

purpose of such meeting was given all as required by Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this _____, 2024.

Audrey Momanaee, President
School Board
Houston Independent School District

Angela Lemond Flowers, Secretary
School Board
Houston Independent School District

ORDER AUTHORIZING THE ISSUANCE OF HOUSTON INDEPENDENT SCHOOL DISTRICT LIMITED TAX REFUNDING BONDS, AS TERM BONDS OR FIXED RATE BONDS, IN ONE OR MORE SERIES; SETTING CERTAIN PARAMETERS FOR THE BONDS; AUTHORIZING A PRICING OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATE, PRICE, INCLUDING THE TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO

THE STATE OF TEXAS §
COUNTY OF HARRIS §
HOUSTON INDEPENDENT SCHOOL DISTRICT §

WHEREAS, Houston Independent School District (the “District”) has heretofore issued the bonds described in Exhibit A attached hereto; and

WHEREAS, the District desires to refund a portion of said bonds (the “Refunded Bonds”) in advance of their maturities; and

WHEREAS, Chapter 1207, Texas Government Code, authorizes the District to issue refunding bonds as fixed rate bonds or Term Rate Bonds (pursuant to Appendix A) for the purpose of refunding the Refunded Bonds in advance of their maturities, and to accomplish such refunding by depositing directly with a paying agent for the Refunded Bonds (or other qualified escrow agent), the proceeds of such refunding bonds, together with other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Bonds, and provides that such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Bonds; and

WHEREAS, the District desires to authorize the execution of an escrow agreement or other deposit agreement, if necessary, to provide for the deposit of proceeds of the refunding bonds, together with other lawfully available funds of the District, to pay the Refunded Bonds; and

WHEREAS, upon the issuance of the refunding bonds herein authorized and the deposit of funds referred to above, the Refunded Bonds shall no longer be regarded as being outstanding, except for the purpose of being paid pursuant to such deposit, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the orders authorizing the issuance of the Refunded Bonds shall be, with respect to the Refunded Bonds, discharged, terminated and defeased; and

WHEREAS, the School Board (the “Board”) hereby finds and determines that the refunding of the Refunded Bonds as contemplated by this Order by fixed rate bonds will benefit the District by providing net present value debt service savings to the District and that such benefit constitutes a valid public purpose and is sufficient consideration for the refunding contemplated herein; and

WHEREAS, the Board hereby finds that it may be in the best interest of the District for certain of the Refunded Bonds to be refunded pursuant to a tender offer to purchase such Refunded Bonds in the secondary market at a discount or a premium or at par (the “Tender Offer”) and hereby wishes to provide the Pricing Officer (as defined herein) with such authority to execute such documents and take such actions as necessary or required to complete the Tender Offer and the refunding of the Refunded Bonds pursuant to the Tender Offer; and

WHEREAS, the Board hereby finds and determines that the manner in which the refunding of the Refunded Bonds with Term Rate Bonds does not make it practicable to make the determination required by Section 1207.008(a)(2) of the Texas Government Code; and

WHEREAS, the Board hereby finds and determines that it is necessary and in the best interest of the District and its citizens that it authorize by this Order the issuance and delivery of its refunding bonds at this time; and

WHEREAS, the District has a principal amount of at least \$100,000,000 in a combination of outstanding long-term indebtedness and long-term indebtedness proposed to be issued, and some amount of such long-term indebtedness is rated in one of the four highest rating categories for long-term debt instruments by a nationally recognized rating agency for municipal securities without regard to the effect of any credit agreement or other form of credit enhancement entered into in connection with the obligation, and therefore, the District qualifies as an “Issuer” under Chapter 1371, Texas Government Code; and

WHEREAS, the District intends that the Term Rate Bonds will be refinanced with refunding bonds or other obligations issued under Chapter 1207, Texas Government Code, as amended, and, therefore (in accordance with Section 1371.057(c) of Chapter 1371), the District will treat such Term Rate Bonds as having the intended term and payment schedule of such refunding obligations, as determined by the Pricing Officer; and

WHEREAS, pursuant to Section 1207.007 and Section 1371.053, Texas Government Code, the District desires to delegate the authority to a Pricing Officer to effect the sale of the Bonds; Now, therefore

BE IT ORDERED BY THE SCHOOL BOARD OF HOUSTON INDEPENDENT SCHOOL DISTRICT:

1. Recitals; Consideration. It is hereby found and determined that the matters and facts set out in the preamble to this Order are true and correct.

