



Agenda of Special Board Meeting

The Board of Trustees McAllen Independent School District

A Special Board Meeting of the Board of Trustees of the McAllen Independent School District will be held Wednesday, August 16, 2023, beginning at 5:00 PM Dr. Ricardo Chapa Board Room/Administration Building of the McAllen Independent School District, 2000 North 23rd Street, McAllen, TX 78501.

Items listed on this agenda may be taken in an order other than as shown on this agenda. Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

At this meeting there may be discussion and action by the Board on the item(s) and subject(s) listed as follows:

1. **CALL MEETING TO ORDER**
2. **PUBLIC COMMENTS**
3. Discussion and Possible Action on a Resolution Adopting the 2023 Tax Rate 3
Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. Rosalba De Hoyos, Acting Superintendent
4. Discussion and Possible Action to Order a Voter Approval Tax Ratification Election to be held November 7, 2023
Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. Rosalba De Hoyos, Acting Superintendent
5. Discussion and Possible Action on a Resolution Providing for the Defeasance to Maturity of Certain Currently Outstanding District Obligations and Other Matters in Connection Therewith 8
Item Submitted: Adel Felix, Assistant Superintendent for Business Operations
Presenter: Dr. Rosalba De Hoyos, Acting Superintendent
6. **ADJOURNMENT**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Government Code, Chapter 551, Subchapters D and E. Before any closed meeting is convened, the presiding officer will publicly identify the

section or sections of the Act authorizing the closed meeting. All final votes, actions, or decisions will be taken in open meeting.

Pursuant to Texas Government Code 551.127, a member or employee of a governmental body is authorized to participate remotely in a meeting of the governmental body through a videoconference call, as long as a quorum of the governmental body is physically present at the location of the Board Meeting. Any video conference conducted pursuant to this section will comply with the technical requirements of this section.

Pursuant to Texas Government Code 551.129, the Board of Trustees may use a telephone conference call, video conference call, or communications over the internet to conduct a public consultation with its attorney in an open meeting of the governmental body, or, a private consultation with its attorney in closed meeting of the governmental body.

*The notice for this meeting was posted in compliance with the Texas Open Meeting Act on August 13, 2023 at 10:00 A.M.
Natalia Goza
on behalf of the Board of Trustees*

**BOARD AGENDA REPORT
McALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: August 16, 2023

**BOARD AGENDA REPORT
McALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: August 16, 2023

SUBMITTED BY: 

SUPERVISOR: 

Approved for presentation to the Board of Education:



RESOLUTION

MAKING CERTAIN FINDINGS UNDER TEX. EDUC. CODE § 11.184 AND TEX. TAX CODE § 26.08(a) CONCERNING SETTING THE MAINTENANCE & OPERATIONS TAX RATE OF THE MCALLEN INDEPENDENT SCHOOL DISTRICT FOR THE YEAR BEGINNING ON JANUARY 1, 2023, AND ENDING DECEMBER 31, 2023

WHEREAS the valuation of taxable property within the boundaries of the McAllen Independent School District has heretofore been determined by the Hidalgo County Appraisal District and certified to the Board of Trustees; and,

WHEREAS the budget for the McAllen Independent School District was prepared and adopted on June 19, 2023, after the issuance of Public Notice and after a Public Hearing on the matter conducted pursuant to Tex. Educ. Code § 44.04; and,

WHEREAS the Maintenance & Operations Tax Rate for the McAllen Independent School District is being adopted in this August 16, 2023, by the Board of Trustees; and,

WHEREAS, prior to the adoption of the District's 2023 Maintenance & Operations Tax Rate, and pursuant to Tex. Educ. Code § 11.184, the District has commissioned an "efficiency audit" and will publish, discuss, and consider the results of such audit at least thirty (30) days prior to the date of the VATRE election, as required by law.

WHEREAS, the Board of Trustees of the McAllen Independent School District understands that, in accordance with the provisions of Tex. Tax Code § 26.08(a) that if the governing body of a school district adopts a Maintenance & Operations Tax rate that exceeds the district's voter-approval tax rate for Tax Year 2023, the registered voters in the District, at an election held for that purpose, must determine whether to approve such adopted tax rate; and,

WHEREAS, the Board of Trustees of the McAllen Independent School District finds that the 88th Texas Legislature has appropriated minimal dollars over prior year levels to be expended on facilities, safety and employee compensation: and,

WHEREAS, the Board of Trustees of the McAllen Independent School District has identified that the fact that the passage of a Voter-Approval Tax Rate Election will provide an opportunity to pay for facility and safety needs as well as employee compensation increase if the measure passes; and,

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

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That, under the combined provisions of Tex. Tax Code § 26.08(a) the highest 2023 Maintenance and Operations Tax rate that can be levied without the necessity of calling a Voter-Approval Tax Rate Election is \$0.8034 per \$100 valuation.

SECTION 3. That, under the combined provisions of Tex. Educ. Code §§ 48.2551 and 45.003(f), the District’s maximum allowable Maintenance & Operations Tax Rate for Tax Year 2023 is \$0.8448 per \$100 valuation.

