



Calallen ISD

Special Meeting

Monday, August 26, 2019 5:30 PM

Agenda of Special Meeting

The Board of Trustees Calallen ISD

A Special Meeting of the Board of Trustees of Calallen ISD will be held August 26, 2019, beginning at 5:30 PM in the Central Administration Office, 4205 Wildcat Dr., Corpus Christi, Texas.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

Unless removed from the consent agenda, items identified within the consent agenda will be acted on at one time.

- | | |
|--|-----|
| 1. Opening of Special Meeting by Chairman | 4 |
| 2. New Business | |
| A. Discuss CISD Budget; Proposed Budget 2019-2020; Tax Rate Adoption for 2019
Presenter: Mrs. Ramos | 5 |
| B. Public Comment - CISD Budget; Tax Rate Adoption 2019; Bond Redemption
Presenter: Dr. Almendarez | 30 |
| C. Consider approval of CISD Budget Amendment #3 for 2018-2019
Presenter: Mrs. Ramos | 31 |
| D. Discuss and consider approval of a resolution calling a portion of the Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018 for redemption prior to maturity; and enacting other provisions relating to the subject
Presenter: Mrs. Ramos | 33 |
| E. Consider adoption of CISD Budgets and Compensation Plan for 2019-2020
Presenter: Mrs. Ramos | 88 |
| F. Consider adoption of 2019 Tax Rate for Calallen ISD
Presenter: Mrs. Ramos | 93 |
| G. Consider approval of contract with Linebarger, Goggan, Blair and Sampson, LLP regarding Property Values Appeals Services for 2019
Presenter: Mrs. Ramos | 99 |
| H. Closed Session
Presenter: Dr. Almendarez | 116 |

I. Personnel - Resignations and Appointments
Presenter: Dr. Flores

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3. Adjourn



Calling the Meeting to Order

I call this meeting of the Calallen Independent School District Board of Trustees to order and let the record show that a quorum of Board Members is present and that this meeting was duly called and posted in accordance with the Texas Open Meetings Act, Texas Government Code 551.

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Budget Presentation #3 : Discuss Proposed Calallen ISD Budget, Tax Rates, and Bond Redemption Resolution for 2019-2020

New Business

Action

BACKGROUND INFORMATION

The Board is required by law to adopt budgets for General Operating, Food Service and Debt Service Funds by function and set a tax rate for General Operations (M&O Rate) and Debt Service (I&S Rate). The Bond Redemption Resolution will affect I&S current debt amount and therefore the Debt Service I&S Tax Rate

ITEM ADDRESSED

Discuss proposed Calallen ISD Budget, Tax Rates, and Bond Redemption Resolution for 2019-2020.

RECOMMENDED ACTION

This presentation is for discussion only. No action is required.



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2019-2020 Budget Presentation #3

*Tax Rate, Year End, and
Proposed Budgets
August 26, 2019*





Tax Rate Notification



NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE

The Calallen ISD will hold a public meeting at 5:30 PM, August 26, 2019 in the Board Room of Administration Building, 4205 Wildcat Dr., Corpus Christi, TX 78410. **The purpose of this meeting is to discuss the school district's budget that will determine the tax rate that will be adopted. Public participation in the discussion is invited.**

The tax rate that is ultimately adopted at this meeting or at a separate meeting at a later date may not exceed the proposed rate shown below unless the district publishes a revised notice containing the same information and comparisons set out below and holds another public meeting to discuss the revised notice.

Maintenance Tax	\$1.068300/\$100 (proposed rate for maintenance and operations)
School Debt Service Tax	\$0.243000/\$100 (proposed rate to pay bonded indebtedness)
Approved by Local Voters	

Comparison of Proposed Budget with Last Year's Budget

The applicable percentage increase or decrease (or difference) in the amount budgeted in the preceding fiscal year and the amount budgeted for the fiscal year that begins during the current tax year is indicated for each of the following expenditure categories.

Maintenance and operations	1.36 % increase
Debt Service	16.80 % increase
Total expenditures	2.92 % increase

Total Appraised Value and Total Taxable Value (as calculated under Section 26.04, Tax Code)

	<u>Preceding Tax Year</u>	<u>Current Tax Year</u>
Total appraised value* of all property	\$2,675,814,418	\$2,881,759,475
Total appraised value* of new property**	\$20,480,230	\$45,506,510
Total taxable value*** of all property	\$2,166,575,205	\$2,319,336,756
Total taxable value*** of new property**	\$17,417,862	\$38,820,248

*Appraised value is the amount shown on the appraisal roll and defined by Section 1.04(8), Tax Code.

** "New property" is defined by Section 26.012(17), Tax Code.

*** "Taxable value" is defined by Section 1.04(10), Tax Code.

Bonded Indebtedness

Total amount of outstanding and unpaid bonded indebtedness* \$70,225,000

*Outstanding principal.

Comparison of Proposed Rates with Last Year's Rates

	<u>Maintenance & Operations</u>	<u>Interest & Sinking Fund*</u>	<u>Total</u>	<u>Local Revenue Per Student</u>	<u>State Revenue Per Student</u>
Last Year's Rate	\$1.170000	\$0.233000*	\$1.403000	\$5,944	\$4,188
Rate to Maintain Same Level of Maintenance & Operations Revenue & Pay Debt Service	\$1.101800	\$0.256830*	\$1.358630	\$5,837	\$4,433
Proposed Rate	\$1.068300	\$0.243000*	\$1.311300	\$5,859	\$4,997

*The Interest & Sinking Fund tax revenue is used to pay for bonded indebtedness on construction, equipment, or both.

The bonds, and the tax rate necessary to pay those bonds, were approved by the voters of this district.

Comparison of Proposed Levy with Last Year's Levy on Average Residence

	<u>Last Year</u>	<u>This Year</u>
Average Market Value of Residences	\$184,625	\$186,379
Average Taxable Value of Residences	\$153,756	\$157,888
Last Year's Rate Versus Proposed Rate per \$100 Value	\$1.403000	\$1.311300
Taxes Due on Average Residence	\$2,157.20	\$2,070.39
Increase (Decrease) in Taxes		\$-86.81

Under state law, the dollar amount of school taxes imposed on the residence homestead of a person 65 years of age or older or of the surviving spouse of such a person, if the surviving spouse was 55 years of age or older when the person died, may not be increased above the amount paid in the first year after the person turned 65, regardless of changes in tax rate or property value.

Notice of Voter-Approval Rate: The highest tax rate the district can adopt before requiring voter approval at an election is \$1.312664. This election will be automatically held if the district adopts a rate in excess of the voter-approval rate of \$1.312664.

Fund Balances

The following estimated balances will remain at the end of the current fiscal year and are not encumbered with or by a corresponding debt obligation, less estimated funds necessary for operating the district before receipt of the first state aid payment.

Maintenance and Operations Fund Balance(s)	\$7,800,000
Interest & Sinking Fund Balance(s)	\$0

A school district may not increase the district's maintenance and operations tax rate to create a surplus in maintenance and operations tax revenue for the purpose of paying the district's debt service.

2019-2020 Tax Rate Information

Option 1

	2018-19	2019-20
M&O Rate	1.1700	1.0683
M&O Collections	\$17,700,000	\$17,150,000
I&S Rate	0.2330	0.2330
I&S Collections	\$4,845,000	\$5,100,000
Combined Rate	1.4030	<u>1.3013</u>
Tax on \$100,000 Value	\$1,430	\$1,302

Overall Tax Compression: **92.75%**

Tax Savings on \$100,000 Value: **\$128**

Option 2

	2018-19	2019-20
M&O Rate	1.1700	1.0683
M&O Collections	\$17,700,000	\$17,150,000
I&S Rate	0.2330	0.2430
I&S Collections	\$4,845,000	\$5,400,000
Combined Rate	1.4030	<u>1.3113</u>
Tax on \$100,000 Value	\$1,430	\$1,312

Overall Tax Compression: **93.50%**

Tax Savings on \$100,000 Value: **\$118**



2018 Series Bond Redemption



Bond Redemption Figures

	2019-2020 <u>Option 1</u>	2019-2020 <u>Option 2</u>	Difference
I&S Tax Rate	0.233	0.243	0.01
Bond Payments	\$5,294,819	\$5,512,431	\$220,612
Redemption Value	\$565,000	\$775,000	\$210,000
Savings on Future Interest	\$542,753.13	\$744,484.38	\$201,731.25
Proposed Debt Service Revenue	\$5,225,000	\$5,475,000	\$250,000
Proposed Debt Service Expense	\$5,306,000	\$5,526,000	\$220,000
Fund Balance	(\$81,000)	(\$51,000)	(\$30,000)

Disclaimers and Considerations



Disclaimers and Considerations

- On \$40 million, a 1% variation in revenue or expense is **\$400,000**
- **\$1 million** will pay the annual salaries of approximately **18 teachers**
- The main sources for School District Funding are:
 - **Local** Funding – Property Taxes
 - **State** Funding – driven by Student Counts, Property Values, Tax Collection Effort, Hold Harmless Laws
 - **Federal** Funding

Fund Balance Discussion

- Per TEA, the ideal fund balance is 3 month's operating expenses – or **\$10 million** for CISD
- 2017-18 audited fund balance: **\$13.2 million**
- Reasons to continue to maintain a healthy fund balance:
 - **MAGEE Repairs**
 - **Bond Project overruns**
 - Cash flow
 - Hurricane or other disaster, our windstorm insurance deductible is 1% or \$1.9 million
 - Single large taxpayer, represents 15% of our tax base, or a \$2.5 million risk
 - Roofs and Roof Top Units

2019-2020 Approved Compensation Increase

Positions	Proposed Increase	Cost to the District
187 Day Teachers: 0-5	\$1,100	\$450,000
187 Day Teachers: 6-15	\$1,300	
187 Day Teachers: 16-30+	\$1,500	
Hourly	\$0.75/hour , capped at \$1,294	\$330,000
Health Insurance	\$25/month = \$300/year	\$120,000
Grand Total		\$900,000

HB3 Compliance – Compensation Increases

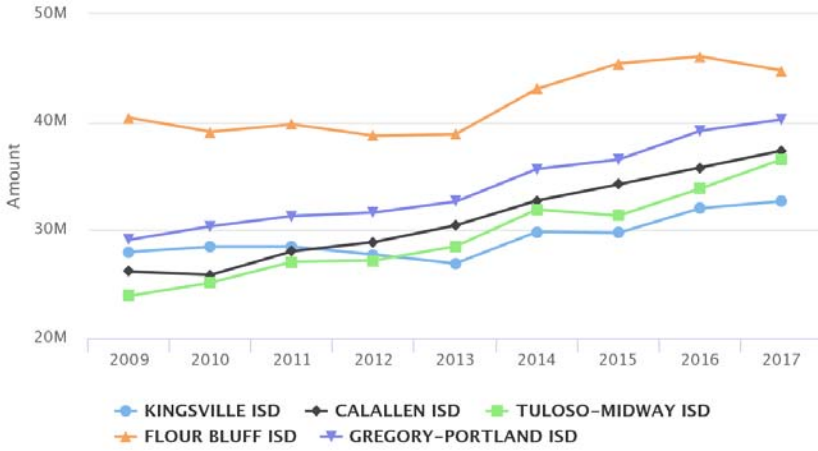
HB3 Regulation	Calculation & Benchmark	Calallen ISD HB3 Benchmarks	Cost of 2019-20 Compensation Increases	Compliant?
Increase in funding per ADA	2018-19 Actual Revenue vs. 2019-20 Estimated Revenue under HB3	\$553 per ADA = \$2,103,000		
Compensation Increases for Non-Administrative Staff	30% of Increase	\$631,000	\$875,000	Yes
Compensation Increases for <u>Teachers, Librarians, Counselors, and Nurses</u>	75% of the 30%	\$473,000	\$515,000 \$455,000 salary increase \$60,000 health ins increase	Yes
Compensation Increases for <u>other non-administrative full-time employees</u>	25% of the 30%	\$158,000	\$360,000 \$305,000 salary increase \$55,000 health ins increase	Yes

