



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: August 27, 2019

AGENDA ITEM: Consider Approval of a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2007 and Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012 for Redemption Prior to Maturity and Enacting Other Provisions Relating to the Subject

PRESENTER: Earl Husfeld, Chief Financial Officer

BACKGROUND INFORMATION:

- Based upon the increase in the District's 2019 certified taxable values, Aledo ISD staff and BOK Financial Securities, Inc., the District's financial advisory firm, reviewed the District's 2019-2020 proposed Debt Service Fund budget and debt position to determine if a savings opportunity existed.
- After review of the 2019-2020 proposed budget and current tax rate for the Debt Service Fund, it was determined the District would have the funds available to call, or prepay, \$3,995,000 of outstanding bonds before maturity.
- After a review of the District's debt position, the greatest savings for the District and its taxpayers would be accomplished by calling a portion of the Series 2007 Unlimited Tax Refunding Bonds and Series 2012 Unlimited Tax Refunding Bonds. The interest rate paid on the bonds to be called is 4.00% and 3.5% respectively.
- Following for your review is a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2007 and Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012 for Redemption Prior to Maturity and an Escrow Agreement for the Series 2012 Redemption that was prepared by the District's bond counsel, McCall, Parkhurst & Horton L.L.P.

FISCAL INFORMATION:

Approval of this item will save the District and its taxpayers \$488,775 in future interest costs.

ATTACHMENTS:

BOK Financial Securities Memo, Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2007 and Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012 for Redemption Prior to Maturity, and Escrow Agreement for the Series 2012 Redemption.

ADMINISTRATIVE RECOMMENDATION:

The Administration recommends the Board of Trustees approve the adoption of a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds Series 2007 and Aledo Independent School District Unlimited Tax Refunding Bonds Series 2012 for Redemption Prior to Maturity and Enacting Other Provisions Relating to the Subject as presented.



Joshua M. McLaughlin
Managing Director
Phone: (214) 576-0878
Facsimile: (214) 576-0890
jmclaughlin@bokf.com

August 12, 2019

Dr. Susan Bohn
Superintendent of Schools
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Mr. Earl Husfeld
Chief Financial Officer
Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008

Re: Prepayment of Existing Bonds During Fiscal Year 2019/20

Dear Dr. Bohn and Mr. Husfeld:

Introduction

As Aledo Independent School District (the “District” or “AISD”) continues to prudently manage its financial and debt position, this letter summarizes the District’s ability to prepay \$3,995,000 of its existing bonds on February 15, 2020 without increasing its tax rate and the associated savings to be realized by AISD and its taxpayers.

Prepayment of Bonds – A Debt Management Tool

Like making an extra principal payment on a home mortgage, the benefits of “prepaying” bonds are the District’s future interest cost is eliminated on such bonds and AISD’s future bond capacity, for no tax rate increase, correspondingly grows by the dollar amount of bonds prepaid.

Pursuant to State law, Aledo ISD may annually manage its Interest & Sinking Fund (“I&S”) tax rate by utilizing current year debt service tax collections and other lawfully available funds to “prepay” existing bonds prior to maturity by either:

- Repaying such bonds on their call date (if the call date is within the current fiscal year); or
- Placing sufficient funds in an escrow account to repay such bonds on their call date (if the call date is in a subsequent fiscal year).

Based upon the assumptions listed within the adjacent table, the District may prepay approximately \$3,995,000 of its existing bonds during fiscal year 2019/20 from its current I&S tax rate of 42.5 cents. The prepayment of these bonds will result in a reduction of the District’s interest cost by \$488,775 – **A direct savings to the District and its taxpayers!**

Pro Forma FY 2019/20 Interest & Sinking Fund Budget	
Description	Assumption
Projected I&S Tax Collections at 42.5 Cents: ^(A)	\$ 15,548,463
Projected I&S Frozen Tax Collections: ^(B)	1,515,330
Projected State Funding Assistance – ASAHE:	250,000
Projected Other Revenues:	215,000
Total Revenues	\$ 17,528,793
Scheduled Bond Payments (Includes Bond Prepayment)	\$ 17,509,087
Estimated Expenses	15,000
Total Expenditures	\$ 17,524,087
^(A) Assumes a fiscal year 2019/20 Taxable Assessed Valuation (net of frozen values) of \$3,695,416,065 and a tax collection percentage of 99.0%.	
^(B) Assumes a total frozen tax levy of \$5,378,475, an Interest & Sinking Fund tax rate of \$0.425, a Maintenance and Operations tax rate of \$1.0684 and a tax collection percentage of 99.0%.	