SECTION 4. The Maintenance & Operations Tax Rate on the \$100 valuation adopted and levied for the Tax Year beginning on January 1, 2023, and ending on December 31, 2023, in the amount of \$0.8448 on a \$100 valuation, payable in lawful currency of the United States, is levied for the support and maintenance of the public schools of the McAllen Independent School District.

SECTION 5. THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR’S TAX RATE.

THE TAX RATE WILL EFFECTIVELY BE INCREASED BY 5.15 PERCENT AND WILL INCREASE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000 HOME BY APPROXIMATELY \$24.84

SECTION 7. The call for adoption was moved and seconded and passed in regular session of the Board of Trustees. Thereupon, the question of the adoption of the Maintenance and Operations Tax Rate being called for by separate vote, the following members of the Board voted:

“AYE”: _____, being at least sixty percent (60%) of the membership of the Board of Trustees

and the following voted:

“NO”: _____

Other Votes, if any: _____

SECTION 8. Because the Board of Trustees of the McAllen Independent School District has levied a Maintenance and Operations Tax in excess of the rate in excess of the Voter-Approval Tax Rate, an election, pursuant to Tex. Tax Code § 26.08(a) is necessary, and will be called via Board action of even date with this Resolution.

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

McAllen Independent School District

By: _____
Debbie Crane Aliseda, President,
Board of Trustees,
McAllen Independent School District

ATTEST:

By: _____
Sofia M. Pena, Secretary,
Board of Trustees,
McAllen Independent School District

**BOARD AGENDA REPORT
MCALLEN INDEPENDENT SCHOOL DISTRICT**

MEETING DATE: August 16, 2023

SUBJECT: Discussion and Possible Action on a Resolution Providing for the Defeasance to Maturity of Certain Currently Outstanding District Obligations and Other Matters in Connection Therewith

REFERENCE: Goal 4, Strategy 7 - Financial Priorities

BACKGROUND INFORMATION/REASON FOR BOARD CONSIDERATION:

Defeasance of eligible outstanding debt, allows the District to decrease or escrow our outstanding debt to manage the Interest and Sinking tax rate. The District's outstanding bonds are eligible for escrow to maturity. Any interest and sinking tax revenues earned beyond the annual required payments will be placed in an escrow account and earn interest that can only be used to payoff outstanding bonded debt.

The current defeasance opportunity exists with an existing Series 2020B Unlimited Tax Refunding Bonds. The interest savings for these bonds, if defeased, is \$1.735 million.

ADMINISTRATIVE CONSIDERATIONS/FACTS AND ANALYSIS:

The Board of Trustees may authorize the use of District funds realized from prior or prospective interest and sinking fund tax collections for the early redemption and/or escrowing of certain qualifying long-term debt obligations (Defeased Obligations). District administration currently estimates that the principal amount of Defeased Obligations will be approximately \$7,250,000. The final amount of Defeased Obligations will be known to the District subsequent to current taxes becoming delinquent and tax collections available for defeasance are ascertained.

LEGAL REVIEW:

Resolution reviewed by bond counsel McCall, Parkhurst & Horton L.L.P., Attorneys at Law.

BUDGETARY CONSIDERATIONS:

N/A

RECOMMENDED BOARD ACTION:

That the Board of Trustees adopt a Resolution Providing for the Defeasance to Maturity of Certain Currently Outstanding District Obligations and Other Matters in Connection Therewith

Attachment:

SUBMITTED BY: 

SUPERVISOR: 

For further information contact:
Name: Iris Luna, RTSBA
Office: (956) 618-6016
Email: iris.luna@mcalleisd.net

Approved for presentation to the Board of Education:



A RESOLUTION BY THE BOARD OF TRUSTEES OF THE MCALLEN INDEPENDENT SCHOOL DISTRICT PROVIDING FOR THE DEFEASANCE TO MATURITY OF CERTAIN CURRENTLY OUTSTANDING DISTRICT OBLIGATIONS; DIRECTING THE BOARD SECRETARY, OR A DESIGNEE THEREOF, TO EFFECTUATE THE DEFEASANCE OF THESE OBLIGATIONS; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; DELEGATING TO CERTAIN DISTRICT OFFICIALS AND STAFF THE AUTHORITY TO EFFECTUATE MATTERS HEREIN RESOLVED; AND OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, the Board of Trustees (the *Board*) of the McAllen Independent School District (the *District*) has previously adopted an order (the *Original Order*) authorizing the issuance of the District's currently outstanding Unlimited Tax Refunding Bonds, Taxable Series 2020B (the *Obligations*); and

WHEREAS, it is in the best interest of the District and its residents to defease certain of the Obligations (the *Defeased Obligations*) to their Stated Maturity, extinguishing the District's payment obligations with respect thereto at the time of defeasance, as herein provided; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE MCALLEN INDEPENDENT SCHOOL DISTRICT THAT:

SECTION 1. The Board hereby authorizes an Authorized Official (defined herein) to use District funds realized from prior or prospective interest and sinking fund tax collections or any other lawfully available source (the *Defeasance Proceeds*), in an amount necessary and sufficient to defease, to their Stated Maturity, the Defeased Obligations, which shall be determined by an Authorized Official and set forth in Exhibit A hereto. An Authorized Official shall accomplish the defeasance of the Defeased Obligations by establishing and funding with Defeasance Proceeds prior to the end of the District's 2023-2024 fiscal year the hereinafter-defined Escrow Fund pursuant to the provisions of Section 2 hereof. An Authorized Official shall identify the maximum principal amount of Defeased Obligations that can be defeased 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, with the goal of maximizing the principal amount of the Defeased Obligations. District officials currently estimate that the principal amount of Defeased Obligations will equal approximately \$7,250,000. The final amount available to the District to defease the Defeased Obligations will be known to the District after current taxes become delinquent and the tax collections available for defeasance are ascertained.