Area Comparisons – Revenue & Expenditure

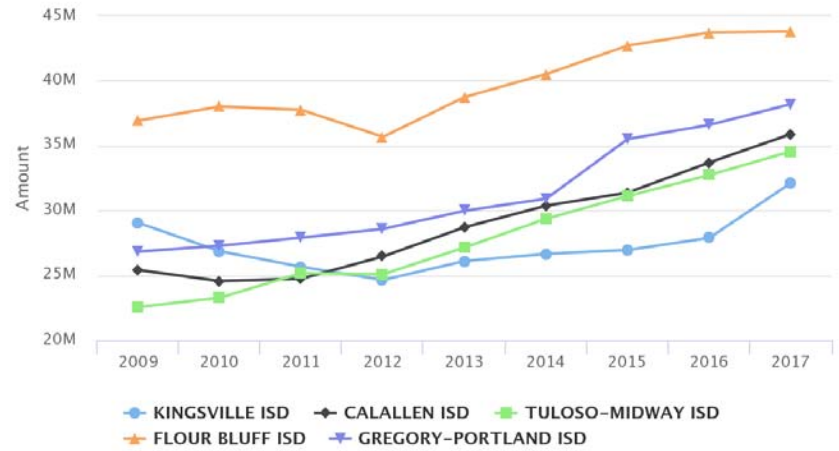
- Data Source: OnDataSuite – PEIMS Submission Data
- Peer Group:

District	Region	Enrollment	SPED	Eco Dis	ELL	At Risk
Calallen ISD	2	4,051	10.8%	54.5%	3.5%	33.4%
Kingsville ISD	2	3,388	12.1%	74.1%	3.6%	58.6%
Tuloso-Midway ISD	2	3,878	9.1%	67.6%	6.3%	33.8%
Gregory-Portland ISD	2	4,700	8.4%	56.9%	4.4%	42.5%
Flour Bluff ISD	2	5,660	10.2%	54.0%	2.9%	44.0%

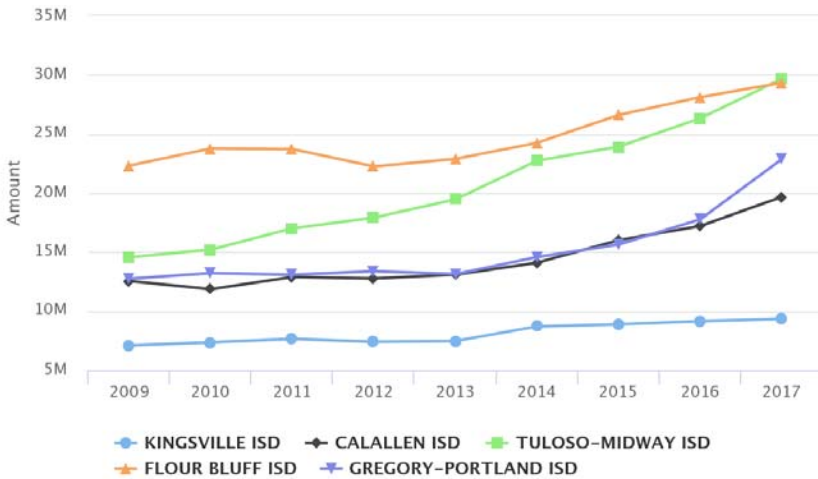
Actual Total Revenue - All



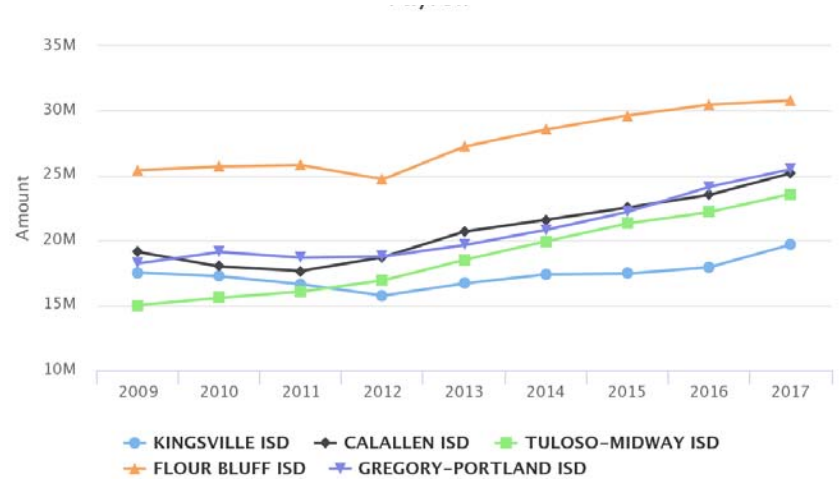
Actual Total Expenses – All



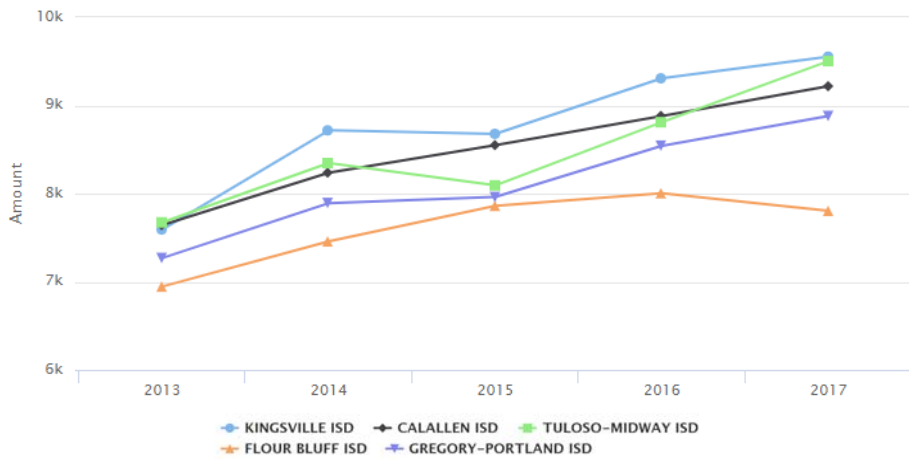
Actual Total Revenue – Local Taxes



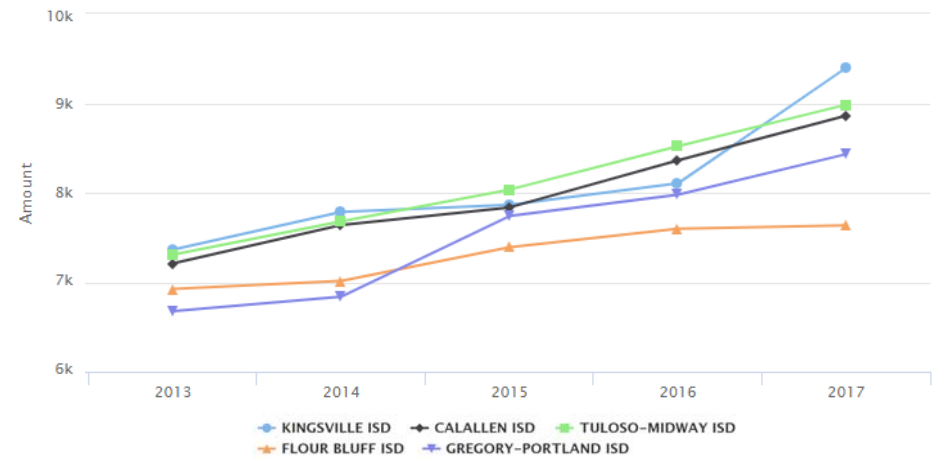
Actual Total Expenses – Payroll



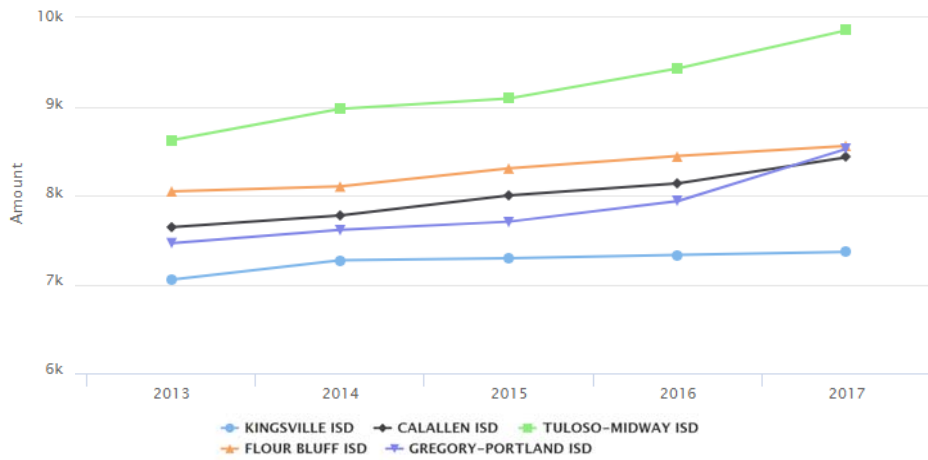
Per Pupil Total Revenue - All



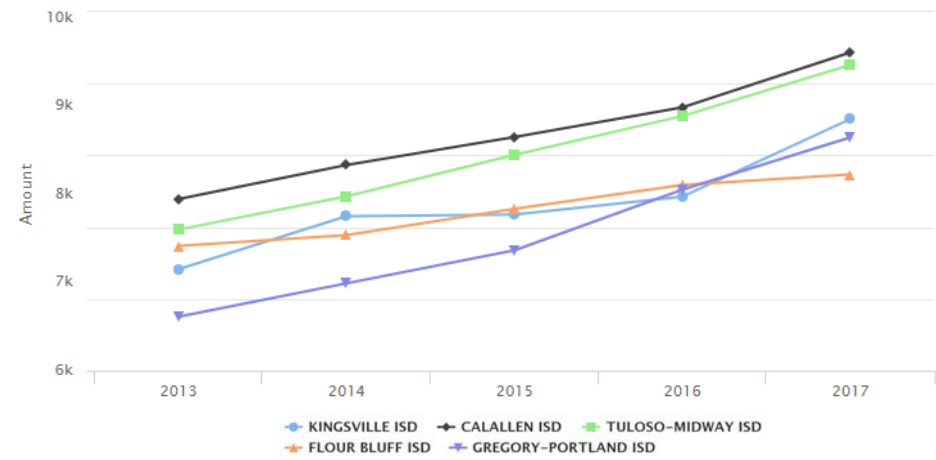
Per Pupil Total Expenses – All



Per Pupil Total Revenue – Local Taxes



Per Pupil Total Expenses – Payroll



Additional Revenue From 313 Agreements

	TexStar	TexStar	Equistar	Equistar	Epic	Epic	Combined	
	Hold Harmless	"Share"	Hold Harmless	"Share"	Hold Harmless	"Share"	to be paid to	
	"Rev Loss"	w/CISD	"Rev Loss"	w/CISD	"Rev Loss"	w/CISD	CISD	
2014-15	0	0	0	0			0	
2015-16	0	0	0	0			0	
2016-17	1,164,376	0	1,524,285	0			2,688,661	
2017-18	19,301	383,502	5,073,889	345,000			5,821,692 3,133,031	
2018-19	256,373	371,679	4,119	1,945,143			2,577,314 (3,244,378)	
2019-20	19,935	507,139	0	381,500			908,574 (1,668,740)	
2020-21	0	487,594	0	381,500		400,572	1,269,666 361,092	
2021-22	0	461,452	0	381,500	4,238,892	404,145	5,485,989 4,216,323	
2022-23	0	436,615	0	381,500	0	407,750	1,225,865 (4,260,124)	
2023-24	0	413,023	0	381,500	0	411,387	1,205,910 (19,955)	
2024-25	0	0	0	381,500	0	415,056	796,556 (409,354)	
2025-26	0	0	0	381,500	0	418,758	800,258 3,702	
2026-27	0	0	0	381,500	0	422,493	803,993 3,735	
2027-28	0	0	0	0	0	426,261	426,261 (377,732)	
2028-29	0	0	0	0	0	430,063	430,063 3,802	
2029-30	0	0	0	0	0	433,899	433,899 3,836	
2030-31	0	0	0	0	0	437,769	437,769 3,870	
2031-32	0	0	0	0	0	441,673	441,673 3,904	
2032-33	0	0	0	0	0	445,613	445,613 3,940	
2033-34	0	0	0	0	0	449,587	449,587 3,974	
		4,520,989		11,944,436		10,183,918	26,649,343	