2. Definitions. Throughout this Order the following terms and expressions as used herein shall have the meanings set forth below:

“Acts” means Chapters 1207 and 1371, Texas Government Code, and Chapter 45 Texas Education Code.

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the District, the Registrar and DTC.

“Bonds” means one or more series of Bonds issued by Houston Independent School District authorized in this Order and in Appendix A to this Order, as designated in an Officer’s Pricing Certificate.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Registrar is authorized by law or executive order to close.

“Capital Appreciation Bonds” means those Bonds bearing compound interest at the rate set out in the Officer’s Pricing Certificate to accrete from their date of delivery and compounding on the dates set forth in the Officer’s Pricing Certificate, payable only at maturity.

“Code” means the Internal Revenue Code of 1986, as amended.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Current Interest Bonds” mean those Bonds on which interest is paid semiannually on the Interest Payment Dates.

“Debt Service Fund” means the interest and sinking fund for payment of the Bonds established by the District in Section 19 of this Order.

“District” means the Houston Independent School District.

“OTC” means The Depository Trust Company of New York, New York, or any successor securities depository.

“OTC Participant” means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf OTC was created to hold securities to facilitate the clearance and settlement of securities transactions among OTC Participants.

“Escrow Agent” has the meaning given such term in the Officer’s Pricing Certificate. “Escrow Agreement” means the agreement between the District and the Escrow Agent relating to the escrow of funds to pay the Refunded Bonds.

“Initial Bonds” means each Initial Current Interest Bond and the Initial Capital Appreciation Bond.

“Initial Capital Appreciation Bond” means an Initial Capital Appreciation Bond authorized by Section 4(b)(ii).

“Initial Current Interest Bond” means an Initial Current Interest Bond authorized by Section 4(b)(i).

“Interest Payment Date”, when used in connection with any Current Interest Bond, means the dates set forth in the Officer’s Pricing Certificate.

“I&S Tax” means interest and sinking fund tax.

“M&O Tax” means maintenance and operations tax.

“MSRB” means the Municipal Securities Rulemaking Board.

“Officer’s Pricing Certificate” means the certificate signed by the Pricing Officer and containing the information regarding each issuance of the Bonds specified herein.

“Order” as used herein and in the Bonds means this order authorizing the Bonds.

“Owner” means any person who shall be the registered owner of any outstanding Bond.

“Pricing Officer” means the Superintendent, the Chief Financial Officer or the Controller.

“Purchase Agreement” means the agreement(s) between the District and the Underwriters described in Section 4(e) of this Order.

“Record Date” means, for any Interest Payment Date, the close of business on the last Business Day of the month next preceding each Interest Payment Date or as otherwise set forth in the Officer’s Pricing Certificate.

“Refunded Bonds” means any of those bonds of the District described in Exhibit A attached hereto and as more particularly described in each Officer’s Pricing Certificate.

“Register” means the books of registration kept by the Registrar, in which are maintained the names and addresses of, and the principal amounts of the Bonds registered to, each Owner.

“Registrar” has the meaning given to such term in the Officer’s Pricing Certificate.

“Report” means the report of a verification agent, verifying the accuracy of certain mathematical computations relating to each issuance of the Bonds and the Refunded Bonds.

“Rule” means SEC Rule 15c2-12, as amended from time to time.

“Underwriters” means the individual underwriter or underwriting syndicate identified in each Officer’s Pricing Certificate.