Preliminary Timetable for Prepayment of Existing Bonds

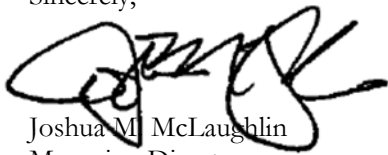
Should Aledo ISD desire to move forward with a prepayment of its existing bonds, the following is a preliminary timetable for such action to occur during fiscal year 2019/20.

Preliminary Timetable – Prepayment on February 15, 2020	
Date	Action Necessary
August 27, 2019	Board Meeting – Discuss and consider a Redemption Order authorizing the prepayment of \$1,495,000 of its Unlimited Tax Refunding Bonds, Series 2007 and \$2,500,000 of its Unlimited Tax Refunding Bonds, Series 2012 on February 15, 2020.
On or Prior to December 15, 2019	Aledo ISD sends necessary documentation to The Bank of New York Mellon Trust Company, N.A., as paying agent/registrar for the Series 2007 and Series 2012 Bonds, to complete the prepayment.
On or Prior to January 15, 2020	The Bank of New York Mellon Trust Company, N.A. delivers the required notice of prepayment to existing holders of the Series 2007 and Series 2012 Bonds.
February 15, 2020	\$3,995,000 of AISD's Series 2007 and Series 2012 Bonds are officially prepaid and future interest payments are eliminated on such bonds.

Closing

We hope this information is helpful as you continue to manage the District's financial and debt position. Should any questions arise, additional material is preferred or we may be of any assistance, please let us know. We look forward to visiting with you soon and hope all is well!

Sincerely,



Joshua M. McLaughlin
Managing Director

RESOLUTION CALLING A PORTION OF THE ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2007 AND ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2012 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Aledo Independent School District (the "District") previously issued its Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2007 (the "2007 Bonds") and its Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012 (the "2012 Bonds" and, together with the 2007 Bonds, the "Bonds"); and

WHEREAS, in the order and the pricing certificate that authorized the issuance of the 2007 Bonds (the "2007 Bond Order"), the District reserved the option to redeem the 2007 Bonds maturing on and after February 15, 2018, in whole or in part, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date, beginning on February 15, 2017, or on any date thereafter; and

WHEREAS, in the order and the pricing certificate that authorized the issuance of the 2012 Bonds (the "2012 Bond Order" and, together with the 2007 Bond Order, the "Bond Orders"), the District reserved the option to redeem the 2012 Bonds maturing on and after February 15, 2023, in whole or in part, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date, beginning on February 15, 2022, or on any date thereafter; and

WHEREAS, the Board of Trustees of the District (the "Board") finds and determines that it is necessary and in the best interests of the District to redeem the outstanding Bonds described below with funds available for such purpose in accordance with the terms hereof; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE ALEDO INDEPENDENT SCHOOL DISTRICT:

Section 1. Findings.

The declarations, determinations and findings declared, made and found in the preambles to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2. Redemption of Bonds.

The 2007 Bonds listed in **Exhibit A-1** hereto (the "2007 Redeemed Bonds") are hereby called for redemption on February 15, 2020 (the "2007 Bond Redemption Date"), and the 2012 Bonds listed in **Exhibit A-2** hereto (the "2012 Redeemed Bonds" and, together with the 2007 Redeemed Bonds, the "Redeemed Bonds") are hereby called for redemption on February 15, 2022 (the "2012 Bond Redemption Date" and, together with the 2007 Bond Redemption Date, the "Redemption Date"). The Redeemed Bonds shall be paid, and the interest on each respective series of Redeemed Bonds shall cease to accrue, on each respective Redemption Date.

Section 3. Authorization of Actions.

(a) The President and Secretary of the Board, the Superintendent of Schools and the Chief Financial Officer of the District (the "Authorized Officers" and, each individually, an "Authorized Officer") are each hereby authorized and directed to deliver to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the Paying Agent/Registrar for the Bonds ("BoNY"), notices of redemption with respect to the Redeemed Bonds in substantially the forms attached hereto as **Exhibits A-1** and **A-2**, and to direct BoNY to send notice of redemption of the Redeemed Bonds to the bondholders in accordance with the Bond Orders.

(b) The Redeemed Bonds shall be presented for redemption at BoNY, and shall not bear interest after each respective Redemption Date.

(c) On or before the 2007 Bond Redemption Date, the District shall deposit with BoNY funds in an amount sufficient to provide for the redemption of the 2007 Redeemed Bonds on the 2007 Bond Redemption Date. Lawfully available funds of the District are hereby authorized and appropriated in the amounts necessary for such purpose.