SECTION 2. The Escrow and Trust Agreement, dated as of August 16, 2023 (the *Agreement*), by and between the District and the escrow agent therein identified (the *Escrow Agent*), relating to the Defeased Obligations and attached hereto as Exhibit B and incorporated herein by reference as a part of this Resolution for all purposes, is hereby approved as to form and

content, and such Agreement, together with such changes or revisions as may be necessary to accomplish the defeasance of the Defeased Obligations or benefit the District, is hereby authorized to be executed by an Authorized Official, for and on behalf of the District and as the act and deed of this Board. Such Agreement, as executed by said Authorized Official, shall be deemed approved by the Board and constitute the Agreement herein approved.

Furthermore, each Authorized Official, the District's Financial Advisor (RBC Capital Markets, LLC), and the District's Bond Counsel (McCall, Parkhurst & Horton L.L.P.), in cooperation with the Escrow Agent, is hereby authorized and directed to make the necessary arrangements for the deposit of cash and/or the purchase of any securities if applicable, referenced in the Agreement 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 "MCALLEN INDEPENDENT SCHOOL DISTRICT 2023 DEFEASANCE ESCROW FUND" (the *Escrow Fund*), as may be modified in name to reference the appropriate Defeasance Obligations, and may include 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, as amended, Texas Government Code, this Resolution, and the Agreement.

SECTION 3. The President and Secretary of the Board are authorized and instructed to give notice of redemption described herein to the paying agent/registrar(s) for the Defeased Obligations for further delivery thereby to the holders of such Defeased Obligations, as provided in the Original Order.

SECTION 4. An Authorized Official shall select an appoint a qualified verification agent (such party, the *Verification Agent*) to verify the sufficiency of the deposit to the Escrow Fund to accomplish the defeasance of the Defeased Obligations, to the extent such appointment is necessary or desired.

SECTION 5. Each Authorized Official is authorized to evidence adoption of this Resolution and to do any and all things necessary or convenient to effect the redemption of the Defeased Obligations herein described and otherwise give effect to the intent and purpose hereof.

SECTION 6. The Board hereby directs that Defeasance Proceeds shall include amounts sufficient to pay professional fees and expenses of the District's Bond Counsel, the District's Financial Advisor, the Escrow Agent (if any), the Verification Agent, the paying agent/registrar for the Defeased Obligations, 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 Defeasance Proceeds to pay these expenses is hereby approved.

SECTION 7. 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 8. 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 9. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 10. 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 11. 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 12. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the Board hereby delegates to the Board President, Board Vice President, Board Secretary, Superintendent of Schools, and the District's Assistant Superintendent for Business Operations (each of the foregoing, an *Authorized Official*) the authority to independently select the counterparty to any agreement with the Escrow Agent, Verification Agent or any other contract that is determined by an Authorized Official, the District's Financial Advisor, or Bond Counsel to be necessary or incidental to carry out the provisions of this Resolution, as long as each of such contracts has a value of less than the amount referenced in Section 2252.908 of the Texas Government Code, as amended (collectively, the *Ancillary Bond Contracts*); and, as necessary, to execute the Ancillary Bond Contracts on behalf and as the act and deed of the District. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Bond Contracts.

SECTION 13. Capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Original Order.

SECTION 14. 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.

MCALLEN INDEPENDENT SCHOOL
DISTRICT

Debbie Crane Aliseda,
President, Board of Trustees,
McAllen Independent School District

ATTEST:

Sofia M. Pena, Secretary,
Board of Trustees,
McAllen Independent School District

(DISTRICT SEAL)

EXHIBIT A

DEFEASED OBLIGATIONS

Of the McAllen Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2020B, dated October 15, 2020, in the original principal amount of \$32,800,000, \$_____ of the February 15, 20__ (whole/partial defeasance) and \$_____ of the February 15, 20__ maturity (whole/partial defeasance).

DRAFT

EXHIBIT B

ESCROW AGREEMENT

See Tab No. 2

DRAFT

ESCROW AND TRUST AGREEMENT

THIS ESCROW AND TRUST AGREEMENT, dated as of August 16, 2023 (together with any amendments or supplements hereto, this *Agreement*), is entered into between the McAllen Independent School District (the *Issuer*), a duly organized and existing body corporate and political subdivision of the State of Texas, and BOKF, NA, Dallas, Texas, as escrow agent (together with any successor in such capacity, the *Escrow Agent*), a national banking association with trust powers duly organized and existing under the laws of the United States of America and authorized to transact business in the State of Texas.