3. Authorization. (i) Bonds secured by an I&S Tax shall be issued in fully registered form in a maximum principal amount not to exceed \$821,765,000 and (ii) Bonds secured by a M&O Tax shall be issued in fully registered form in a maximum principal amount not to exceed \$68,000,000, each for the purpose of refunding the respective Refunded Bonds, and paying the cost of issuance related thereto, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code and Chapter 45, Texas Education Code, applicable.

4. Delegation of Authority. As authorized by Section 1207.007 and Section 1371.053, Texas Government Code, as amended, the Pricing Officer is hereby authorized to act on behalf of the District in selling and delivering the Bonds, and carrying out the other procedures specified in this Order including, without limitation, determining if the bonds shall be issued as fixed rate bonds

or Term Rate Bond (as provided in Appendix A), determining the date on and price at which the Bonds will be sold, any premium or discount for the Bonds, the issuance date and dated date, whether and how many tranches in which the Bonds may be issued and the appropriate distinguishing designation for each such tranche, the year(s) in which the Bonds will mature, the aggregate principal amount of the Bonds, the interest rate mode(s), the Initial Rate(s) for the Bonds, the length of the Initial Rate Period(s), the Stepped Rate, length of any Term Rate Period, conversion to another Rate Period, any optional and mandatory sinking fund redemption provisions, whether the bonds are to be issued as taxable or tax-exempt and all other matters not expressly provided in this Order relating to the issuance, sale and delivery of the Bonds including the refunding of the Refunded Bonds. The Pricing Officer's authority to sell and deliver the Bonds is subject to the conditions and carrying out the other procedures as set forth below:

(a) Designation. The Bonds shall be designated as _____.¹

(b) The Bonds may be issued as Current Interest Bonds and/or Capital Appreciation Bonds.

(i) Each Initial Current Interest Bond shall be numbered ICI-1 and all other Current Interest Bonds shall be numbered in sequence beginning with RCI-1. Current Interest-Bonds delivered on transfer of or in exchange for other Current Interest Bonds shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(ii) Each Capital Appreciation Bonds, if any, shall be initially issued bearing compound interest at the rates set out in the Officer's Pricing Certificate. The Initial Capital Appreciation Bond shall be numbered ICA-1 and all other Capital Appreciation Bonds shall be numbered in sequence beginning with RCA-I. Capital Appreciation Bonds delivered on transfer of or in exchange for other Capital Appreciation Bonds shall be numbered in order of their authentication by the Registrar, shall be in the Maturity Amount of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

(c) Date, Denomination, Interest Rates, and Maturities. The Bonds shall be dated, mature on the dates in each of the years and in the amounts set out in any Officer's Pricing Certificate; shall be subject to prior optional and mandatory redemption on the dates, for the redemption prices and in the amounts, set out in the Officer's Pricing Certificate and shall bear interest at rates and from their issue date as set out in the Officer's Pricing Certificate payable on each Interest Payment Date.

¹ Insert from Officer's Pricing Certificate.

(d) Selling and Delivering Bonds. The Pricing Officer shall determine any mandatory sinking fund redemption provisions for the Bonds, whether the Bonds will be issued as Current Interest Bonds and/or Capital Appreciation Bonds, and all other matters not expressly provided in this Order, relating to the issuance, sale and delivery of the Bonds, all of which shall be specified in the Officer's Pricing Certificate; provided that:

- (i) the price to be paid for the Bonds shall not be less than 90% of the aggregate original principal amount of the Bonds plus accrued interest thereon from their date to their delivery;
- (ii) the net effective interest rate on the Bonds shall not exceed the maximum rate allowed by Chapter 1204, Texas Government Code, as amended, except as otherwise provided in Appendix A;
- (iii) the aggregate principal amounts of all series of the Bonds, may not exceed the maximum principal amount authorized in Section 3 hereof, and such amounts plus any net premium from the sale of the Bonds and any available funds of the District, must be sufficient to provide amounts necessary to fund the costs of refunding the Refunded Bonds and the costs of issuance of the Bonds, including underwriters' discount;
- (iv) the net present value savings in debt service resulting from any refunding of the Refunded Bonds with fixed rate bonds shall be at least 3% of the principal amount of the Refunded Bonds, as shown by a table of calculations prepared by the District's financial advisor and attached to the Officer's Pricing Certificate;
- (v) for avoidance of doubt any refunding of Refunded Bonds with Term Rate Bonds for restructuring purposes shall not be subject to a savings parameter; and
- (vi) the Bonds shall mature not later than the Refunded Bonds that such Bonds were issued to refund.