Finance Update



Food Service Fund

	2018-19 Budget	2018-19 Actual Estimate	2019-20 Budget
Federal	1,300,000	1,374,538	1,495,000
Local/State	1,168,000	832,959	1,018,000
Revenue	\$2,468,000	\$2,207,497	\$2,513,000
Payroll	1,122,544	1,128,265	1,150,973
Food	1,151,000	988,828	1,060,000
Other	353,500	217,239	374,300
Expense	\$2,627,044	\$2,334,332	\$2,585,273
Net Roll/Loss	(\$159,044)	(\$126,835)	(\$72,273)
End Fund Balance	\$134,253	\$166,462	\$94,189

Debt Service Fund

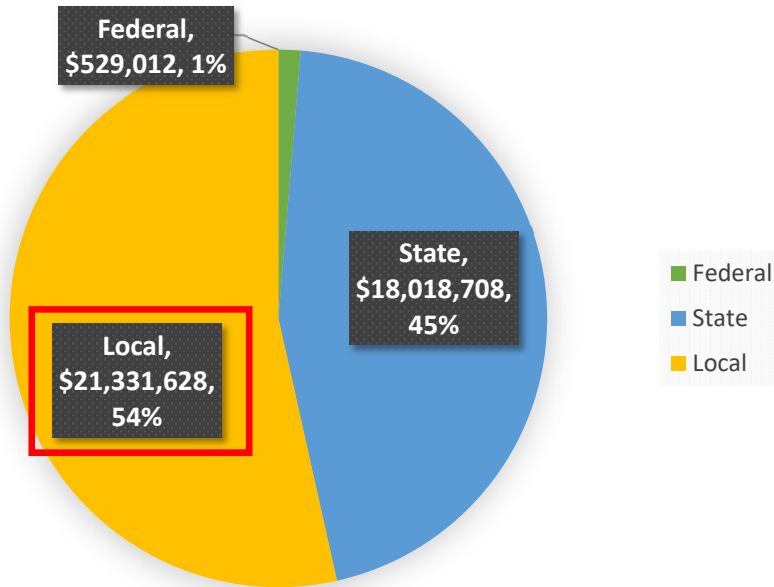
	2018-19 Budget	2018-19 Actual Estimate	2019-20 Budget
Local Taxes	4,615,000	4,846,164	5,400,000
Other	85,000	142,155	75,000
Revenue	\$4,700,000	\$4,988,319	\$5,475,000
Expense (Bond Payments)	\$4,731,000	\$4,701,037	\$5,526,000
Net Roll/Loss	(\$31,000)	\$287,282	(\$51,000)
End Fund Balance	\$246,862	\$565,144	\$514,144

General Operations Fund – Revenue

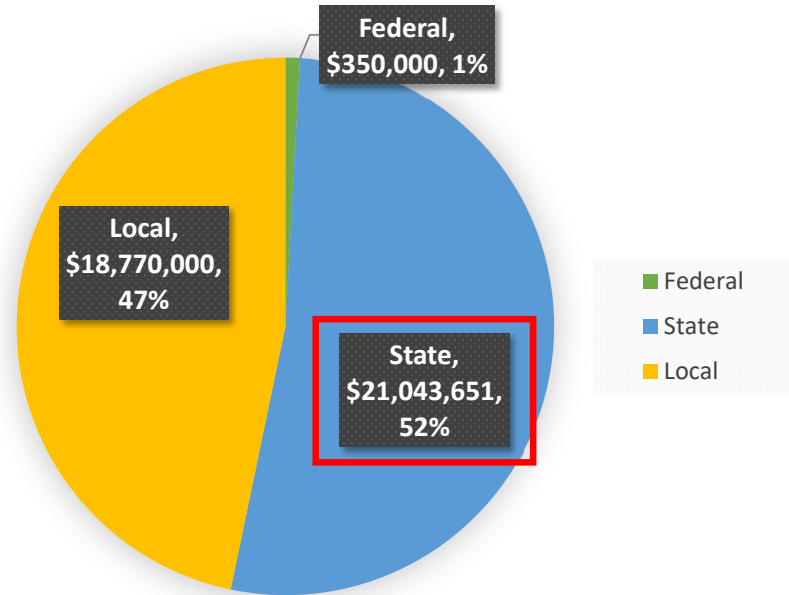
	2018-19 Budget	2018-19 Actual Estimate	2019-20 Budget
State FSP	15,690,000	16,287,719	19,160,000
TRS On-Behalf	1,730,989	1,730,989	1,883,651
State Revenue	\$17,420,989	\$18,018,708	\$21,043,651
Local Property Taxes	17,450,000	17,719,159	17,150,000
Chapter 313	2,573,000	2,577,314	850,000
Other Local	730,000	1,035,155	770,000
Local Revenue	\$20,753,000	\$21,331,628	\$18,770,000
Federal Revenue	\$350,000	\$529,012	\$350,000
Total Revenue	\$38,523,989	\$39,879,348	\$40,163,651

General Operations Fund – Revenue by Source

2018-19 Est Actual Revenue



2019-20 Budgeted Revenue

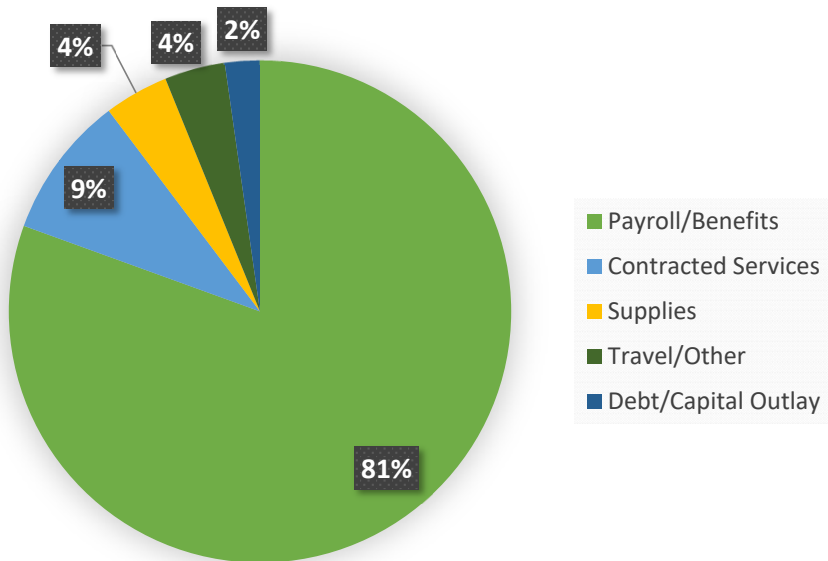


General Operations Fund – Expense

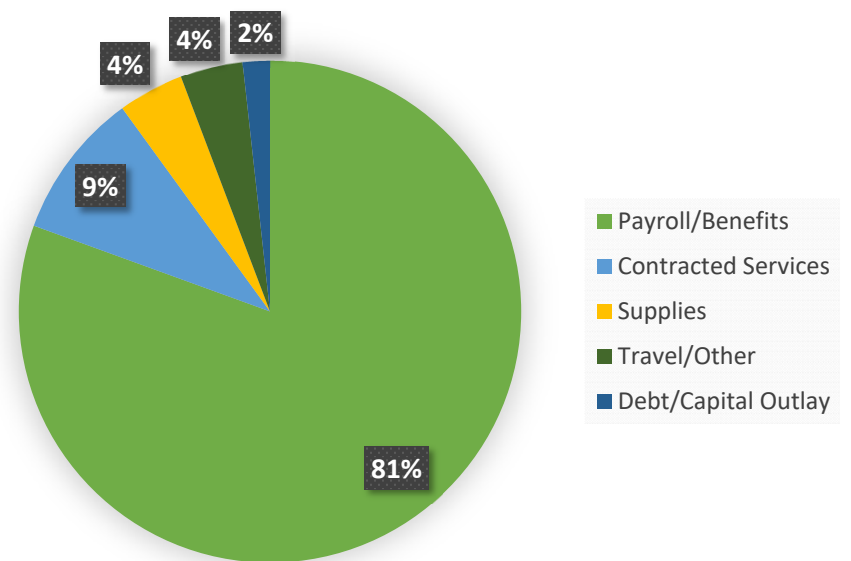
	2018-19 Budget	2018-19 Estimate	2019-20 Budget
Instruction Functions 11, 12, 13, 95	\$23,506,305	\$22,658,950	\$24,108,252
Instructional Support Functions 21, 23, 31, 32, 33, 36	\$6,683,450	\$6,361,650	\$6,698,962
20 Central Administration Function 41	\$1,437,914	\$1,339,800	\$1,541,028
District Operations Functions 34, 35, 51, 52, 53	\$8,390,602	\$7,740,100	\$8,393,697
Debt Service Function 71	\$335,500	\$335,500	\$335,000
Other Function 99	\$274,000	\$255,600	\$285,000
Total Expense	\$40,627,771	\$38,691,600	\$41,361,939

General Operations Fund – Expense by Object

2018-19 Budgeted Expenses



2019-20 Budgeted Expenses



General Operations Fund – Fund Balance

	Revenue	Expense	Net Change	Fund Balance
<u>2017-18</u> Audit	\$41,912,440	\$38,863,627	\$3,048,813	\$13,218,761
<u>2018-19</u> Estimate	\$39,879,348	\$38,691,600	\$1,187,748	\$14,406,509
<u>2019-20</u> Budget	\$40,163,651	\$41,361,939	(\$1,198,288)	\$13,208,221

**Calallen ISD
Proposed Budgets 2019-2020**

Gen Operations | Debt Service | Food Service

M&O Tax Rate	1.0683	1.0683	N/A
I&S Tax Rate	0.233/0.243	0.233/0.243	N/A
Total Rate	1.3013/1.3113	1.3013/1.3113	

Revenue

Current & Delinquent Taxes	17,150,000	5,400,000	
Pen & Int on Taxes	200,000	15,000	
Interest Earn on Invest	300,000	10,000	6,000
Athletic receipts	180,000		
Ch 313	850,000		
Other	90,000		965,000
Total Local	18,770,000	5,425,000	971,000
State PerCapita/Foundation/EDA	19,160,000		
Other state		50,000	12,000
TRS on Behalf rev=exp	1,883,651		35,000
Total State	21,043,651	50,000	47,000
Total Federal	350,000	0	1,495,000
Total Operating Rev	40,163,651	5,475,000	2,513,000

Expenses

11 Instruction	23,017,327		
12 Instr. Res/Media	496,873		
13 Curr Dev	519,052		
21 Instr Leader	880,114		
23 School Leader	1,897,790		
31 Counsel	1,798,713		
32 Social Work	52,840		
33 Health Serv	500,262		
34 Transport	1,563,348		
35 Food service	15,000		2,580,473
36 Co/Extra Curr	1,569,243		
41 Gen Admin	1,541,028		
51 Plant Mtn	6,402,041		4,800
52 Security	234,978		
53 Data Proc	178,330		
71 Debt Pymt: Bonds or Mnth Notes	335,000	5,526,000	
81 Construction			
93 SSA - Elect			
95 Pymt to JJAEP	75,000		
99 Pymt to Govt (Appraisor)	285,000		
Operating Exp Before Transfe	41,361,939	5,526,000	2,585,273

Net Roll/(Loss) Before Transfer	(1,198,288)	(51,000)	(72,273)
Transfer	0	0	0
Net Roll/(Loss)	(1,198,288)	(51,000)	(72,273)

Estimated Beginning Fund Balance	14,406,509	565,144	166,462
Estimated Ending Fund Balance	13,208,221	514,144	94,189

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Public Comment – Proposed Calallen ISD Budget, Tax Rates, and Bond Redemption Resolution for 2019-2020

New Business

Action

BACKGROUND INFORMATION

Per governing laws, Calallen ISD must allow public comments on the presented Budget, Tax Rates, and Bond Redemption Resolution prior to adoption.