W I T N E S S E T H:

WHEREAS, the Issuer has heretofore issued and there currently remain outstanding the obligations, plus accrued interest thereon (the *Defeased Bonds*) set forth on Schedule I hereto; and

WHEREAS, the Defeased Bonds were issued pursuant to an Order which provides that the Defeased Bonds are stated to mature in such years, are redeemable prior to stated maturities, bear interest at such rates, and have debt service at the times and in the amounts set forth on Exhibit A attached hereto and made a part hereof for all purposes; and

WHEREAS, when firm banking arrangements have been made for the payment of the principal, premium, if any, and interest to the stated maturity or redemption date of the Defeased Bonds, the Defeased Bonds 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, as amended, Texas Government Code (the *Act*) authorizes the Issuer to deposit any lawfully available funds or resources, directly with any place of payment (the paying agent) for the Defeased Bonds or a designated escrow agent for the Defeased Bonds that is not the depository bank of the Issuer, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Defeased Bonds; and

WHEREAS, the Act further authorizes the Issuer to enter into an escrow agreement with any paying agent or trustee or designated escrow agent that is not the depository bank of the Issuer for the Defeased Bonds with respect to the safekeeping, investment, reinvestment, administration, and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent or trustee or escrow agent may agree, provided that such deposits may be invested only in Eligible Investments 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 the Defeased Bonds; and

WHEREAS, BOKF, NA, Dallas, Texas, currently serves as the paying agent for the Defeased Bonds and BOKF, NA, Dallas, Texas, is hereby designated as the Escrow Agent by the District and is not the depository bank of the District; and

WHEREAS, the Escrow Agent is designated as the escrow agent for the Defeased Bonds and this Agreement constitutes an escrow agreement as authorized and permitted by the Act; and

WHEREAS, concurrently herewith the Issuer has adopted a Resolution (the *Resolution*) authorizing the transfer and deposit at the time or times specified therein of certain available funds identified in such Resolution in an amount sufficient to refund, discharge, and make final payment of the principal of and premium, if any, on the Defeased Bonds at their respective stated maturity or redemption dates and interest thereon to such dates; and

WHEREAS, the Defeased Bonds will be paid at on the redemption date specified for payment on Exhibit A; and

WHEREAS, the Issuer desires that, certain lawfully available funds of the District shall be applied to purchase the Escrowed Securities for deposit t the credit of the Escrow Fund (hereinafter defined) created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in this 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 Bonds as it accrues or accretes and becomes payable and the principal of and premium, if any, on the Defeased Bonds to their stated maturity or redemption date; and

WHEREAS, a description of the Escrowed Securities and beginning cash balance, if any, is attached hereto as Exhibit B, which Exhibit B is hereby incorporated by reference and made a part of this Agreement for all purposes; and

WHEREAS, the Issuer has completed all arrangements for the purchase of the Escrowed Securities and the deposit and credit of the same to the Escrow Fund as provided herein; and

WHEREAS, to facilitate the receipt and transfer of proceeds of the Escrowed Securities, particularly those in book entry form, the Issuer desires to establish an irrevocable Escrow Fund at the corporate trust office of the Escrow Agent; and

WHEREAS, the Escrow Agent is a national banking association with trust powers duly organized and existing under the laws of the United States of America and qualified to transact business in the State of Texas, and is fully qualified and empowered to enter into the Agreement; and

WHEREAS, the governing body of the Issuer has duly approved and authorized the execution of this Agreement; and

WHEREAS, the Issuer shall take all action necessary to call, pay, redeem, and retire the Defeased Bonds in accordance with the provisions thereof, including, without limitation, all actions required by the Order authorizing the issuance of the Defeased Bonds, the Act, the Resolution, and this Agreement; and

WHEREAS, the Escrow Agent is a party to this Agreement to acknowledge its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises, and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of the principal of, premium, if any, and the interest on the Defeased Bonds, 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 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:

Defeased Bonds means the Issuer's obligations more fully described in Schedule I to this Agreement.

Eligible Investments means (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality 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 issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

Escrow Agent means BOKF, NA, Dallas, Texas, or its successors as Escrow Agent under this Agreement.

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 Eligible Investments for the Defeased Bonds described in Exhibit B attached to this Agreement or any substituted securities permitted by the provisions of Section 4.03 hereof. Investments in mutual funds and/or unit investment trusts are prohibited.

Issuer means the McAllen Independent School District.

Paying Agent means BOKF, NA, Dallas, Texas, or its successors or assigns, as the paying agent/registrant for the Defeased Bonds.

Section 1.02 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 refunding of the Defeased Bonds in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROWED SECURITIES

Section 2.01 Deposits in the Escrow Fund. The Issuer has as of September 13, 2022 deposited, or caused to be deposited, in the Escrow Fund the money and Escrowed Securities described in Exhibit B attached to this Agreement.

Section 2.02 Receipt. The Escrow Agent acknowledges receipt of a copy of the Order authorizing the issuance of the Defeased Bonds, the Notice of Redemption, the Verification Report prepared by Public Finance Partners LLC relating to the Bonds, if any, and the Resolution. Reference herein to or citation herein of any provision of such instruments shall be deemed to be an incorporation of such provision as a part hereof.