(d) Each Authorized Officer is hereby authorized to enter into and execute on behalf of the District an escrow agreement (the "Escrow Agreement") between the District and BoNY (in such capacity, the "Escrow Agent"), in the form and substance as shall be approved by the Authorized Officer, which Escrow Agreement will provide for the payment of the 2012 Redeemed Bonds. In addition, each Authorized Officer is authorized to purchase, or approve the purchase of, Defeasance Securities (as defined in the 2012 Bond Order) with the proceeds deposited with the Escrow Agent.

(e) On or before February 15, 2020, the District shall deposit with the Escrow Agent funds in an amount sufficient to provide for the redemption of the 2012 Redeemed Bonds on the 2012 Bond Redemption Date, with such funds to be applied in accordance with the Escrow Agreement. Lawfully available funds of the District are hereby authorized and appropriated in the amounts necessary for such purpose.

(f) The Authorized Officers are hereby authorized and directed to take such actions and to execute and deliver such documents, orders and receipts, including without limitation material events notices with respect to the Redeemed Bonds, as necessary or appropriate to consummate the transactions authorized by this Resolution and to redeem the Redeemed Bonds in accordance with the provisions and requirements of the Bond Orders.

PASSED, APPROVED AND EFFECTIVE this August 27, 2019.

President, Board of Trustees
Aledo Independent School District

ATTEST:

Secretary, Board of Trustees
Aledo Independent School District

Exhibit A-1

NOTICE OF REDEMPTION

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2007

NOTICE IS HEREBY GIVEN that the Aledo Independent School District (the "District") has called for redemption the outstanding bonds (the "Redeemed Bonds") of the District described as follows:

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2007, maturing on February 15 in the years shown below. Such Redeemed Bonds have been called for redemption on February 15, 2020 (the "Redemption Date") at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"):

Maturity Date	Principal Amount Outstanding	Principal Amount Being Refunded	Principal Amount Remaining
2021	\$ 470,000	\$ 470,000	\$ 0
2022	490,000	490,000	0
2023	510,000	510,000	0
2024	25,000	25,000	0

THE REDEEMED BONDS have been called for redemption in accordance with the terms of the order authorizing their issuance, and such Redeemed Bonds shall be redeemed at The Bank of New York Mellon Trust Company, N.A., the Paying Agent/Registrar for the Redeemed Bonds.

UPON PRESENTATION of the Redeemed Bonds at the Paying Agent/Registrar on the Redemption Date, the holder thereof shall be entitled to receive the Redemption Price equal to par and accrued interest to the Redemption Date.

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing the place of payment of the Redeemed Bonds called for redemption with funds sufficient to pay the principal amount of the Redeemed Bonds and the interest thereon to the Redemption Date. In the event the Redeemed Bonds are not presented for redemption by the Redemption Date, they shall not thereafter bear interest.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Redeemed Bonds and in accordance with the recitals and provisions of each of the Redeemed Bonds, respectively.

ALEDO INDEPENDENT SCHOOL DISTRICT

Exhibit A-2

NOTICE OF REDEMPTION

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2012

NOTICE IS HEREBY GIVEN that the Aledo Independent School District (the "District") has called for redemption the outstanding bonds (the "Redeemed Bonds") of the District described as follows:

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2012, maturing on February 15 in the years shown below. Such Redeemed Bonds have been called for redemption on February 15, 2022 (the "Redemption Date") at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"):

Maturity Date	Principal Amount Outstanding	Principal Amount Being Refunded	Principal Amount Remaining
2025	\$ 1,540,000	\$ 230,000	\$ 1,310,000
2026	1,595,000	1,595,000	0
2027	675,000	675,000	0

THE REDEEMED BONDS have been called for redemption in accordance with the terms of the order authorizing their issuance, and such Redeemed Bonds shall be redeemed at The Bank of New York Mellon Trust Company, N.A., the Paying Agent/Registrar for the Redeemed Bonds.

UPON PRESENTATION of the Redeemed Bonds at the Paying Agent/Registrar on the Redemption Date, the holder thereof shall be entitled to receive the Redemption Price equal to par and accrued interest to the Redemption Date.

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing the place of payment of the Redeemed Bonds called for redemption with funds sufficient to pay the principal amount of the Redeemed Bonds and the interest thereon to the Redemption Date. In the event the Redeemed Bonds are not presented for redemption by the Redemption Date, they shall not thereafter bear interest.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Redeemed Bonds and in accordance with the recitals and provisions of each of the Redeemed Bonds, respectively.