(e) Sale; Purchase Agreement. The Bonds shall be sold and delivered to the Underwriters at a price to be set forth in an Officer's Pricing Certificate, in accordance with the terms of one or more Purchase Agreements to be approved by the Pricing Officer. The Pricing Officer is hereby authorized and directed to execute one or more Purchase Agreements on behalf of the District, and the Pricing Officer and all other officers, agents and representatives of the District are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

(f) Use of Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the District, be applied as follows: •

- (i) Accrued interest in the amount of \$_____² and, if necessary, net premium on the Bonds in the amount of \$_____³ shall be deposited into the Debt Service Fund.
- (ii) Net premium on the Bonds in the amount of \$_____⁴ shall be used to pay the costs of issuance.
- (iii) Net premium on the Bonds in the amount of \$_____⁵ shall be used to pay the underwriters' discount.
- (iv) Bond proceeds in the amount of \$_____,⁶ and if necessary other available funds from the District in the amount of \$_____⁷ shall be applied establish an escrow fund/or deposit with the paying agent to refund the Refunded Bonds, as more fully provided in Section 23 of the Order, and, to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds, the establishment of such escrow fund and the refunding of the Refunded Bonds. Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Debt Service Fund.

5. Execution and Registration of Bonds. (a) The Bonds shall be signed by the President of the Board and countersigned by the Secretary of the Board, by their manual, lithographed, or facsimile signatures, and the official seal of the District shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the District had been manually impressed upon each of the Bonds.

(b) If any officer of the District whose manual or facsimile signature shall appear on the Bonds shall cease to be such officer before the authentication of such Bonds or before the delivery of such Bonds, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Order unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bonds delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by .the Comptroller, or by her duly

² Insert from Officer's Pricing Certificate.

³ Insert from Officer's Pricing Certificate.

⁴ Insert from Officer's Pricing Certificate.

⁵ Insert from Officer's Pricing Certificate.

⁶ Insert from Officer's Pricing Certificate.

⁷ Insert from Officer's Pricing Certificate.

authorized agent, which certificates shall be evidence that the Initial Bonds have been duly approved by the Attorney General of the State of Texas and that they are valid and binding obligations of the District, and have been registered by the Comptroller.

(d) On the Closing Date, the Initial Bonds, payable in stated installments to the Underwriters or their designee, executed by manual or facsimile signature of the President of the Board and Secretary of the Board, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the Underwriters or their designee. Upon payment for the Initial Bonds, the Registrar shall cancel the Initial Bonds and definitive Bonds shall be delivered to DTC.

6. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable at the principal payment office of the Registrar, in Dallas, Texas. The interest on each Bond shall be payable on each Interest Payment Date, by check mailed by the Registrar on or before the Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

If the date for payment of the principal of or interest on any Bond is not a Business Day, then the date for such payment shall be the next succeeding Business Day with the same force and effect as if made on the date payment was originally due.

7. Successor Registrars. The District covenants that at all times while any Bonds are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any state, duly qualified to serve as and perform the duties and services of Registrar for the Bonds. The District reserves the right to change the Registrar for the Bonds on not less than 30 days written notice to the Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

8. Special Record Date. If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the District. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

9. Book-Entry Only System. (a) The Initial Bonds shall be registered in the name designated in the Officer's Pricing Certificate. Except as provided in Section 10 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the District and the Registrar shall have no responsibility or obligation to any OTC Participant or to any person on behalf of whom such OTC Participant holds an interest in the Bonds, except as provided in this Order. Without limiting the immediately preceding sentence, the District and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Order to the contrary, the District and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the 'absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Order, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the District to make payments of amounts due pursuant to this Order. Upon delivery by OTC to the Registrar of written notice to the effect that OTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Order with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Order shall refer to such new nominee of OTC.

10. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the District, in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event OTC discontinues the services described herein, the District shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and OTC Participants, as identified by OTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and OTC Participants, as identified by OTC, of the availability through OTC of Bonds and transfer one or more separate Bonds to OTC Participants having Bonds credited to their OTC accounts, as identified by OTC. In such event, the Bonds shall not longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Order.

11. Payments to Cede & Co. Notwithstanding any other provision of this Order to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of OTC, all

payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Letter of Representations.

12. Ownership; Unclaimed Principal and Interest. The District, the Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond, and for all other purposes, whether or not such Bond is overdue, and neither the District nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the District and the Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Owner after the expiration of three years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the applicable provisions of Texas law including, to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Registration, Transfer, and Exchange. So long as any Bonds remain outstanding, the Registrar shall keep the Register at its principal payment office in Dallas, Texas. Subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of this Order.

Each Bond shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Bond for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three Business Days after such presentation, a new Bond or Bonds of the same type registered in the name of the transferee or transferees, in authorized denominations and of these maturity and aggregate principal amount and bearing interest at the same rate as the Bond or Bonds so presented.

All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Registrar in Dallas, Texas, for a Bond or Bonds of the same type, maturity and interest rate in any authorized denomination, in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Bonds in accordance with the provisions of this Section. Each Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Order to the same extent as the Bond or Bonds in lieu of which such Bond is delivered.

The-District or the Registrar may require the Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the District.

14. Mutilated, Lost, or Stolen Bonds. Upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The District or the Registrar may require the Owner of a mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Registrar. The District or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (1) furnish to the District and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (2) furnish such security or indemnity as may be required by the Registrar and the District to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the District and the Registrar.

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and the Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security oh is Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

15. Cancellation of Bonds. All Bonds paid in accordance with this Order, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records

regarding such payment. The Registrar shall furnish the District with appropriate certificates of destruction of such Bonds.

16. Optional and/or Mandatory Redemption; Defeasance. The Bonds are subject to optional and/or mandatory redemption as set forth in the Form of Bonds and in an Officer's Pricing Certificate.

Except as otherwise set forth in Appendix A, notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

The District reserves the right to give notice of its election or direction to optionally redeem Bonds conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the District retains the right to rescind such notice at any time prior to the scheduled redemption date if the District delivers a certificate of the District to the Paying Agent/Registrar instructing the Paying Agent /Registrar to rescind the redemption notice, and such notice of redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected owners. Any Bonds subject to conditional redemption where redemption has been rescinded shall remain Outstanding.

Except as may be otherwise specified in the Officer's Pricing Certificate, the Bonds may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

17. Forms. The form of the Bonds issued as fixed rate bonds, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to each Initial Bond, the form of the Registrar's Authentication Certificate, the form of Assignment and the form of Guarantee Endorsement of the Commissioner of Education of the State of Texas, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be required by the Superintendent and Chief Financial Officer, necessary or desirable and not prohibited by this Order:

(a) Form of Current Interest Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF HARRIS

REGISTERED
NUMBER

REGISTERED
DENOMINATION
\$ _____

HOUSTON INDEPENDENT SCHOOL DISTRICT
_____ ⁸

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:
February 15, _____ ⁹

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

HOUSTON INDEPENDENT SCHOOL DISTRICT (the “District”) promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the principal payment office of _____ ¹⁰ (the “Registrar”), the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of 360-day year of twelve 30-day months, from the [Dated Date/Date of Delivery] ¹¹, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable by check on _____ ¹² and _____ ¹³ beginning on _____ ¹⁴, mailed to the registered owner as shown on the books of registration kept by the Registrar as of the close of business on the last business day of the month next preceding each interest payment date.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$ _____ ¹⁵ (the “Bonds”), issued for the purpose of refunding the Refunded Bonds under and in strict conformity with the Constitution and laws of the State of Texas particularly Chapter 1207 and Chapter 1371, Texas Government Code and pursuant to the Order. [The Bonds are issued as (i) Capital Appreciation Bonds in the aggregate principal amount of \$ _____ ¹⁶ which pay

⁸ As designated in the Officer’s Pricing Certificate.