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 “McAllen Independent School District Unlimited Tax School Building Bonds, Series 2020 (2022 Defeasance) Escrow Fund” (the *Escrow Fund*) for the benefit of the holders of the Defeased Bonds. The Escrowed Securities and cash, if any, are being utilized by the Issuer to defease the Defeased Bonds as specified in Exhibit B. The Escrow Agent hereby acknowledges that there has been deposited to the credit of the Escrow Fund the beginning cash balance, if any, and the Escrowed Securities described in Exhibit B. The Escrowed Securities and all proceeds therefrom shall be the property of the Escrow Fund and shall be applied only in strict conformity with the terms and conditions of this Agreement. All of the Escrowed Securities in the Escrow Fund, all proceeds therefrom, and all cash balances and reinvestment of such cash balances in accordance with Sections 4.02 and 4.03 from time to time on deposit in the Escrow Fund are hereby irrevocably pledged to the payment of the principal of, premium, if any, and interest on the Defeased Bonds which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02. When the final transfers have been made for the payment of such principal of, premium, if any, and interest on the Defeased Bonds, 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 pertaining to the Escrow Fund.

Section 3.02 Payment of Principal, Premium, if any, 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 to the Paying Agent the amounts required to pay the principal and premium, if any, of the Defeased Bonds at their redemption date and interest thereon to such date in the amounts and at the times shown in Exhibit A.

Section 3.03 Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Escrowed Securities, together with the beginning cash balance, if any, in the Escrow Fund 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 Bonds as such interest comes due, the principal and redemption premium (as applicable) of the Defeased Bonds as the principal and redemption premium, if any, come due on the Defeased Bonds, all as more fully set forth in Exhibit A attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in any Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.02, the Issuer shall timely deposit in the Escrow Fund, from lawfully available funds, additional funds in the amounts required to make such payments. Notice of any such insufficiency shall be given promptly by the Escrow Agent to the Issuer.

Section 3.04 Trust Funds. The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities, and all other assets of the Escrow Fund wholly segregated on its books 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 holders of the Defeased Bonds; and the books and records of the Escrow Agent shall reflect the foregoing. The holders of the Defeased Bonds 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 were entitled as holders of the Defeased Bonds. 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 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 Non-Presentation. If any Defeased Bonds shall not be presented to the Paying Agent for payment when the principal thereof, premium, if any, or interest thereon shall have become due, and if cash shall at such times be held by the Paying Agent in trust for that purpose sufficient and available to pay the principal and premium, if any, of such Defeased Bonds and interest thereon, it shall be the duty of the Paying Agent to hold such cash without liability to the holder of such Defeased Bonds for interest thereon after such stated maturity or redemption date, if any, in trust for the benefit of the holder of such Defeased Bonds, who shall thereafter be restricted exclusively to such cash for any claim of whatever nature on his part on or with respect to such Defeased Bonds, including for any claim for the payment thereof and interest thereon. All cash required by the provisions hereof to be set aside or held in trust for the payment of the Defeased Bonds, including interest thereon, shall be applied to and used solely for the payment of the Defeased Bonds and interest thereon with respect to which such cash has been so set aside in trust.

Subject to the provisions of the last sentence of Section 3.01, cash held by the Paying Agent in trust for the payment and discharge of any of the Defeased Bonds and interest thereon which

remains unclaimed for a period of three (3) years after the stated redemption date of such Defeased Bonds shall be returned to the Issuer. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent, as appropriate, to the Issuer shall be subject to any applicable unclaimed property laws of the State of Texas.

Section 3.06 Destruction. Any Defeased Bonds canceled on account of payment by the Paying Agent shall be cremated or otherwise destroyed or handled by the Paying Agent in accordance with the Order authorizing the issuance of the Defeased Bonds.

Section 3.07 Irrevocable Escrow. The escrow created by this Agreement shall be irrevocable, and the holders of the Defeased Bonds shall have an express lien on all money and Escrowed Securities in the Escrow Fund until paid out, used, and applied in accordance with this Agreement.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01 Duty to Invest. Except for the initial investment of the lawfully available funds of the Issuer in the Escrowed Securities, and except as provided in Sections 4.02, 4.03, and 4.04, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, make substitutions of the Escrowed Securities, or sell, transfer, or otherwise dispose of the Escrowed Securities.

Section 4.02 Reinvestment of Certain Cash Balances in Escrow Funds by Escrow Agent. Except as provided in Section 4.03 hereof, the Escrow Agent shall have no authority to substitute Escrowed Securities for the Escrowed Securities identified in Exhibit B hereto, provided that if there exists cash in the Escrow Fund on the respective dates identified in Exhibit C, if any, then the Escrow Agent and the District agree to make timely subscriptions for and apply such amounts to the purchase of United States Treasury Securities--State and Local Government Securities having a zero percent (0%) interest rate (Zero Interest SLGS), on the respective dates, in the respective amounts, and scheduled to mature as provided on Exhibit C, if any, by executing and filing subscription forms prepared therefor in such form as may be then required by the United States Department of the Treasury; provided that the then existing rules and regulations and policy of the United States Department of the Treasury permit and authorize such investments. Should the policies, rules, and regulations of the United States Department of the Treasury not permit or authorize the purchase of Zero Interest SLGS at such time or times, such cash balance or balances shall remain uninvested and held in trust for the benefit of the holders of the Defeased Bonds and used for the payment of the Defeased Bonds on the dates and in the amount such money would have been expended had such Zero Interest SLGS been acquired and matured.