ITEM ADDRESSED

Public Comment - Proposed Calallen ISD Budget, Tax Rates, and Bond Redeption Resolution for 2019-2020.

RECOMMENDED ACTION

Open floor for Public Comments.

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Consider approval of Budget Amendment #3 for 2018-2019

New Business

Action

BACKGROUND INFORMATION

The district formally adopted budgets in August of 2018 for General Operations, Food Service and Debt Service Funds for the 2018-2019 Fiscal Year. State law requires that these expenditure budgets be adopted by Function and the district is not allowed to expend more in a function than is budgeted..

Budget Amendment #1 affected only the Food Service Budget and was necessary due to the USDA Food Service Equipment Grant awarded in the amount of \$75,000.

Budget Amendment #2 affected only the General Operating Budget and was necessary for changes to account for the Annville remodel project, district security, and payments to JJAEP.

Budget Amendment #3 affects only the General Operating Budget. The Board is being asked to approve changes in certain Functions within the budget to guarantee that the budget amount available will be sufficient to cover any remaining costs that might be included in the total, by Function, by year end at August 31, 2019.

ITEM ADDRESSED

Consider approval of Budget Amendment #3 for 2018-2019.

RECOMMENDED ACTION

The Administration recommends the Board approve the Budget Amendment #3 as presented on the attached schedule.

**Calallen ISD
Budget Amendment #3
for 2018-2019**

**General Operating Fund
Fund 199**

	2018-2019 Budget as Previously Amended	<i>Amend #3 Proposed</i>	2018-2019 Budget if Amended	2018-2019 Estimated Actual
Revenue				
Current & Delinquent Taxes	17,450,000	250,000	17,700,000	17,749,550
Pen & Int on Taxes	200,000	50,000	250,000	257,996
Interest Earn on Invest	300,000	125,000	425,000	445,824
Athletic receipts	180,000		180,000	167,945
Ch 313 Revenue Protection Pymts	2,573,000		2,573,000	2,577,314
Other	50,000		50,000	161,755
Total Local	20,753,000	425,000	21,178,000	21,360,384
State PerCapita/Foundation/EDA	15,690,000	400,000	16,090,000	16,287,719
TRS on Behalf rev=exp	1,730,989		1,730,989	1,730,989
Total State	17,420,989	400,000	17,820,989	18,018,708
Total Federal - NOT Stimulus	350,000		350,000	529,012
Total Operating Rev	38,523,989	825,000	39,348,989	39,908,104
Expenses				
11 Instruction	22,465,234	100,000	22,565,234	21,745,350
12 Instr. Res/Media	477,375	50,000	527,375	449,300
13 Curr Dev	503,696		503,696	429,300
21 Instr Leader	871,488	50,000	921,488	807,350
23 School Leader	1,888,373	50,000	1,938,373	1,786,800
31 Counsel	1,786,926	50,000	1,836,926	1,688,000
32 Social Work	51,046	25,000	76,046	51,200
33 Health Serv	482,612	25,000	507,612	457,600
34 Transport	1,718,925	100,000	1,818,925	1,627,000
35 Food service	15,000	25,000	40,000	30,000
36 Co/Extra Curr	1,603,005	50,000	1,653,005	1,570,700
41 Gen Admin	1,437,914		1,437,914	1,339,800
51 Plant Mtn	6,249,965	300,000	6,549,965	5,710,100
52 Security	235,000		235,000	215,600
53 Data Proc	171,712		171,712	157,400
71 Debt Pymt: Mntn Notes	335,500		335,500	335,500
95 Pymt to JJAEP	60,000		60,000	35,000
99 Pymt to Govt Appraisor	274,000		274,000	255,600
Net Operating Before Transfer	40,627,771	825,000	41,452,771	38,691,600
Net Roll/(Loss Before Transfer)	(2,103,782)	0	(2,103,782)	1,216,504
Transfer from M&O to Construction	0	(1,200,000)	(1,200,000)	(1,200,000)
Net "Roll"/(Loss) to Fund Balance	(2,103,782)	(1,200,000)	(3,303,782)	16,504
Audited Beginning Fund Balance	13,218,761		13,218,761	13,218,761
Estimated Ending Fund Balance	11,114,979		9,914,979	13,235,265

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Discuss and consider approval of a resolution calling a portion of the Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018 for redemption prior to maturity; and enacting other provisions relating to the subject

New Business

Action

BACKGROUND INFORMATION

The schedule for payments on our 2018 bonds will continue until 2048. We currently owe about \$36.42 million in principle on our long term debt. Interest on our bonds is approximately 5% per year. Our debt payment in 2019-20 for bonds will be for \$2.2 million with \$545,000 in principle and \$1.655 million in interest. If we pay down principle at an accelerated rate, we will pay less in interest over the life of the bonds. The “pay down” is referred to as “redemption”.

The law allows the District to schedule a redemption of principle and include the redemption amount in current debt. The district is then allowed to set an I&S rate that will collect enough to pay current debt.

The Board is presented with two options for Redemption amounts and corresponding Debt Service payments in 2019-2020.

Option 1 – Assumes a redemption of **\$565,000** for a total scheduled bond payment of **\$5,294,819**

Option 2 – Assumes a redemption of **\$775,000** for a total scheduled bond payment of **\$5,512,431**

ITEM ADDRESSED

Discuss and consider approval of a resolution calling a portion of the Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018 for redemption prior to maturity; and enacting other provisions relating to the subject

RECOMMENDED ACTION

Recommendation to be made at the meeting.

(Note: The motion language to propose a redemption statement would be: I move to adopt a resolution under option number __ calling a portion of the Calallen ISD Unlimited Tax School Building Bonds, Series 2018 for redemption.).

ESCROW AGREEMENT

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

THIS ESCROW AGREEMENT, dated as of August 15, 2020 (herein, together with any amendments or supplements hereto, the "Agreement") is entered into by and between the Calallen 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 August 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 "Calallen ISD Unlimited Tax School Building Bonds, Series 2018 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.

CALLEN INDEPENDENT SCHOOL DISTRICT

Authorized Officer

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

By: _____

Title: _____

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

Calallen Independent School District
4205 Wildcat Drive
Calallen, Texas 78410

Attention: Director of Finance

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

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

Maturity Date: February 15, 2048

Principal Amount to be Redeemed: \$565,000 (all from the last mandatory sinking fund payment)

Defeasance Date: August 15, 2020

Redemption Date: August 15, 2021

ESCROW DEPOSIT

Deposit with Respect to the Defeased Obligations: The Issuer shall deposit the sum of \$585,481.26 with the Escrow Agent on or before August 15, 2020, which funds shall be applied to pay the principal and interest coming due on the Defeased Obligations as shown below:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal Redeemed</u>	<u>Total</u>
02/15/2021		10,240.63		10,240.63
08/15/2021		10,240.63	565,000.00	575,240.63
	0.00	20,481.26	565,000.00	585,481.26

Exhibit C

ESCROW AGENT FEES

RESOLUTION CALLING A PORTION OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT'S UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Calallen Independent School District (the "District") previously issued its Unlimited Tax School Building Bonds, Series 2018 (the "Bonds"); and

WHEREAS, in the order that authorized the issuance of the Bonds (the "Bond Order"), the District reserved the option to redeem the Bonds maturing on February 15, 2048, 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 August 15, 2021, or on any date thereafter; and

WHEREAS, the Board of Trustees (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 CALALLEN 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 Bonds listed in **Exhibit A** hereto (the "Redeemed Bonds") are hereby called for redemption on August 15, 2021 (the "Redemption Date"). The Redeemed Bonds shall be paid, and the interest thereon shall cease to accrue, on the Redemption Date.

Section 3. Authorization of Actions.

(a) The President and Secretary of the Board, the Superintendent of Schools and the Director of Finance 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"), a notice of redemption with respect to the Redeemed Bonds in substantially the form

attached hereto as **Exhibit A**, and to direct BoNY to send notice of redemption of the Redeemed Bonds to the bondholders in accordance with the Bond Order.

(b) The Redeemed Bonds shall be presented for redemption at the Paying Agent/Registrar therefor, and shall not bear interest after the Redemption Date.

(c) 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 Redeemed Bonds. In addition, each Authorized Officer is authorized to purchase, or approve the purchase of, Defeasance Securities (as defined in the Bond Order) with the proceeds deposited with the Escrow Agent.

(d) On or before August 15, 2020, the District shall deposit with the Escrow Agent funds in an amount sufficient to provide for the redemption of the Redeemed Bonds on the 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.

(e) 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 Order.

PASSED, APPROVED AND EFFECTIVE this August 26, 2019.

President, Board of Trustees
Calallen Independent School District

ATTEST:

Secretary, Board of Trustees
Calallen Independent School District

Exhibit A

NOTICE OF REDEMPTION

**CALLEN INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018**

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

CALLEN INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018, dated January 1, 2018, maturing on February 15 in the year shown below. Such Redeemed Bonds have been called for redemption on August 15, 2021 (the "Redemption Date") at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"):

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Principal Amount Remaining</u>
2048*	\$2,700,000	\$565,000	\$2,135,000

* Represents the final mandatory sinking fund payment for a term bond with a final maturity of February 15, 2048.

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.

CALLEN INDEPENDENT SCHOOL DISTRICT

ESCROW AGREEMENT

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

THIS ESCROW AGREEMENT, dated as of August 15, 2020 (herein, together with any amendments or supplements hereto, the "Agreement") is entered into by and between the Calallen 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 August 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 "Calallen ISD Unlimited Tax School Building Bonds, Series 2018 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 4.03. 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 4.05. 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.

CALLEN INDEPENDENT SCHOOL DISTRICT

Authorized Officer

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

By: _____

Title: _____

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

Calallen Independent School District
4205 Wildcat Drive
Calallen, Texas 78410

Attention: Director of Finance

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

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

Maturity Date: February 15, 2048

Principal Amount to be Redeemed: \$775,000 (all from the last mandatory sinking fund payment)

Defeasance Date: August 15, 2020

Redemption Date: August 15, 2021

ESCROW DEPOSIT

Deposit with Respect to the Defeased Obligations: The District shall deposit the sum of \$803,093.76 with the Escrow Agent on or before August 15, 2020, which funds shall be applied to pay the interest coming due on the Defeased Obligations on February 15, 2021 and the principal of and interest on the Defeased Obligations on the Redemption Date.

Exhibit C

ESCROW AGENT FEES

RESOLUTION CALLING A PORTION OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT'S UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Calallen Independent School District (the "District") previously issued its Unlimited Tax School Building Bonds, Series 2018 (the "Bonds"); and

WHEREAS, in the order that authorized the issuance of the Bonds (the "Bond Order"), the District reserved the option to redeem the Bonds maturing on February 15, 2048, 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 August 15, 2021, or on any date thereafter; and

WHEREAS, the Board of Trustees (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 CALALLEN 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 Bonds listed in **Exhibit A** hereto (the "Redeemed Bonds") are hereby called for redemption on August 15, 2021 (the "Redemption Date"). The Redeemed Bonds shall be paid, and the interest thereon shall cease to accrue, on the Redemption Date.

Section 3. Authorization of Actions.

(a) The President and Secretary of the Board, the Superintendent of Schools and the Director of Finance 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"), a notice of redemption with respect to the Redeemed Bonds in substantially the form

attached hereto as **Exhibit A**, and to direct BoNY to send notice of redemption of the Redeemed Bonds to the bondholders in accordance with the Bond Order.

(b) The Redeemed Bonds shall be presented for redemption at the Paying Agent/Registrar therefor, and shall not bear interest after the Redemption Date.

(c) 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 Redeemed Bonds. In addition, each Authorized Officer is authorized to purchase, or approve the purchase of, Defeasance Securities (as defined in the Bond Order) with the proceeds deposited with the Escrow Agent.

(d) On or before August 15, 2020, the District shall deposit with the Escrow Agent funds in an amount sufficient to provide for the redemption of the Redeemed Bonds on the 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.