ALEDO INDEPENDENT SCHOOL DISTRICT

ESCROW AGREEMENT

Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012

THIS ESCROW AGREEMENT, dated as of February 15, 2020 (herein, together with any amendments or supplements hereto, the "Agreement") is entered into by and between the Aledo Independent School District (the "Issuer") and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (herein, together with any successor in such capacity, the "Escrow Agent"). The addresses of the Issuer and the Escrow Agent are shown on **Exhibit A** attached hereto and made a part hereof.

W I T N E S S E T H:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "Defeased Obligations") described in **Exhibit B** attached hereto and made a part hereof; and

WHEREAS, the Defeased Obligations are scheduled to mature in the year, bear interest at the rate, and are payable at such times as are set forth in **Exhibit B** hereto; 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 Issuer to deposit any of its available funds or resources directly with any paying agent for the Defeased Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, 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 Issuer to enter into an escrow agreement with any such paying agent for any of the Defeased Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent, trust company or commercial bank may agree, provided that such deposits may be invested only in obligations described in Section 1207.062 of Chapter 1207, which obligations 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, the Escrow Agent is the paying agent for the Defeased Obligations (in such capacity, the "Paying Agent"), and this Agreement constitutes an escrow agreement of the kind authorized and required by said 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 for the Defeased Obligations 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;

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 Issuer 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. Recitals. 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 1.02. Definitions. Unless the context clearly indicates otherwise, the following terms shall 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.

"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, subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Defeased Obligations, the obligations permitted by Section 1207.062 of Chapter 1207 as described in the Report or cash or other obligations permitted by Section 1207.062 of Chapter 1207 substituted therefor pursuant to Article IV of this Agreement.

Section 1.03. Other Definitions. The terms "Agreement", "Issuer", "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.

Section 1.04. 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 defeasance and redemption of the Defeased Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS

Section 2.01. Deposits in the Escrow Fund. On or prior to February 15, 2020, the Issuer agrees to deposit, or cause to be deposited, with the Escrow Agent, for deposit into the Escrow Fund, funds in the amount set forth in **Exhibit B** hereto.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the "Aledo ISD Unlimited Tax Refunding Bonds, Series 2012 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 described above. 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 Issuer, 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 on the redemption date set forth in **Exhibit B** hereto and interest thereon to such redemption date.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents that the amount deposited into the Escrow Fund pursuant to Section 2.01 hereof is sufficient to pay all principal and interest coming due on the Defeased Obligations to the redemption date thereof. 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 each place of payment (paying agent) for the Defeased Obligations to make the payments set forth in Section 3.02 hereof, the Issuer 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, unless such insufficiency is caused by the acts of the Escrow Agent. 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 Issuer's failure to make additional deposits thereto.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow any 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 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 all 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 Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and 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 Issuer 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. Limitations. Except as provided in this Article IV, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of, or to sell, transfer or otherwise dispose of, any Escrowed Securities, if purchased.

Section 4.02. Substitutions and Reinvestments. At the written direction of the Issuer, the Escrow Agent shall invest cash balances on deposit in the Escrow Fund, make substitutions of any Escrowed

Securities or redeem Escrowed Securities and reinvest the proceeds thereof in other Escrowed Securities or hold such proceeds as cash, together with other moneys or Escrowed Securities held in the Escrow Fund, provided that the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that after such purchase, substitution or reinvestment, the principal amount of the Escrowed Securities in the Escrow Fund (which shall be noncallable, not pre-payable obligations described in Section 1207.062 of Chapter 1207), together with the interest thereon and other available moneys, will be sufficient to pay, without further investment or reinvestment, as the same become due as set forth in Exhibit B hereto, the principal of and interest 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 purchase, 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 purchase, substitution or reinvestment, or otherwise make the interest on the Defeased Obligations subject to federal income taxation, and (b) such purchase, 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 Issuer.

Section 4.03. Arbitrage. The Issuer 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 any Escrowed Securities, if purchased, 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

Section 5.01. In General. Except as may be agreed to by the Issuer in writing, 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 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 Issuer 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 Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, transfers from the Escrow Fund for payments on the Defeased Obligations, together with a detailed statement of 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 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, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

The recitals herein and in the proceedings authorizing the Defeased Obligations shall be taken as the statements of the Issuer 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 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.

Except as stated in Section 7.05 hereof, 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 Issuer 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 Issuer 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 Issuer 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 Issuer at any time.

The Escrow Agent may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

The Escrow Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it in good faith and in accordance therewith. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed.