Section 4.03 Substitutions and Reinvestments. The Escrow Agent shall be authorized to accept initially and temporarily cash and/or substituted securities pending the delivery of the Escrowed Securities identified in Exhibit B, or shall be authorized to sell, exchange, or redeem the Escrowed Securities and reinvest the proceeds thereof, together with other money held in the Escrow Fund, provided that the Escrow Agent receives the following:

(1) an opinion by an independent certified public accountant to the effect that (i) the initial and/or temporary substitution of cash and/or securities (which shall be Eligible Investments) for one or more of the Escrowed Securities identified in Exhibit B pending the receipt and delivery thereof to the Escrow Agent or (ii) the sale, exchange, or redemption of one or more of the Escrowed Securities and the reinvestment of such funds in one or more substituted securities (which shall be Eligible Investments and permitted by the laws of the State of Texas and the Order authorizing the Defeased Bonds to be held in the Escrow Fund), together with the interest thereon and other available investments and money then held in the Escrow Fund, will, in either case, be sufficient, without reinvestment, to pay, as the same become due in accordance with Exhibit A, the principal of, premium, if any, and interest on, the Defeased Bonds which have not previously been paid, and

(2) with respect to an early sale, exchange, or redemption of Escrowed Securities and the reinvestment of the proceeds thereof, an opinion of nationally recognized municipal bond counsel to the effect that (a) such investment will not cause interest on the Bonds or Defeased Bonds to be included in the gross income of the owners thereof for federal income tax purposes, under the Internal Revenue Code of 1986, as amended, and applicable related regulations, and (b) such reinvestment complies with the laws of the State of Texas and with all relevant documents relating to the issuance of the Defeased Bonds.

Section 4.04 Excess Balances. Except with respect to final transfers of amounts held in the Escrow Fund (which shall be controlled by Section 3.01), the Escrow Agent shall transfer excess amounts held in the Escrow Fund to or on the Order of the Issuer provided that the Issuer delivers to the Escrow Agent the following:

(1) an opinion by an independent certified public accountant that, after the transfer of the excess amounts, the principal amount of securities in the Escrow Fund, together with the interest thereon and other available money then held in the Escrow Fund, will be sufficient, without reinvestment, to pay, as the same become due, in accordance with Exhibit A, the principal of, premium, if any, and interest on the Defeased Bonds which have not previously been paid, and

(2) an unqualified opinion of nationally recognized bond counsel to the effect that (a) such transfer will not make the interest on the Defeased Bonds relating to such Escrow Fund subject to federal income taxation, and (b) such transfer complies with the laws of the State of Texas and with all relevant documents relating to the issuance of such Defeased Bonds and the Bonds.

Section 4.05 Allocation of Certain Escrowed Securities. The maturing principal of and interest on the Escrowed Securities in the Escrow Fund may be applied to the payment of any Defeased Bonds relating to the Escrow Fund, and no allocation or segregation of the receipts of principal or interest from such Escrowed Securities is required.

Section 4.06 Security for Funds. The Escrow Agent shall continuously collateralize the money in the Escrow Fund not invested in Escrowed Securities with securities or obligations which

qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for public funds to the extent such money is not insured by the Federal Deposit Insurance Corporation.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01 In General. Except as provided in Sections 3.01, 3.02, 4.02, 4.03, and 4.04, 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 Issuer, and the holders of the Defeased Bonds.

Section 6.02 Reports. As soon as practicable following each August 31, beginning August 31, 2024, while any amount is held in the Escrow Fund, the Escrow Agent shall prepare and send to the Issuer a written report summarizing all transactions occurring since the preceding September 1 (or since the date of establishment of the Escrow Fund with respect to the initial report) relating to the Escrow Fund, 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 Bonds 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 each such annual period.

ARTICLE VII

CONCERNING THE PAYING AGENTS 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 to 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, premium, if any, and interest on the Defeased Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund.

The recitals herein and in the proceedings authorizing the Bonds 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 Order authorizing the

Defeased Bonds, other than in its role as Paying Agent/Registrar for the Defeased Bonds, and is not responsible for nor bound by any of the other provisions thereof. In its capacity as Escrow Agent, the Escrow Agent undertakes to perform such duties and only such duties, as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Escrow Agent.

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, except for its own action, neglect, or default or for any loss resulting from its negligence or bad faith.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in the 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 bad faith.

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, and 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.

Section 7.03 Compensation.

(a) The Issuer has agreed to pay the Escrow Agent as set forth in Exhibit D for the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder and the Escrow Agent agrees to perform such request, 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, including counsel fees, 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. Notwithstanding the foregoing, and notwithstanding anything else herein to the contrary, the aggregate value of this Agreement shall not exceed the dollar limitation set forth in Sections 2271.002(a)(2) and 2274.002 (a)(2) of the Texas Government Code, as amended.