(e) 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 Order.

PASSED, APPROVED AND EFFECTIVE this August 26, 2019.

President, Board of Trustees
Calallen Independent School District

ATTEST:

Secretary, Board of Trustees
Calallen Independent School District

Exhibit A

NOTICE OF REDEMPTION

**CALLEN INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018**

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

CALLEN INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018, dated January 1, 2018, maturing on February 15 in the year shown below. Such Redeemed Bonds have been called for redemption on August 15, 2021 (the "Redemption Date") at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"):

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Principal Amount Remaining</u>
2048*	\$2,700,000	\$775,000	\$1,925,000

* Represents the final mandatory sinking fund payment for a term bond with a final maturity of February 15, 2048.

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.

CALLEN INDEPENDENT SCHOOL DISTRICT

RESOLUTION CALLING A PORTION OF THE CALALLEN INDEPENDENT SCHOOL DISTRICT'S UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Calallen Independent School District (the "District") previously issued its Unlimited Tax School Building Bonds, Series 2018 (the "Bonds"); and

WHEREAS, in the order that authorized the issuance of the Bonds (the "Bond Order"), the District reserved the option to redeem the Bonds maturing on February 15, 2048, 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 August 15, 2021, or on any date thereafter; and

WHEREAS, the Board of Trustees (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 CALALLEN 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 Bonds listed in **Exhibit A** hereto (the "Redeemed Bonds") are hereby called for redemption on August 15, 2021 (the "Redemption Date"). The Redeemed Bonds shall be paid, and the interest thereon shall cease to accrue, on the Redemption Date.

Section 3. Authorization of Actions.

(a) The President and Secretary of the Board, the Superintendent of Schools and the Director of Finance 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"), a notice of redemption with respect to the Redeemed Bonds in substantially the form

attached hereto as **Exhibit A**, and to direct BoNY to send notice of redemption of the Redeemed Bonds to the bondholders in accordance with the Bond Order.

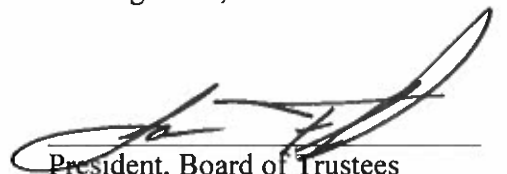
(b) The Redeemed Bonds shall be presented for redemption at the Paying Agent/Registrar therefor, and shall not bear interest after the Redemption Date.

(c) 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 Redeemed Bonds. In addition, each Authorized Officer is authorized to purchase, or approve the purchase of, Defeasance Securities (as defined in the Bond Order) with the proceeds deposited with the Escrow Agent.

(d) On or before August 15, 2020, the District shall deposit with the Escrow Agent funds in an amount sufficient to provide for the redemption of the Redeemed Bonds on the 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.

(e) 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 Order.

PASSED, APPROVED AND EFFECTIVE this August 26, 2019.


President, Board of Trustees
Calallen Independent School District

ATTEST:

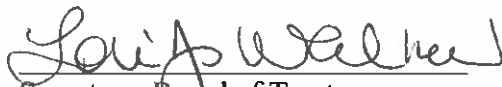

Secretary, Board of Trustees
Calallen Independent School District

Exhibit A

NOTICE OF REDEMPTION

**CALLEN INDEPENDENT SCHOOL DISTRICT
UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018**

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

CALLEN INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, SERIES 2018, dated January 1, 2018, maturing on February 15 in the year shown below. Such Redeemed Bonds have been called for redemption on August 15, 2021 (the "Redemption Date") at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the "Redemption Price"):

<u>Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Principal Amount Being Refunded</u>	<u>Principal Amount Remaining</u>
2048*	\$2,700,000	\$775,000	\$1,925,000

* Represents the final mandatory sinking fund payment for a term bond with a final maturity of February 15, 2048.

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.

CALLEN INDEPENDENT SCHOOL DISTRICT

ESCROW AGREEMENT

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

THIS ESCROW AGREEMENT, dated as of August 15, 2020 (herein, together with any amendments or supplements hereto, the "Agreement") is entered into by and between the Calallen 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.

WITNESSETH:

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 August 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 "Calallen ISD Unlimited Tax School Building Bonds, Series 2018 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 4.03. 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 4.05. 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.

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EXECUTED as of the date first written above.

CALLEN INDEPENDENT SCHOOL DISTRICT



Authorized Officer

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

By: _____

Title: _____

Signature Page to Escrow Agreement
Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

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

Calallen Independent School District
4205 Wildcat Drive
Calallen, Texas 78410

Attention: Director of Finance

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

Calallen Independent School District Unlimited Tax School Building Bonds, Series 2018

Maturity Date: February 15, 2048

Principal Amount to be Redeemed: \$775,000 (all from the last mandatory sinking fund payment)

Defeasance Date: August 15, 2020

Redemption Date: August 15, 2021

ESCROW DEPOSIT

Deposit with Respect to the Defeased Obligations: The District shall deposit the sum of \$803,093.76 with the Escrow Agent on or before August 15, 2020, which funds shall be applied to pay the interest coming due on the Defeased Obligations on February 15, 2021 and the principal of and interest on the Defeased Obligations on the Redemption Date.

Exhibit C
ESCROW AGENT FEES

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Consider adoption of Calallen ISD Budgets and Compensation Plan for 2019-2020

New Business

Action

BACKGROUND INFORMATION

The Board is required by law to adopt budgets for General Operations, Food Service and Debt Service Funds. These budgets must be adopted by August 31, 2019.

In compliance with DEA Local Policy, the Board is required to review and approve the compensation plan used by the District. The compensation plan and budgets for General Operations and Food Service include pay increases authorized by the Board at the July 15, 2019 meeting. The Board of Trustees may adjust the compensation reflected in this plan retroactively as necessary to maintain compliance with the requirements of House Bill 3 as passed by the 86th Texas Legislature and the associated funding levels which were not known at the time this plan was initially adopted

ITEM ADDRESSED

Consider adoption of Calallen ISD Budgets and Compensation Plan for 2019-2020

RECOMMENDED ACTION

The Administration recommends the Board adopt the Calallen ISD budgets and Compensation Plan for 2019-2020 as presented on the attached schedules.

**Calallen ISD
Proposed Budgets 2019-2020**

Gen Operations | Debt Service | Food Service

M&O Tax Rate	1.0683	1.0683	N/A
I&S Tax Rate	0.233/0.243	0.233/0.243	N/A
Total Rate	1.3013/1.3113	1.3013/1.3113	

Revenue

Current & Delinquent Taxes	17,150,000	5,400,000	
Pen & Int on Taxes	200,000	15,000	
Interest Earn on Invest	300,000	10,000	6,000
Athletic receipts	180,000		
Ch 313	850,000		
Other	90,000		965,000
Total Local	18,770,000	5,425,000	971,000
State PerCapita/Foundation/EDA	19,160,000		
Other state		50,000	12,000
TRS on Behalf rev=exp	1,883,651		35,000
Total State	21,043,651	50,000	47,000
Total Federal	350,000	0	1,495,000
Total Operating Rev	40,163,651	5,475,000	2,513,000

Expenses

11 Instruction	23,017,327		
12 Instr. Res/Media	496,873		
13 Curr Dev	519,052		
21 Instr Leader	880,114		
23 School Leader	1,897,790		
31 Counsel	1,798,713		
32 Social Work	52,840		
33 Health Serv	500,262		
34 Transport	1,563,348		
35 Food service	15,000		2,580,473
36 Co/Extra Curr	1,569,243		
41 Gen Admin	1,541,028		
51 Plant Mtn	6,402,041		4,800
52 Security	234,978		
53 Data Proc	178,330		
71 Debt Pymt: Bonds or Mnth Notes	335,000	5,526,000	
81 Construction			
93 SSA - Elect			
95 Pymt to JJAEP	75,000		
99 Pymt to Govt (Appraisor)	285,000		
Operating Exp Before Transfe	41,361,939	5,526,000	2,585,273

Net Roll/(Loss) Before Transfer	(1,198,288)	(51,000)	(72,273)
Transfer	0	0	0
Net Roll/(Loss)	(1,198,288)	(51,000)	(72,273)

Estimated Beginning Fund Balance	14,406,509	565,144	166,462
Estimated Ending Fund Balance	13,208,221	514,144	94,189



COMPENSATION PLAN

*Fiscal Year
2019 – 2020*

2019-2020 Teacher Salary Schedule

Note: The salary scale below applies to Teachers, Counselors, Librarians, and RNs. The scale represents annual salaries based on full-time 187-day contract. Contracts to work for more or less than 187-days will receive an annual salary based on the daily rate from this schedule for their documented years of experience. Predictions of future salaries are not possible from this pay structure. Salary plans are determined on an annual basis and salary advancement is not guaranteed. Pay increases are based on the annual pay-raise budget approved by the Board of Trustees on July 15, 2019.

Years of Experience	Salary	Salary
	Bachelor's Degree	Master's Degree
0	\$48,570	49,570
1	\$48,620	49,620
2	\$48,670	49,670
3	\$48,720	49,720
4	\$48,770	49,770
5	\$48,820	49,820
6	\$48,970	49,970
7	\$49,120	50,120
8	\$49,270	50,270
9	\$49,370	50,370
10	\$49,670	50,670
11	\$49,970	50,970
12	\$50,270	51,270
13	\$50,570	51,570
14	\$50,870	51,870
15	\$51,170	52,170
16	\$51,670	52,670
17	\$52,370	53,370
18	\$53,140	54,140
19	\$53,860	54,860
20	\$54,540	55,540
21	\$54,640	55,640
22	\$55,070	56,070
23	\$55,870	56,870
24	\$56,670	57,670
25	\$57,770	58,770
26	\$58,870	59,870
27	\$59,870	60,870
28	\$60,470	61,470
29	\$61,070	62,070
30	\$61,670	62,670

2019-2020 Hourly Pay Adjustments

\$0.75/hour, capped at \$1,294/year

This hourly pay adjustment was Board approved on July 15, 2019 and applies to all positions in the District outside of Teachers, Counselors, Librarians, and RNs.

2019-2020 Health Insurance Benefit

Increased \$25/month to \$375

This District contribution to employee's health insurance benefit was Board approved on July 15, 2019.

2019-2020 Teacher Substitute Pay Schedule

Substitute with Valid TEA Certification- \$100.00/day

Substitute with 4 Year Degree (non-certified)- \$95.00/day

Substitute w/o College Degree (HS Diploma required)- \$80.00/day

The substitute pay schedule was not changed from the previous year. This substitute pay schedule was Board approved on July 15, 2019.

Compensation not listed in the 2019-2020 Compensation Plan will remain unchanged from the 2018-2019 amount. This includes, but is not limited, to Stipends and Extra Duty Pay.

***The Board of Trustees may adjust the compensation reflected in this plan retroactively as necessary to maintain compliance with the requirements of House Bill 3 as passed by the 86th Texas Legislature and the associated funding levels which were not known at the time this plan was initially adopted.

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Consider approval of adoption of 2019 Tax Rate for Calallen ISD

New Business

Action

BACKGROUND INFORMATION

The District is required by law to adopt a tax rate after formally adopting the budget and before September 29, 2019.

The 2019 Tax Rate will apply to taxes collected during the 2019-2020 Fiscal Year. Two options are being proposed to the Board for the 2019 Tax Rate:

Option 1 – Call for a redemption of \$565,000 of bonds
Tax Rate would be: \$1.0683 + \$0.233 = **\$1.3013**

Option 2 – Call for a redemption of \$775,000 of bonds
Tax Rate would be: \$1.0683 + \$0.243 = **\$1.3113**

ITEM ADDRESSED

Consider approval of adoption of the 2019 Tax Rate for Calallen ISD.

RECOMMENDED ACTION

Recommendation to be made at the meeting.

**Calallen ISD
Tax Rate Adoption Process
OPTION 1**

Current Rate

Tax Year 2018 (2018-19)	M&O	I&S	Total
	1.1700	0.2330	1.4030

For Tax Year 2019; Fiscal Year 2019-20

Effective Rate -- Generally applies to cities and other municipalities;
Does not take into account the effect of state funding on total revenue.