⁹ Insert from Officer’s Pricing Certificate.

¹⁰ Insert from Officer’s Pricing Certificate.

¹¹ Insert from Officer’s Pricing Certificate.

¹² Insert from Officer’s Pricing Certificate.

¹³ Insert from Officer’s Pricing Certificate.

¹⁴ Insert from Officer’s Pricing Certificate.

¹⁵ Insert from Officer’s Pricing Certificate.

¹⁶ Insert from Officer’s Pricing Certificate.

interest only at maturity, and (ii) Current Interest Bonds in the aggregate principal amount of \$ _____¹⁷ which pay interest semiannually until maturity or earlier redemption.]¹⁸

THE DISTRICT RESERVES THE RIGHT, at its option, to redeem Bonds maturing on or after _____,¹⁹ in whole or from time to time in part, in integral multiples of \$5,000, on _____²⁰, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If less than all the Bonds are to be redeemed, the District shall select the Bonds to be redeemed.

[If applicable, mandatory redemption language]²¹

NOTICE OF ANY REDEMPTION shall be given by the Registrar at least thirty (30) days prior to the date fixed for redemption by first class mail, addressed to the registered owners of each Bond to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Bonds or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Registrar in Dallas, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Order.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Registrar in Dallas, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Order.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Order unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Order.

THE DISTRICT has covenanted in the Order that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to

¹⁷ Insert from Officer's Pricing Certificate.

¹⁸ Remove bracketed language if there are no CABs.

¹⁹ Insert from Officer's Pricing Certificate.

²⁰ Insert from Officer's Pricing Certificate.

²¹ Insert from Officer's Pricing Certificate.

exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes²², within the limits prescribed by law as to maximum rate or amount, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the President and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the District has been duly impressed, or placed in facsimile, on this Bond.

(AUTHENTICATION
CERTIFICATE)

(SEAL)

HOUSTON INDEPENDENT SCHOOL
DISTRICT

President, School Board
Houston Independent School District

Secretary, School Board
Houston Independent School District

²² Insert from Officer's Pricing Certificate whether Bonds are paid from I&S Tax or M&O Tax.

(b) Form of Capital Appreciation Bonds (if required).

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF HARRIS

REGISTERED
NUMBER

REGISTERED
MATURITY
\$ _____

HOUSTON INDEPENDENT SCHOOL DISTRICT
_____ ²³

INTEREST RATE: _____
ISSUANCE DATE: _____ ²⁴
CUSIP: _____

REGISTERED OWNER:

MATURITY AMOUNT: _____ DOLLARS

HOUSTON INDEPENDENT SCHOOL DISTRICT (the “District”) promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Bond at the principal payment office of _____ ²⁵ (the “Registrar”), the Maturity Amount identified above, representing the principal amount hereof and accrued and compounded interest hereon (both as shown in the table attached to this Bond), in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America. The date of this Bond is _____ ²⁶, but interest shall accrue on the principal amount hereof from the Issuance Date at the per annum rate specified on the Table of Accreted Values attached hereto. The Accreted Value (per \$5,000 of Maturity Amount) of this Bond, as of the Issuance Date and as of each _____ ²⁷ and _____ ²⁸ is set forth in the Table of Accreted Values attached hereto. Such value as of any other date shall be determined by straight-line interpolation between such values.

THIS BOND is one of a duly authorized issue of Bonds, aggregating \$ _____ ²⁹ the “Bonds”), issued for the purpose refunding the Refunded Bonds under and in strict conformity with the Constitution and laws of the State of Texas particularly Chapter 1207 and Chapter 1371, Texas Government Code and pursuant to the Order. [The Bonds are issued as (i) Current Interest Bonds in the aggregate principal amount of \$ _____ ³⁰ which pay interest only at

²³ As designated in the Officer’s Pricing Certificate.