(b) The Paying Agent is a place of payment (paying agent) for the Defeased Bonds listed on Schedule I. The Issuer shall pay to the Paying Agent the amounts due and owing for all future paying agency services of the Paying Agent with respect to such Defeased Bonds as provided in the paying agent/registrars agreement relating thereto. The District warrants that it has received from the Paying Agent approval of the arrangements herein made and written acknowledgment that the sum paid to the Paying Agent has been accepted in payment of all future paying agency services of the Paying Agent in connection with the Defeased Bonds listed on Schedule I.

Section 7.04 Successor Escrow Agents. If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of 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 resolution or Resolution, shall promptly 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 holders of a majority in principal amount of the Defeased Bonds then outstanding for purposes of this Agreement by an instrument or instruments in writing filed with the Issuer, signed by such holders 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 holder of any Defeased Bonds or the Escrow Agent 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 bank, trust company or other financial institution that is duly qualified under applicable law (the Act, or other appropriate statute) to serve as escrow agent hereunder and authorized and empowered to perform the duties and obligations contemplated by this Agreement and organized and doing business under the laws of the United States or one of the states, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Texas or in the City of New York, New York 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.

Section 7.05 Notice of Redemption and/or Notice of Defeasance. The Paying Agent shall publish or mail the Notice of Redemption for the Defeased Bonds listed on Schedule I attached hereto and as required by the order authorizing such Defeased Bonds. The Escrow Agent also hereby acknowledges receipt of the Notice of Redemption which shall be published and/or mailed to the holders of the Defeased Bonds in the time, form, and manner as provided in the Order authorizing the issuance of such Defeased Bonds, but assumes no responsibilities of any kind with respect to such notice. The District has advised the Escrow Agent that the Defeased Bonds will be escrowed to the date of Stated Maturity specified in Schedule I hereto. The Paying Agent hereby acknowledges the receipt of the Notice of Redemption and its ongoing duties and responsibilities with respect to the Defeased Bonds and that the Notice of Redemption will be provided to the holders of the Defeased Bonds in the form and manner that is customary in the securities industry.

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 as follows:

To the Escrow Agent:

BOKF, NA
5956 Sherry Lane, Suite 900
Dallas, Texas 75225
Attention: Global Corporate Trust Services

To the Issuer:

McAllen Independent School District
208 East Brier
Burnet, Texas 78611
Attention: Superintendent of Schools

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.

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 holders of the Defeased Bonds, 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, the Escrow Agent, and their respective successors and legal representatives and shall inure solely to

the benefit of the holders of the Defeased Bonds, 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 Governing Law. This Agreement shall be deemed to be an agreement made under the laws of the State of Texas and for all purposes shall be governed by and construed in accordance with the laws of the State of Texas and the United States of America.

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 Amendments and Modifications. 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 holders of the Defeased Bonds, the District, the Escrow Agent, and their respective successors and legal representatives. Furthermore, no alteration, amendment, or modification of any provision of this Agreement shall be effective unless (i) prior written consent of such alteration, amendment, or modification shall have been obtained by the District from the holders of all Defeased Bonds outstanding at the time of such alteration, amendment, or modification and (ii) such alteration, amendment, or modification is in writing and signed by the parties hereto; provided, however, the District and the Escrow Agent may, without the consent of the holders of the Defeased Bonds (upon the District's representation to the Escrow Agent that the District has obtained the written confirmation of all rating agencies then rating the Defeased Bonds that the proposed amendment will not result in the ratings on the Defeased Bonds being lowered or withdrawn as a result of the amendment, or that the written confirmation from the rating agencies shall not be required because the proposed amendment is limited to (i) the insertion of inadvertently omitted material or the correction of mistakes or clarification of ambiguities, (ii) the pledging of additional security to the holders of the Defeased Bonds, or (iii) the deposit of additional cash or Escrowed Securities into the Escrow Fund), amend or modify the terms and provisions of this Agreement to cure in a manner determined by the District to be not adverse to the holders of the Defeased Bonds any ambiguity, formal defect, or omission in this Agreement; provided, however, that no such amendment shall adversely affect the firm banking arrangements made for the payment of the principal of, premium, if any, and interest on the Defeased Bonds.

Section 8.08 Holiday. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in this Agreement, is not a business day, such payment may be made or act performed or right exercised on the next succeeding business day with the same force and effect as if done on the date provided therefor herein and, in the case of any payment, no interest shall accrue for the period after such date.

Section 8.09 Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Agreement, in any and every Defeased Bonds as executed, authenticated, and delivered, and in all proceedings

pertaining thereto as the Defeased Bonds shall have been modified as provided in this Agreement. The Issuer covenants that it is duly authorized under the laws of the State of Texas to execute and deliver this Agreement, that all actions on its part for the payment of the Defeased Bonds as provided herein and the execution and delivery of this Agreement have been duly and effectively taken, and that the Defeased Bonds in the hands of the holders and owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof as provided in this Agreement.