M&O	I&S	Total
N/A	N/A	1.274865

Any rate adopted above the "Effective Rate" requires special procedures

Rate to Maintain -- is the rate needed to maintain the same level of M&O Revenue from the previous year & Pay Debt Service and state funding as last year.

M&O	I&S	Total
1.101800	0.256830	1.358630

However, if the M&O rate adopted, generates more in taxes than M&O taxes generated the preceeding year, then special wording is required on the resolution

Voter-Approval Rate -- (the new rollback rate) is the Compressed Tax Rate plus the greater of:
2018-19 M&O Adopted Tax Rate, less \$1.00, less copper pennies compressed or \$0.04
plus I&S rate to generate sufficient funds for bond payments

NOTE: A school district MUST hold an election to adopt a rate above the Voter-Approval Rate

M&O	I&S	Total
1.068400	0.244264	1.312664

Proposed Option 1	M&O	I&S	Total
Tax Year 2019	1.0683	0.2330	1.3013

The total \$1.3013 is above the "Effective Rate"

Because the Proposed rate is above the "Effective Rate", the following motion is required:

"I move that the property tax rate be increased by the adoption of a tax rate of \$1.3013, which is effectively an 2% increase in the tax rate."

NOTE: In addition to the motion as worded above:

The vote to set the tax rate must be a record vote with at least 60% of the board voting in favor.

7 board members X 60% = 4.2 votes in favor



Ordinance to Set Tax Rate

Date: August 26, 2019

On this date, we, the Board of Trustees of the Calallen Independent School District, hereby levy or set the tax rate on \$100 of valuation for the District for the tax year 2019 at a total tax rate of \$ 1.3013, to be assessed and collected by the duly specified assessor and collector as follows:

\$ 1.0683 for the purpose of maintenance and operations, and

\$ 0.233 for the purpose of payment of principal and interest on debts.

Such taxes are to be assessed and collected by the tax officials designated by the District.

In Certification thereof:

Signed:

President, Calallen ISD Board of Trustees

Attest:

Secretary, Calallen ISD Board of Trustees

**Calallen ISD
Tax Rate Adoption Process
OPTION 2**

Current Rate

Tax Year 2018 (2018-19)	M&O	I&S	Total
	1.1700	0.2330	1.4030

For Tax Year 2019; Fiscal Year 2019-20

Effective Rate -- Generally applies to cities and other municipalities;
Does not take into account the effect of state funding on total revenue.

M&O	I&S	Total
N/A	N/A	1.274865

Any rate adopted above the "Effective Rate" requires special procedures

Rate to Maintain -- is the rate needed to maintain the same level of M&O Revenue from the previous year & Pay Debt Service and state funding as last year.

M&O	I&S	Total
1.101800	0.256830	1.358630

However, if the M&O rate adopted, generates more in taxes than M&O taxes generated the preceeding year, then special wording is required on the resolution

Voter-Approval Rate -- (the new rollback rate) is the Compressed Tax Rate plus the greater of:
2018-19 M&O Adopted Tax Rate, less \$1.00, less copper pennies compressed or \$0.04
plus I&S rate to generate sufficient funds for bond payments

NOTE: A school district MUST hold an election to adopt a rate above the Voter-Approval Rate

M&O	I&S	Total
1.068400	0.244264	1.312664

Proposed Option 2	M&O	I&S	Total
Tax Year 2019	1.0683	0.2430	1.3113

The total \$1.3113 is above the "Effective Rate"

Because the Proposed rate is above the "Effective Rate", the following motion is required:

"I move that the property tax rate be increased by the adoption of a tax rate of \$1.3113, which is effectively an 3% increase in the tax rate."

NOTE: In addition to the motion as worded above:

The vote to set the tax rate must be a record vote with at least 60% of the board voting in favor.

7 board members X 60% = 4.2 votes in favor



Ordinance to Set Tax Rate

Date: August 26, 2019

On this date, we, the Board of Trustees of the Calallen Independent School District, hereby levy or set the tax rate on \$100 of valuation for the District for the tax year 2019 at a total tax rate of \$ 1.3113, to be assessed and collected by the duly specified assessor and collector as follows:

\$ 1.0683 for the purpose of maintenance and operations, and

\$ 0.243 for the purpose of payment of principal and interest on debts.

Such taxes are to be assessed and collected by the tax officials designated by the District.

In Certification thereof:

Signed:

President, Calallen ISD Board of Trustees

Attest:

Secretary, Calallen ISD Board of Trustees



Ordinance to Set Tax Rate

Date: August 26, 2019

On this date, we, the Board of Trustees of the Calallen Independent School District, hereby levy or set the tax rate on \$100 of valuation for the District for the tax year 2019 at a total tax rate of \$ 1.3113, to be assessed and collected by the duly specified assessor and collector as follows:


\$ 1.0683 for the purpose of maintenance and operations, and

\$ 0.243 for the purpose of payment of principal and interest on debts.

Such taxes are to be assessed and collected by the tax officials designated by the District.


In Certification thereof:

Signed:



President, Calallen ISD Board of Trustees

Attest:



Secretary, Calallen ISD Board of Trustees

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date : August 26, 2019

Subject: Consider approval of contract with Linebarger, Goggan, Blair and Simpson, LLP
regarding Property Value Appeals Services for 2019

New Business

Action

BACKGROUND INFORMATION

The District has used Linebarger for many years to handle appeals to the state concerning assigned property values. If they are successful in getting the state to lower our assigned state values, the district is able to recognize an increase in state funding. Since 1998, the firm has helped the district gain more than \$2.0 million in additional state aid. The district pays the firm 10% of additional state funding that results from an appeal.

Additional state funding from recent appeals:

2015 Property Value Study -- \$148,000 additional state aid in 2016-17

2016 Property Value Study -- \$ 7,000 additional state aid in 2017-18

2017 Property Value Study -- \$ 273,500 additional state aid in 2018-19

2018 Property Value Study -- \$ TBD due to changes from HB3

ITEM ADDRESSED

Consider approval of contract with Linebarger, Goggan, Blair and Sampson, LLP regarding Property Values Appeals Services for 2019

RECOMMENDED ACTION

The Administration recommends the Board approve the contract with Linebarger, Goggan, Blair and Sampson, LLP regarding the Property Value Appeals services for 2019.

LINEBARGER GOGGAN BLAIR & SAMPSON, LLP

ATTORNEYS AT LAW
1517 WEST FRONT STREET
SUITE 202
TYLER, TEXAS 75702

512/447-6675 EXT. 3804

August 20, 2019

Board of Trustees
Calallen Independent School District
4205 Wildcat Drive
Corpus Christi, TX 78410

Dear Trustee:

Linebarger Goggan Blair & Sampson, LLP appreciate the opportunity to report changes made as a result of our 1998 to 2018 Property Value Study appeals. Due to our 2018 Property Value Study appeal, Calallen Independent School District received a value reduction of **\$8,272,260** from the Comptroller's preliminary value estimate. This reduction will provide a value estimate for the 2019-2020 funding year. Our appeals for the 1998 to 2018 studies have resulted in total value reductions of **\$146,201,377** and approximately **\$2,052,300** in additional state aid.

We are requesting your consideration of our proposal to continue providing appeals services to the district for the 2019 Property Value Study. While the Comptroller has not released results of the 2019 study, they have been gathering data since January 2019. When retained, we will begin our preliminary review of the Comptroller's study and gather the evidence necessary to file an effective appeal.

Our proposal is to review and administratively appeal the 2019 study result to ensure the district qualify for its full fair share of state aid based on its actual taxable wealth. Services are provided on a contingent fee, so that the district incurs no fee unless it realizes a gain in state aid. Our fee is payable once the district actually receives its state aid payments. I would be pleased to present our proposal in person and to answer any questions you may have.

Sincerely,



Robby Harbuck, RPA
Director
Property Value Study Appeals Division

Linebarger's Property Value Study (PVS) Appeal Services

An Overview of the 2019 PVS

School districts are finally seeing a change of the state's public education funding system. The 86th Legislative session included both property tax reform and school finance reform. This provides more Basic Allotment per student, money for classrooms, teacher compensation increases, reduces recapture, and cuts local property taxes. A significant change to the 2019 Comptroller's Property Value Study from HB3 involves moving to current-year values (2019) for the calculation of state aid (2019-2020). Districts will need to estimate the T2 property value that will eventually come from the 2019 property value study, prior to the adoption of budgets. In the past the comptroller would use a prior year PVS (2018) to set values for current year (2019-2020) funding. This will mean that the values will not officially be available until settle up. If this timeline remains, districts will have to estimate this value for the completion of the state aid template.

In prior matters concerning the Property Value Study, previous legislation changed the annual review by the Comptroller of Public Accounts beginning with the 2010 Property Value Study. The primary changes were a biennial Property Value Study for most school districts and compliance review for appraisal districts. Last year the Comptroller reviewed approximately one-half of the appraisal districts to determine their compliance with generally accepted standards, procedures, and methodology. School districts located in these appraisal districts were not reviewed in the 2018 Property Value Study and assigned local value. However, these school districts are being reviewed in the Comptroller's 2019 Property Value Study (this year's study) and the study will determine whether to assign state value, local value, or substitute local value for state value under hold harmless provisions. Every school district assigned state value could be subject to losses in school funding.

The other half of school districts, those selected for the 2018 Property Value Study review and assigned valid local values, are

Service Highlights

- Over 32 Years of PVS Appeals Experience
- Comprehensive Administrative Appeals
- Litigation Services when required
- Eligibility Assignment Appeals
- Over \$81.5 Million in additional state aid/gain in past 5 1/2 years
- Over \$7.7 Billion in valuation reduced in same timeframe

Property Value Appeal Services

excluded from the 2019 Property Value Study while their appraisal districts undergo a review to determine if they are in compliance with generally accepted standards, procedures, and methodology. These excluded school districts will be assigned local value in the 2019 Property Value Study. However, school districts with invalid 2018 Property Value Study findings will be subject to an annual review and are included in the 2019 Property Value Study. Under this annual review, the Comptroller's staff will determine whether to assign state value, local value, or substitute local value for state value under hold harmless provisions. Each time the Comptroller assigns state value to a school district, it could lose school funding.

The Importance of a PVS

Changes from the 86th Legislative Regular session have not reduced the importance of the Comptroller's Property Value Study. Based on historical school funding distribution and equalization methods, the Comptroller of Public Accounts estimate of total taxable value for your school district should continue to be a significant component in the state funding formula. The 2019 Property Value Study estimate will determine the total taxable value used for your 2019-2020 school district funding. Ultimately, the 2019 Property Value Study value estimate will become one of the most crucial components in determining the cost to your district and the State for all shared 2019-2020 funding.

Possible Outcomes

If a school district is part of the 2019 Property Value Study, the Comptroller's finding is based on Section 403.3011, Government Code. The four possible actions under this section include:

- Local value is valid and local value is assigned. Local value is invalid but greater than state value and local value is assigned.
- Local value is invalid, but the school district is eligible to substitute local value for state value for the first year of the two-year hold harmless period. An eligible school district's local value must have been valid in the two previous Property Value Studies and their 2019 local value is not less than 90% of the lower limit of the Comptroller's margin of error. Eligible school districts qualifying for the second year of the hold harmless period will also have local value substituted for state value.

Property Value Appeal Services

- Local value is invalid and state value is assigned.
- A provision effective January 1, 2010, requires appraisal districts to comply with the scoring requirement in their most recent Comptroller review.

Impact of Invalid Local Values

The critical issue is when local value is invalid and state value is assigned. In this case, the school district could lose state aid or be subject to increased recapture. Any school district assigned state value in the Comptroller's 2019 Property Value Study will have to appeal to prevent unnecessary losses in state funding. However, the time allowed to appeal is limited.