To the extent permitted by law, the Issuer agrees to indemnify, defend and hold the Escrow Agent and its officers, directors, agents, and employees harmless from and against any and all loss, damage, claim, liability and expense that may be incurred by the Escrow Agent arising out of or in connection with its acceptance or appointment as Escrow Agent hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder except that the Escrow Agent shall not be indemnified for any loss, damage, claim, liability, or expense resulting from its own negligence or willful misconduct. The foregoing indemnification shall survive the termination of this Agreement or the resignation or removal of the Escrow Agent for any reason.

Section 7.03. Compensation. (a) Concurrently with the initial deposit to the Escrow Fund, the Issuer 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 set forth in **Exhibit C** attached hereto, 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 Issuer 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 Issuer 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 sum 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 Issuer in writing.

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 Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer 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 Issuer, 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 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 a corporation organized and doing business under the laws of the United States or the State of Texas, authorized under such laws to exercise corporate trust powers, authorized under Texas law to act as an escrow agent, having its principal office and place of business in the State of Texas, having a combined capital and surplus of at least \$50,000,000 and subject to the supervision or examination by Federal or State authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer 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 Issuer 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 sixty (60) days' written notice to the Issuer 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 (3) 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 Issuer as herein provided and such successor Escrow Agent shall be a paying agent for the Defeased Obligations 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 and, if applicable, its Paying Agent's fee hereunder.

If within 60 days following the resignation of the Escrow Agent, no successor Escrow Agent shall have been appointed, the Escrow Agent may apply to any court of competent jurisdiction to appoint a successor Escrow Agent.

Section 7.05. Notice of Redemption. The Escrow Agent is hereby authorized and directed to cause notice of defeasance and redemption of the Defeased Obligations to be given at the time and in the form and manner prescribed in the proceedings that authorized the issuance of the Defeased Obligations.

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 Issuer 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 (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007, Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004 and Fitch, Inc., One State Street Plaza, New York, New York 10004.

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 Issuer, 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 Issuer 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 Issuer, 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** hereto, 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 one or more counterparts, each and all of which shall constitute one and the same instrument.

Section 8.10. Miscellaneous. The Escrow Agent represents and warrants, for purposes of Chapter 2270 of the Texas Government Code, that at the time of execution and delivery of this Agreement, none of the Escrow Agent, or any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Escrow Agent, boycotts Israel. The Escrow Agent agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Escrow Agent, nor any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Escrow Agent, will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this subsection (a) has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code.

The Escrow Agent represents and warrants, for purposes of Subchapter F of Chapter 2252 of the Texas Government Code, that at the time of execution and delivery of this Agreement neither the Escrow Agent, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Escrow Agent, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code. The term "foreign terrorist organization" as used in this subsection (b) has the meaning assigned to such term in Section 2252.151 of the Texas Government Code.

[Remainder of page left blank intentionally]

EXECUTED as of the date first written above.

ALEDO INDEPENDENT SCHOOL DISTRICT

Authorized Officer

Signature Page to Escrow Agreement
Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: _____

Title: _____

INDEX TO EXHIBITS

Exhibit A Addresses of the Issuer and the Escrow Agent

Exhibit B Defeased Obligations

Exhibit A

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

ISSUER

Aledo Independent School District
1008 Bailey Ranch Road
Aledo, Texas 76008-4407

Attention: Chief Financial Officer

ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
2001 Bryan Street, 11th Floor
Dallas, Texas 75201

Attention: Corporate Trust Department

Exhibit B

DEFEASED OBLIGATIONS

Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2012

Maturity Dates and Principal Amounts to be Redeemed:

Maturity Date	Principal Amount Outstanding	Principal Amount Being Refunded	Principal Amount Remaining
2025	\$ 1,540,000	\$ 230,000	\$ 1,310,000
2026	1,595,000	1,595,000	0
2027	675,000	675,000	0

Defeasance Date: February 15, 2020

Redemption Date: February 15, 2022

ESCROW DEPOSIT

Deposit with Respect to the Defeased Obligations: The Issuer shall deposit the sum of \$2,675,000.00 with the Escrow Agent on or before February 15, 2020, which funds shall be applied to pay the principal and interest coming due on the Defeased Obligations as shown below:

Date	Principal	Interest	Principal Redeemed	Total
08/15/2020		43,750.00		43,750.00
02/15/2021		43,750.00		43,750.00
08/15/2021		43,750.00		43,750.00
02/15/2022		43,750.00	2,500,000.00	2,543,750.00
	0.00	175,000.00	2,500,000.00	2,675,000.00

Exhibit C

ESCROW AGENT FEES