Section 8.10 Interpretation of Agreement. In the event of any disagreement or controversy hereunder or if conflicting demands or notices are made upon the Escrow Agent growing out of or relating to this Agreement or in the event that the Escrow Agent in good faith is in doubt as to what action should be taken hereunder, the Issuer expressly agrees and consents that the Escrow Agent shall have the absolute right at its election to:

(a) withhold and stop all further proceedings in, and performance of, this Agreement with respect to the issue in question and of all instructions received hereunder in regard to such issue; and

(b) file a suit in interpleader and obtain an order from a court of appropriate jurisdiction requiring all persons involved to interplead and litigate in such court their several claims and rights among themselves. Nothing in this paragraph is intended to create or expand upon any right that the Escrow Agent would otherwise have available to it under applicable law to commence an interpleader or to alter the obligations of the Escrow Agent under this Agreement.

In the event the Escrow Agent becomes involved in a controversy or litigation in connection with this Agreement, the Issuer agrees to indemnify and save the Escrow Agent harmless, to the extent permitted by law, from all loss, cost, damages, expenses, and attorney fees suffered or incurred by the Escrow Agent as a result thereof, except as a result of the Escrow Agent's 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. The obligations of the Escrow Agent under this Agreement shall be performable at the corporate office of the Escrow Agent designated in Section 8.01 hereof.

The Escrow Agent may consult with legal counsel in the event of any dispute or question as to the construction of any of the provisions hereof or its duties hereunder, and it shall, in the absence of negligence or bad faith on the part of the Escrow Agent, incur no liability and shall be fully protected in acting in accordance with the opinion and instructions of such counsel.

Section 8.11 Liability; Reliance; Assignment. The Escrow Agent shall not be responsible or liable to any person in any manner whatsoever for the sufficiency, correctness, genuineness, effectiveness, or validity of this Agreement with respect to the Issuer, or for the identity or authority of any person making or executing this Agreement for and on behalf of the Issuer. The Escrow Agent is authorized by the Issuer to rely upon the representations of the Issuer with respect to this Agreement and the deposits made pursuant hereto and as to the Issuer's right and power to execute and deliver this Agreement, and the Escrow Agent shall not be liable in any manner as a result of such reliance. The duty of the Escrow Agent hereunder shall only be to the Issuer and the holders of the Defeased Bonds. Neither the Issuer nor the Escrow Agent shall assign

or attempt to assign or transfer any interest hereunder or any portion of any such interest without the written consent of each of the parties to this Agreement.

The Escrow Agent is also authorized to transfer funds relating to the redemption and defeasance of the Defeased Bonds in the manner disclosed in the closing memorandum as prepared by the District's financial advisor, bond counsel, or other agent. The Escrow Agent may act on a facsimile or email transmission of the closing memorandum acknowledged by the financial advisor, bond counsel, or the District as the final closing memorandum. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such memorandum or instructions.

The Escrow Agent may act on any order, request, approval or other authority relating to the Defeased Bonds which is provided by the District through a facsimile or e-mail transmission without the necessity of obtaining an original or executed copy of any such authority.

Section 8.12 Contracts with Companies Engaged in Business with Iran, Sudan or Foreign Terrorist Organizations Prohibited (S.B. 252 85th Texas Legislature). 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, as amended, and posted on any of the following pages of such officer's Internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>, or
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, as amended, and to the extent such Section does not contravene applicable Texas or federal law and excludes the Escrow Agent and each of its parent company, 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 Counterparts. This Agreement may be executed in any number of counterparts, each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

Section 8.14 Incorporation of Preamble Recitals. The recitals contained in the preamble to this Agreement are hereby found to be true, and such recitals are hereby made a part of this Agreement for all purposes and are adopted as a part of the judgment and findings of the Issuer.

[The remainder of this page intentionally left blank]

EXECUTED as of the date first written above.

MCALLEN INDEPENDENT SCHOOL
DISTRICT

By _____
Debbie Crane Aliseda, President,
Board of Trustees,
McAllen Independent School District

ATTEST:

Sofia M. Pena, Secretary,
Board of Trustees,
McAllen Independent School District

(ISSUER SEAL)

DRAFT

BOKF, NA, as Escrow Agent

By _____
Title _____
Address: 5956 Sherry Lane, Suite 900
Dallas, Texas 75225

DRAFT

ACKNOWLEDGEMENT OF RECEIPT OF NOTICES AND CONTINUING DUTIES

The undersigned acknowledges the receipt of the Resolution and the Escrow and Trust Agreement pertaining to the defeasance of the Defeased Bonds and consents to the provisions of, and acknowledges its ongoing duties and responsibilities with respect to the Defeased Bonds as specified under, Sections 7.03(b) and 7.05 hereof. The undersigned also acknowledges receipt of the order authorizing the issuance of the Defeased Bonds and the Notice of Redemption. The Notice of Redemption described in Section 7.05 will be provided to the holders of the Defeased Bonds in the form and manner that is customary in the securities industry.

BOKF, NA

By: _____
Title: _____
Address: 5956 Sherry Lane, Suite 900
Dallas, Texas 75225

DRAFT