Once the 2019 Property Value Study is released January 31, 2020, school districts have only 40 days to prepare and submit their appeals. The appeal must comply with the Comptroller's protest rules for evidence submission and State Office of Administrative Hearings review. The Comptroller continues to revise the protest rules, thereby increasing evidence requirements. These rules make compliance difficult and allow the Comptroller to reject protests deemed not in compliance. In addition to complying with these rules, each school district protest must include evidence sufficient for review by the State Office of Administrative Hearings. Ultimately, if all of these steps fail, school districts may challenge the ruling in district court.

Our school finance system fails to function as intended when estimates of total taxable value are inaccurate or inequitable. Your school district can prevent unfair estimates of total taxable value that reduce state funding and increase local taxes with an effective appeal identifying inaccuracies in the Comptroller's Property Value Study. We file successful PVS Appeals for numerous school districts across the State and are prepared to assist your district.

Eligibility Assignment Appeals

Although eligible school districts do not incur any loss in school funding, some districts appeal to preserve future eligibility. If you believe this type of appeal would be beneficial to your school district, we have the staff and resources to assist in preparing an effective appeal.

Property Value Appeal Services

Self-Report Appeals

For each of our school district clients, we conduct a review of self-reported local tax roll values to ensure their accuracy in the Property Value Study. Since original certification, every tax roll has been adjusted due to late exemptions, post-certification changes, and court-ordered reductions. The Property Value Study only removes these losses if a school district prepares and files a self-report appeal. We will continue to file self-report appeals to ensure an accurate assigned value when financially beneficial to your district.

PVS Audits

After the appeal deadline, typically in late summer, we review your school district's local tax roll values for a potential audit. Our audit review identifies cases in which reporting tax roll adjustments would improve state funding. If needed, we can also file an audit for some previous tax years to remove court-ordered value losses. As with self-report appeals, these losses are only removed from the Property Value Study when a school district files an audit.

At Linebarger Goggan Blair & Sampson, LLP, (Linebarger) we understand the financial limits facing your school district, the necessity to maximize state funding thereby reducing local revenue demands, revenue cap limitations, and the importance of ensuring equity in the distribution of state financial aid to schools.

Comprehensive Administrative Appeals

When values determined by the State Comptroller are inaccurate or inequitable, we are prepared to appeal for your school district to ensure accurate state funding and prevent unnecessary demands on your taxpayers. As in previous years, successful appeals require solutions to technical, procedural, and legal issues identified in the Property Value Study. We are committed to continuing to provide quality appeals services capable of producing the results that your district deserves. To ensure that we provide results, our firm offers a full-time appeals staff with direct experience in appraising and evaluating categories included in the Property Value Study. In addition, our staff has direct experience in all facets of ratio study methodology and Comptroller procedures.

Property Value Appeal Services

When necessary, we are prepared to seek additional relief through district court or as an advocate for issues with the Comptroller and Texas Education Agency (TEA). Examples include our successful litigation of numerous value issues in previous Property Value Studies to correcting the Comptroller's estimate of value lost to the \$25,000 homestead exemption.

In addition to your district, our appeals division represents approximately 143 school districts of various sizes throughout the state. In each case, we provide complete administrative appeals services beginning with a review of unedited preliminary data before the release of the Property Value Study through representation in post-appeal remedies including audits and litigation. Because of these procedures, you can be confident that we will monitor all aspects of the Property Value Study and be prepared to effectively appeal any issues adversely affecting state funding.

We believe that our commitment to quality appeals services is demonstrated by our performance and continuing relationships with our clients. The vast majority of school districts shown on our client listing have continuously retained our firm for Property Value Study appeals services for many years. Our best performance recommendations are your satisfaction with services provided and client retention.

During the past Property Value Studies, our successful appeals and audits have provided clients billions of dollars in reductions to the Comptroller's estimate of total taxable value. These unparalleled results are indicative of our appeals division's commitment and technical expertise.

Administrative Appeals Services

Specific administrative appeals services included in our proposal are:

1. Review sales and appraisals of properties contributing to the Comptroller's invalid local value finding including compliance with Comptroller rules and International Association of Assessing Officers standards.
2. Review Comptroller in-house studies contributing to the invalid local value finding.
3. Review Comptroller statistical measures and sampling procedures.

Property Value Appeal Services

4. Review tax roll values and submit evidence to ensure Property Value Study accuracy.
5. Gather, prepare, and submit protest evidence for issues related to Items 1-4.
6. Gather, prepare, and submit additional evidence requested by the Comptroller.
7. Represent the district in all staff resolution conferences related to the appeal.
8. Represent the district in protest hearings to the State Office of Administrative Hearings including gathering, preparing, and submitting evidence.
9. Advise the district on post-administrative hearing remedies or judicial action available for unresolved appeal issues.
10. Perform all functions necessary to initiate and complete available post-administrative hearing remedies or judicial review.
11. Gather and prepare all evidence, depositions, retain expert witnesses, and perform other functions necessary to support relief sought under Items 8 and 10.
12. Gather, prepare, and submit audits of Property Value Study findings under Section 403.302, Government Code.
13. Provide assistance and advice on all issues related to the Comptroller's 2019 Property Value Study and its impact on 2019-2020 school finance.

Although appeals can be prepared after the release of the Property Value Study, their effectiveness may be diminished. Time restraints may prevent a complete analysis of technical appeal issues or the gathering of critical evidence. To ensure the quality of our services to existing clients, we do not perform statewide mass mailings or blind solicitations after the release of the preliminary Property Value Study.

Property Value Appeal Services

Linebarger's Qualified Personnel

Property Value Study Expertise

Our firm offers a full-time appeals staff with direct experience in appraising and evaluating categories included in the Property Value Study. In addition, our staff has direct experience in all facets of ratio study methodology and compliant Comptroller procedures. Over the past five and a half years, our PVS team has achieved an estimated \$7.7 Billion in value reduction with an estimated \$81.5 Million in additional state aid gain/funding.

Robby Harbuck, our division director, has participated in numerous informal conferences and formal hearings as an advocate for the Comptroller of Public Accounts Property Tax Assistance Division and with the firm.

Experienced Personnel

Robby Harbuck

Director, Property Value Studies Division

Raised in from Palestine, Texas, Mr. Harbuck graduated from South Grand Prairie High School, Grand Prairie, Texas. While attending High school and Tyler Junior College, he worked for Colvin & Associates, Property Tax Consultants. He worked for the Anderson County Appraisal District as a field appraiser immediately out of high school. He left Anderson County in 1990 to work for Henderson County Appraisal District as a field appraiser. In 1995 he became the Appraisal Supervisor/Senior Appraiser for Henderson County Appraisal District. He left Henderson County Appraisal District in 2000 and went to work for the Texas Comptroller of Public Accounts in the Property Tax Assistance Division as a field appraiser. He became a Lead Appraiser for the Property Tax Assistance Division in 2009.



Mr. Harbuck left the Property Tax Assistance Division to join the firm in 2013 as Director for our Property Value Study Appeals Division. He represents 143 school districts in all matters related to the Comptroller's Property Value Study.

He also directs our Property Value Study Appeals Division staff to ensure our ability to provide the highest quality appeals services available statewide. Robby earned the designations Registered

Property Value Appeal Services

Professional Appraiser from the Board of Tax Professional Examiners and the Certified Tax Administrator(inactive) from the Texas Association of Assessing Officers and currently holds several certificates through the International Association of Assessing Officers.

Anna M. Jones

Assistant Director, Property Value Studies Division

Ms. Jones hails from Center, Texas. She graduated from Panola College with an Associate of Science degree. While attending college, she worked at Shelby County Appraisal District, (SCAD), as data entry clerk and Deputy Chief Assistant. She left employment for a brief period to focus on family before Administrative Assistant.

She returned to SCAD to work as an Appraiser and earned her Residential Professional Appraiser designation from the Board of Tax Professional Examiners in 2001. She went to work for Nacogdoches Central Appraisal District in 2006 as an appraiser, before joining the Property Tax Assistance Division in 2008. She is currently pursuing an International Association of Assessing Officers Residential Evaluation Specialist designation, (RES).

Anna left the Property Tax Assistance Division in 2015 to join the firm as an Assistant Director for the Property Value Study Appeals Division. She will assist in representing approximately 135 school districts in all matters related to the Comptroller's Property Value Study. Ms. Jones brings 32 years' experience in property tax.



Lori Gruver

Capital Partner, Litigation Services

Ms. Gruver has over 28 years of experience of working with public sector clients. She serves as the Chief Compliance Officer for Linebarger and is an integral part of the firm's statutory and regulatory compliance for all of our offices nationwide. She is certified by ACA as a Credit and Collection Compliance Officer, (CCCO) a designation earned by completing a rigorous curriculum covering risk assessment, controls, corrective action and advanced studies in collection laws, data security, privacy, and ethics.



Property Value Appeal Services

In her years with the firm, Ms. Gruver has directed our bankruptcy operations, appraisal district litigation, and retail litigation in Austin, and managed several of our large collection clients. She has also worked with our firm's Management Committee and local offices to establish new collection programs and litigation processes nationwide. Once these programs have been implemented, she has coordinated all levels of the collection process.

Ms. Gruver received her Bachelor of Science from Texas A&M University in 1995 and her Doctor of Jurisprudence from Texas Tech University School of Law in 1998. She joined Linebarger in 1991 and clerked for Federal Bankruptcy Judge John Akard, Northern District of Texas, Lubbock Division prior to being licensed and joining the firm as an associate in 1998. She is licensed to practice law in Texas, Arizona, Idaho, Nebraska, Oregon, Utah, and Mississippi.

Statewide Resources

Linebarger has been representing school districts, cities, and other political entities in all ad valorem taxation matters including collections since 1976. Over these past 43 years, our firm has established a reputation for unmatched experience and quality work that generates tangible results. We are committed to providing services that are unsurpassed in both quality and scope to meet the changing needs of our clients.

Although our Appeals Division is located in our Austin office, we also maintain fully-staffed offices in San Antonio, Houston, Dallas, Corpus Christi, El Paso, Fort Worth, Odessa, San Angelo, Tyler, Edinburg, Corsicana, Waco, Lufkin, Conroe, Beaumont, Longview, Richmond, Texas City, Victoria, Waxahachie, and Brownsville to ensure our 1,770 *ad valorem* tax clients receive prompt and personal service.

Of these clients, 452 are school districts ranging from smaller districts up to districts as large as Houston, Dallas, and El Paso ISDs. Each of these offices and our more than 1,000 Texas staff members are prepared to provide assistance to our appeals division.

In summary, Linebarger offers experienced and qualified personnel in Texas to prepare an appeal or audit of a property value study that will effectively maximize state funding and reduce unnecessary demands on your taxpayers.

Property Value Appeal Services

Our Property Value Study Appeal Clients

Our Property Value Study Appeals Division represents 143 school districts for 2018 Property Value Study Appeals. The vast majority of our school district clients have continuously retained our firm for Property Value Study appeals services for many years.

