unconditionally guaranteed by the United



States of America described in the Report or cash or other direct obligations of the United States of America substituted therefor pursuant to Article IV of this Agreement.

**Section 1.02. Other Definitions.** The terms “Agreement,” “District,” “Escrow Agent,” “Defeased Obligations,” and “Paying Agent,” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section.

**Section 1.03. Interpretations.** The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the redemption and defeasance of the Defeased Obligations in accordance with applicable law.

## **ARTICLE II. DEPOSIT OF FUNDS AND ESCROWED SECURITIES AND DISBURSEMENT OF CERTAIN FUNDS FOR COSTS OF DEFEASANCE**

The District shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the money and Escrowed Securities described in the Report, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the District in writing. The District shall additionally deposit, or cause to be deposited, with the Escrow Agent, for payment of certain costs of defeasance, the amount of \$\_\_\_\_\_ which shall not be deposited in the Escrow Fund but rather be disbursed by the Escrow Agent in accordance with the provisions of the closing memorandum prepared and deemed final by the District’s Financial Advisor, Specialized Public Finance Inc. (the “Final Closing Memorandum”). The Escrow Agent is authorized to act upon the Final Closing Memorandum received via e-mail transmission from the District’s Financial Advisor without completing verbal call-backs. The Escrow Agent shall not be liable for any losses, costs or expenses arriving directly or indirectly from the Escrow Agent’s reliance upon and compliance with the Final Closing Memorandum.

## **ARTICLE III. AND OPERATION OF ESCROW FUND**

**Section 3.01. Escrow Fund.** The Escrow Agent has created on its books a special fund and irrevocable escrow to be known as the “South San Antonio Independent School District 2021 Escrow Fund” (the “Escrow Fund”). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit B. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Defeased Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Defeased Obligations, any balance then remaining in the Escrow Fund shall be transferred to the District, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

**Section 3.02. Payment of Principal and Interest.** The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Defeased Obligations at their respective maturity or

redemption dates and interest thereon to such maturity or redemption dates in the amounts and at the times shown in Exhibit B.

**Section 3.03. Sufficiency of Escrow Fund.** The District represents that the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide money for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Defeased Obligations as such interest comes due and the principal of the Defeased Obligations on the dates set for redemption. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.02 hereof, the District shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given as promptly as practicable as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the District's failure to make additional deposits thereto.

**Section 3.04. Trust Fund.** The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities, and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Defeased Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Defeased Obligations shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Defeased Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the District, and the Escrow Agent shall have no right to title with respect thereto except as an Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts, or checks drawn by the District or, except to the extent expressly herein provided, by the Paying Agent.

**Section 3.05. Security for Cash Balances.** Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

#### **ARTICLE IV. LIMITATION ON INVESTMENTS**

**Section 4.01. General Limitations.** Except as provided in Sections 3.02, 4.02, 4.03 and 4.04 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer or otherwise dispose of the Escrowed Securities.

**Section 4.02. Reinvestment of Certain Cash Balances in Escrow by Escrow Agent.** In addition to the Escrowed Securities listed in the Report, the Escrow Agent shall reinvest cash balances shown in the Report in United States Treasury Obligations – State and Local Government Series with an interest rate equal to 0%, to the extent such Obligations are available from the Department of the Treasury. All such re-investments shall be made only from the portion of cash balances derived from the

maturing principal of and interest on Escrowed Securities that are United States Treasury Certificates of Indebtedness, Notes, or Bonds – State and Local Government Series. All such re-investments shall be acquired on and shall mature on the dates shown on the Report.

**Section 4.03. Substitutions and Reinvestments.** At the direction of the District, the Escrow Agent shall reinvest cash balances representing receipts from the Escrowed Securities, make substitutions of the Escrowed Securities or redeem the Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other money or securities held in the Escrow Fund provided that the District delivers to the Escrow Agent the following:

(1) an opinion of an independent certified public accountant or firm of certified public accountants that after such substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable direct obligations of the United States of America), together with the interest thereon and other available money, will be sufficient to pay, without further investment or reinvestment, as the same become due in accordance with Exhibit B, the principal of, interest on and premium, if any, on the Defeased Obligations which have not previously been paid, and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such substitution or reinvestment will not cause the Defeased Obligations to be “arbitrage bonds” within the meaning of section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Defeased Obligations subject to federal income taxation, and (b) such substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Defeased Obligations.

The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the District.

**Section 4.04. Substitution for Escrowed Securities.** Concurrently with the initial deposit by the District with the Escrow Agent, but not thereafter, the District, at its option, may substitute cash or non-interest-bearing direct noncallable and not pre-payable obligations of the United States Treasury (i.e., Treasury obligations which mature and are payable in a stated amount on the maturity date thereof, and for which there are no payments other than the payment made on the maturity date) (the “Substitute Obligations”) for non-interest bearing Escrowed Securities, if any, but only if such Substitute Obligations are in an amount, and/or mature in an amount, that is equal to or greater than the amount payable on the maturity date of the obligation listed in Exhibit B for which such Substitute Obligation is substituted, mature on or before the maturity date of the obligation listed in Exhibit B for which such Substitute Obligation is substituted, and produce the amount necessary to pay the interest on and principal of the Defeased Obligations as verified by a certified public accountant or a firm of certified public accountants.

If, concurrently with the initial deposit by the District with the Escrow Agent, any such Substitute Obligations are so substituted for any Escrowed Securities, the District may, at any time thereafter, substitute for such Substitute Obligations the same Escrowed Securities for which such Substitute Obligations originally were substituted.

**Section 4.05. Arbitrage.** The District hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or

obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Defeased Obligations to be an “arbitrage bond” within the meaning of the Code.