FULL SERVICE CLIENTS

<u>Anderson County</u>	001-904 Frankston ISD (also Henderson 107) 001-909 Slocum ISD
<u>Atascosa County</u>	007-901 Charlotte ISD (also Frio 082) 007-905 Pleasanton ISD
<u>Bandera County</u>	010-902 Bandera ISD
<u>Bexar County</u>	015-905 Edgewood ISD 015-909 Somerset ISD (also Atascosa 007)
<u>Blanco County</u>	016-902 Blanco ISD (also Hays 105, Kendall 130)
<u>Caldwell County</u>	028-902 Lockhart ISD
<u>Cameron County</u>	031-901 Brownsville [Audit Only] 031-912 San Benito CISD 031-913 Santa Maria ISD 031-914 Santa Rosa ISD
<u>Camp County</u>	032-902 Pittsburg ISD (also Upshur 230, Wood 250)
<u>Cass County</u>	034-905 Linden-Kildare CISD 034-907 Queen City ISD
<u>Coleman County</u>	042-901 Coleman ISD (also Runnels 200) 042-905 Panther Creek CISD (also Runnels 200)
<u>Cooke County</u>	049-901 Gainesville ISD
<u>Delta County</u>	060-914 Fannindel ISD (also Fannin 074, Hunt 116)
<u>Duval County</u>	066-005 Ramirez Common SD 066-901 Benavides ISD 066-902 San Diego ISD (also Jim Wells 125) 066-903 Freer ISD
<u>Edwards County</u>	069-902 Nueces Canyon CISD (also Real 193 and Uvalde 232)
<u>El Paso County</u>	071-901 Clint ISD 071-903 Fabens ISD 071-905 Ysleta ISD 071-906 Anthony ISD 071-907 Canutillo ISD 071-908 Tornillo ISD 071-909 Socorro ISD
<u>Falls County</u>	073-903 Marlin ISD
<u>Fannin County</u>	074-903 Bonham ISD 074-904 Dodd City ISD 074-905 Ector ISD 074-907 Honey Grove ISD (also Lamar 139) 074-909 Leonard ISD (also Collin 043, Hunt 1.16) 074-911 Savoy ISD 074-912 Trenton ISD (also Collin 043, Grayson 091) 074-917 Sam Rayburn ISD
<u>Fort Bend County</u>	079-901 Lamar CISD
<u>Gregg County</u>	092-907 Spring Hill ISD
<u>Hays County</u>	105-902 San Marcos CISD (also Caldwell 028, Guadalupe 094)
<u>Hidalgo County</u>	108-904 Edinburg CISD 108-906 McAllen ISD 108-908 Mission CISD

Property Value Appeal Services

<u>Hopkins County</u>	108-915 Monte Alto ISD 108-916 Valley View ISD 112-901 Sulphur Springs ISD 112-905 Cumby ISD (also Hunt 116) 112-907 Miller Grove ISD (also Rains 190) 112-910 Sulphur Bluff ISD (also Franklin 80)
<u>Hunt County</u>	116-901 Caddo Mills ISD 116-906 Lone Oak ISD (also Rains 190) 116-909 Wolfe City ISD (also Fannin 074)
<u>Jackson County</u> <u>Jasper County</u>	120-902 Ganado ISD 121-902 Brookeland ISD (also Newton 176, Sabine 202, San Augustine 203)
<u>Jim Hogg County</u> <u>Jim Wells County</u>	124-901 Jim Hogg County ISD 125-902 Ben Bolt-Palito Blanco ISD 125-903 Orange Grove ISD 125-905 Premont ISD (also Duval 066) 125-906 La Gloria ISD [audit only]
<u>Kleberg County</u> <u>Lamar County</u>	137-902 Ricardo ISD 139-905 Chisum ISD (also Delta 060) 139-909 Paris ISD 139-911 North Lamar ISD (also Fannin 074) 139-912 Prairiland (also Red River 194)
<u>Lampasas County</u>	141-901 Lampasas ISD (also Bell 014, Burnet 027, Coryell 050) 141-902 Lometa ISD (also Mills 167)
<u>Leon County</u> <u>Liberty County</u>	145-906 Normangee ISD (also Madison 154) 146-901 Cleveland ISD (also Montgomery 170, San Jacinto 204) 146-902 Dayton ISD (also Harris 101) 146-904 Hardin ISD
<u>Limestone County</u> <u>Madison County</u>	147-901 Coolidge ISD 154-901 Madisonville CISD (also Grimes 093) 154-903 North Zulch ISD
<u>Matagorda County</u>	158-905 Palacios ISD (also Jackson 120) 158-906 Van Vleck ISD
<u>McLennan County</u>	161-907 Lorena ISD (also Falls 073) 161-918 Axtell ISD (also Hill 109, Limestone 147) 161-919 Bruceville-Eddy ISD (also Bell 104, Falls 073) 161-920 China Spring ISD (also Bosque 018) 161-922 Robinson ISD (also Falls 073)
<u>Mills County</u>	167-901 Goldthwaite CISD (also Hamilton 097, Lampasas 141) 167-902 Mullin ISD (also Brown 025, Comanche 047)
<u>Montgomery</u>	170-902 Conroe ISD 170-907 Splendora ISD 170-908 New Caney ISD (also Harris 101)
<u>Navarro County</u>	175-903 Corsicana ISD (also Freestone 081) 175-904 Dawson ISD (also Hill 109) 175-905 Frost ISD (also Ellis 070, Hill 109) 175-907 Kerens ISD 175-910 Mildred ISD 175-911 Rice ISD
<u>Nueces County</u>	178-903 Calallen ISD 178-908 Port Aransas ISD (also Aransas 004)
<u>Orange County</u>	181-905 Orangefield ISD 181-907 Vidor ISD (also Jasper 121) 181-908 Little Cypress-Mauriceville CISD
<u>Polk County</u> <u>Rains County</u>	187-904 Corrigan-Camden ISD 190-903 Rains ISD
<u>Red River County</u> <u>Refugio County</u>	194-903 Rivercrest ISD (also Franklin 080, Titus 225) 196-902 Woodsboro ISD

Property Value Appeal Services

<u>Rusk County</u>	201-903 Laneville ISD 201-907 Mount Enterprise ISD 201-913 Carlisle ISD (also Cherokee 037)
<u>Sabine County</u>	202-903 Hemphill ISD 202-905 West Sabine ISD
<u>San Augustine County</u>	203-901 San Augustine ISD (also Shelby 210) 203-902 Broaddus ISD
<u>Shelby County</u>	210-901 Center ISD 210-902 Joaquin ISD (also Panola 183) 210-904 Tenaha ISD (also Panola 183) 210-906 Excelsior ISD
<u>Starr County</u>	214-901 Rio Grande City CISD 214-902 San Isidro ISD 214-903 Roma ISD
<u>Tarrant County</u>	220-915 Azle ISD (also Parker 184, Wise 249)
<u>Tom Green</u>	226-903 San Angelo ISD 226-906 Wall ISD
<u>Tyler County</u>	229-903 Woodville ISD (also Jasper 121, Polk 187) 229-905 Spurger ISD
<u>Van Zandt County</u>	234-902 Canton ISD 234-903 Edgewood ISD 234-905 Martin's Mill ISD 234-906 Van ISD (also Henderson 107, Smith 212) 234-907 Wills Point ISD (also Kaufman 129)
<u>Ward County</u>	238-902 Monahans-Wickett-Pyote ISD
<u>Wharton County</u>	241-906 Louise ISD
<u>Willacy County</u>	245-901 Lasara ISD 245-902 Lyford CISD (also Cameron 031, Hidalgo 108) 245-903 Raymondville ISD
<u>Wilson County</u>	247-901 Floresville ISD (also Bexar 015)
<u>Wood County</u>	250-906 Alba-Golden ISD (also Rains 190)
<u>Zapata County</u>	253-901 Zapata County ISD

AUDIT ONLY CLIENTS:

<u>Gregg County</u>	092-902 Kilgore ISD (also 201 Rusk) 092-903 Longview ISD
<u>Henderson County</u>	107-902 Brownsboro ISD (also 234 Van Zandt)
<u>Polk County</u>	187-906 Leggett ISD
<u>Rusk County</u>	201-902 Henderson ISD 201-910 Tatum ISD (also 183 Panola) 201-914 West Rusk ISD

Property Value Appeal Services

Fees

Comprehensive Administrative, Self-Report Appeals and Audits

We provide our appeal and audit services on a contingent fee basis; our clients incur no expense unless an appeal or audit is necessary. We bill our clients only for additional state funding or reductions in shared local revenue (recapture) due to our appeal or audit. When this occurs, we invoice our 10% contingent fee as our clients receive state funding adjustments due to our appeal or audit. This fee arrangement reduces their budget demands and allows a school district access to the additional state aid funds/recapture reduction provided by our appeal or audit.

Eligibility Assignment Appeals

Our appeals division can assist your district with an eligibility assignment appeal of the 2019 Property Value Study. Other fee arrangements for appeals related to eligibility assignments under Section 403.3011, Government Code are available.

If your district decides to appeal to preserve future eligibility, please contact us to determine our fees and types of assistance available. Since these types of Property Value Study value assignments are not known until the release of the Comptroller's findings on January 31, 2020, time to prepare appeals is limited.

CONTRACT

This Contract is between the law firm of Linebarger Goggan Blair & Sampson, LLP, hereinafter referred to as Firm, and Calallen Independent School District, hereinafter referred to as District. This Contract is for the administrative appeal, audit, and any judicial appeal of the property value study findings as conducted by the Comptroller's Office as of January 1, 2019 for the school year 2019-2020 and for each succeeding year's study. Firm and District agree as follows:

I.

Administrative and Judicial Appeal Services

Firm agrees to represent District in the administrative appeal, audit, and any judicial appeal of the property value study conclusions for District. Included in such administrative and judicial appeal representation is research of the preliminary conclusions, the gathering and analysis of property sales, appraisals and such other evidence as may be necessary or appropriate, presentation of the appeal at administrative hearings, and prosecution of any judicial appeal. Firm agrees to retain any necessary consultants or appraisers as required.

II.

Fees and Expenses

Firm agrees to bear the costs of preparing and presenting the administrative appeal, audit, and prosecuting any judicial appeal including the expenses, if any, for appraisers or other consultants.

District agrees to pay Firm as compensation for services under this Contract a contingent fee equal to ten percent (10%) of the additional State aid that District qualifies for as a result of the administrative, judicial appeal, or audit. Payment of the fee to Firm shall be made following the certification of State aid amounts by the Commissioner of Education, or as agreed upon in a letter to District executed by a partner of the Firm.

III.

Termination

This contract covers the 2019 study and each succeeding annual study until this contract is terminated by either Firm or District. Firm or District may terminate this contract by providing 30 days written notice to the other party.

Compliance with Tx. Govt. Code §2270.002. In order to comply with Tx. Govt. Code §2270.002, the Firm verifies that it does not boycott Israel and will not boycott Israel during the term of the contract.

This Contract is executed on _____, 2019 at Nueces County, Texas.

Calallen Independent School District

Linebarger Goggan Blair & Sampson, LLP

By: _____

By:  _____

PARTNER

TITLE

CONTRACT

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This Contract is executed on August 26, 2019 at Nueces County, Texas.

Calallen Independent School District

Linebarger Goggan Blair & Sampson, LLP

By:

[Signature]
Superintendent
TITLE

By:

[Signature]
PARTNER

Closed Session Statement

The Superintendent requests that the Board of Trustees convene in closed meeting as authorized by the provisions of the Open Meetings Act, Chapter 551 of the Texas Government Code. This executive session is pursuant to Texas Government Code Section §551.074: For the purpose of considering the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear complaints or charges against a public officer or employee.

BOARD OF EDUCATION
CALALLEN INDEPENDENT SCHOOL DISTRICT
CORPUS CHRISTI, TEXAS

Date: August 26, 2019

Subject: Resignation and Appointments

New Business

Action

BACKGROUND INFORMATION

Calallen I.S.D. administration prepares a list of resignations and appointments since the previous Board meeting.

ITEM ADDRESSED

As per Personnel List presented to the Board.

RECOMMENDED ACTION

Informational purposes only, unless employee resigning or being hired requires Board approval as dictated by policy.



PERSONNEL LIST

August 26, 2019

Resignations (Action required)

Name	Assignment	Campus	Reason
Scott Chapman	Director of Transportation	Calallen ISD	Retirement- Effective December 31, 2019

Resignations (No Action Required)

Name	Assignment	Campus	Reason
Theresa Schneider	Teacher	CMS	Resignation

Appointment (Action required)

Name	Previous Employment	Assignment	Campus	Replacing
Daniel Canales	Calallen ISD	Assistant Principal	Calallen Middle School	George Allen

Mr. Canales has been a teacher with the district since last year. He has 4 years of teaching experience and 3 years of administrative experience.

Appointments (No action required)

(The following personnel are being recommended for employment with Calallen ISD. Each employee shall be subject to assignment and reassignment of positions or duties, additional duties, changes in responsibilities or work, transfers, or reclassification at any time during the contract term.)

Name	Previous Employment	Assignment	Campus	Replacing
Guadalupe Cardona	CCISD	Teacher/Coach	Calallen High School	Delma Bernal

Ms. Cardona is a retire/rehire. She has 32 years of experience.