#### **ARTICLE V. APPLICATION OF CASH BALANCES**

Except as provided in Sections 3.02, 4.02, and 4.03 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund.

#### **ARTICLE VI. RECORDS AND REPORTS**

**Section 6.01. Records.** The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations, and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the District and the owners of the Defeased Obligations.

**Section 6.02. Reports.** While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the District a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Defeased Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

#### **ARTICLE VII. CONCERNING THE PAYING AGENT AND ESCROW AGENT**

**Section 7.01. Representations.** The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

**Section 7.02. Limitation on Liability.** The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Defeased Obligations shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the District as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the defeasance of the Defeased Obligations shall be taken as the statements of the District and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the defeasance of the Defeased Obligations or the Defeased Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions, or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the District thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the District with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the District or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the District or Co-Bond Counsel at any time.

**Section 7.03. Compensation.** (a) The District shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount of \$\_\_\_\_\_, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the District hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the District for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) Upon receipt of the aforesaid specific sums stated in subsection (a) of this Section 7.03 for Escrow Agent fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the District in writing.

(c) To the extent permitted by law, the District agrees to indemnify the Escrow Agent for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

**Section 7.04. Successor Escrow Agents.** If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or

administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the District, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the District within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Defeased Obligations then outstanding by an instrument or instruments in writing filed with the District, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the Escrow Agent or the owner of any Defeased Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be: (i) a corporation, bank, or banking association organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) be authorized under Texas law to act as an escrow agent; (iv) have its principal office and place of business in the State of Texas; (v) have a combined capital and surplus of at least \$5,000,000; and (vi) be subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge, and deliver to the District and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the District shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than 60 days' written notice to the District and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Defeased Obligations or by the District as herein provided and such successor Escrow Agent shall be qualified under Chapter 1207 and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee hereunder.

**Section 7.05. Paying Agent for Defeased Obligations.** The Paying Agent has heretofore contracted with the District to act as paying agent relative to the Defeased Obligations. The Paying Agent has received notice of defeasance for the Defeased Obligations and has provided timely notice of defeasance to the holders of such Defeased Obligations, in accordance with their respective authorizing order. The Paying Agent will continue to fully perform and carry out all of the normal and customary duties as paying agent for the Defeased Obligations, for so long as the same remain unpaid, including, but not limited to, making payments of interest as the same shall become due and principal, at maturity or upon prior redemption, to the owners and holders of the Defeased Obligations, in accordance with the order of the District authorizing the issuance of the Defeased Obligations, and to apply all funds

transferred to it pursuant to Section 3.02 hereof solely for the purpose of paying the principal of and interest on the Defeased Obligations in the manner provided herein; provided, however, that the District agrees to continue to pay the reasonable and customary fees of the Paying Agent under the respective Paying Agent/Registrar Agreement for the Defeased Obligations; provided further, that in the event that the Paying Agent, acting in its capacity as paying agent relative to the Defeased Obligations, is requested to perform any extraordinary services in such respect and, as a result thereof, any other fees, expenses, or charges of any kind or character become due and payable by the District to the Paying Agent, as paying agent relative to the Defeased Obligations, the District agrees to pay to the Paying Agent reasonable fees for such extraordinary services performed and to reimburse the Escrow Agent for expenses incurred in connection with such extraordinary services.

## **ARTICLE VIII. MISCELLANEOUS**

**Section 8.01. Notice.** Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the District or the Escrow Agent at the address shown on Exhibit "A" attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

**Section 8.02. Termination of Responsibilities.** Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the District, the owners of the Defeased Obligations or to any other person or persons in connection with this Agreement.

**Section 8.03. Binding Agreement.** This Agreement shall be binding upon the District and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Defeased Obligations, the District, the Escrow Agent and their respective successors and legal representatives.

**Section 8.04. Severability.** In case any 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 provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

**Section 8.05. Texas Law Governs.** This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

**Section 8.06. Time of the Essence.** Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 8.07. Effective Date of Agreement.** This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit B, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

**Section 8.08. Amendments.** This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the

same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Defeased Obligations.

**Section 8.09. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original for all purposes, and all counterparts shall together constitute one and the same instrument.

**Section 8.10. Certificate of Interested Parties Form 1295.** The Escrow Agent represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Escrow Agent is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

**Section 8.11. Anti Boycott Verification.** The Escrow Agent hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and, to the extent this Agreement is a contract for goods or services, will not boycott Israel during the term of this Agreement. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Escrow Agent understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**Section 8.12. Iran, Sudan, and Foreign Terrorist Organizations.** The Escrow Agent represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/publications/divestment.php>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law neither the Escrow Agent nor any wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Escrow Agent understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Escrow Agent and exists to make a profit.

**Section 8.13. Contract Value.** The Escrow Agent hereby verifies that this Escrow Agreement has a value of less than \$100,000 and that the provisions required by Sections 2271.002 and 2274.002 of the Texas Government Code for contracts having a value of at least \$100,000 are not required in this Escrow Agreement.



EXECUTED as of the date first written above.

**SOUTH SAN ANTONIO INDEPENDENT  
SCHOOL DISTRICT**

By: \_\_\_\_\_  
President, Board of Trustees

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees

(DISTRICT SEAL)

\_\_\_\_\_  
As Escrow Agent hereunder

By \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Title \_\_\_\_\_

(BANK SEAL)

**EXHIBIT A**

**ADDRESSES OF THE DISTRICT AND ESCROW AGENT**

DISTRICT

South San Antonio Independent School District  
1450 Gillette Boulevard  
San Antonio, Texas 78224

Attention: Superintendent of Schools

ESCROW AGENT

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: Corporate Trust Department

**EXHIBIT B**

**VERIFICATION REPORT CAN BE FOUND AT TAB NO. \_\_**