²⁴ Insert from Officer’s Pricing Certificate.

²⁵ Insert from Officer’s Pricing Certificate.

²⁶ Insert from Officer’s Pricing Certificate.

²⁷ Insert from Officer’s Pricing Certificate.

²⁸ Insert from Officer’s Pricing Certificate.

²⁹ Insert from Officer’s Pricing Certificate.

³⁰ Insert from Officer’s Pricing Certificate.

maturity, and (ii) Capital Appreciation Bonds in the aggregate principal amount of \$_____ ³¹ which pay interest semiannually until maturity or earlier redemption.]

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the principal payment office of the Registrar, in _____ ³², duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Order.

THIS BOND IS EXCHANGEABLE at the principal payment office of the Registrar, in Dallas, Texas, for Bonds in the denomination of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Order.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Order unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Order.

THE DISTRICT has covenanted in the Order that it will at all times provide a legally qualified registrar for the Bonds and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes³³, within the limits prescribed by law as to maximum rate or amount, sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in the District, and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the President and countersigned with the manual or facsimile signature of the Secretary, and the official seal of the District has been duly impressed, or placed in facsimile, on this Bond.

³¹ Insert from Officer's Pricing Certificate.

³² Insert from Officer's Pricing Certificate.

³³ Insert from Officer's Pricing Certificate either that Bonds are paid from I&S Tax or M&O Tax.

(AUTHENTICATION
CERTIFICATE)

(SEAL)

HOUSTON INDEPENDENT SCHOOL
DISTRICT

President, School Board
Houston Independent School District

Secretary, School Board
Houston Independent School District

TABLE OF ACCRETED VALUES³⁴

³⁴ Insert from Officer's Pricing Certificate, if necessary.

(c) Form of Comptroller's Registration Certificate.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

I hereby certify that this Bond has been examined, certified as to validity, and approved by the Attorney General of the State of Texas, and that this Bond has been registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Registrar's Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Order described in the text of this Bond.

As Paying Agent/Registrar

By _____
Authorized Signature

Date of Authentication _____

(e) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

Registered Owner:

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Bond in every particular, without any alteration, enlargement or change whatsoever.

(f) Form of Guarantee Endorsement.

PSF CERTIFICATE

Under the authority granted by Article 7, Section 5 of the Texas Constitution and Subchapter C of Chapter 45 of the Texas Education Code, the payment, when due, of the principal of and interest on the issuance by the Houston Independent School District of its _____³⁵, dated _____³⁶, in the principal amount of \$_____³⁷ is guaranteed by the corpus of the Permanent School Fund of the State pursuant to the bond guarantee program administered by the Texas Education Agency. This guarantee shall be removed in its entirety upon defeasance of such bonds.

Reference is hereby made to the continuing disclosure agreement of the Texas Education Agency, set forth in Section I of the Agency's Investment Procedure Manual and the Agency's commitment letter for the guarantee. Such disclosure agreement has been made with respect to the bond guarantee program, in accordance with Rule 15c2c-12 of the United States Securities and Exchange Commission, for the benefit of the holders and beneficial owners of the bonds.

In witness thereof I have caused my signature to be placed in facsimile on this bond.

Mike Morath
Commissioner of Education

(g) The Initial Bond shall be in the form set forth in paragraphs (a), (b), (c), (e) and (f) of this Section, except for the following alterations: START HERE

- (i) immediately under the name of the Current Interest Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the word "CUSIP" deleted; immediately under the name of the Capital Appreciation Bond, the heading "MATURITY DATE" shall be completed with the words "As Shown Below" and the word "CUSIP" deleted;
- (ii) in the first paragraph of the Current Interest Bond, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on the dates, in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

³⁵ As designated in the Officer's Pricing Certificate.

³⁶ Insert from Officer's Pricing Certificate.

³⁷ Insert from Officer's Pricing Certificate.

[Information to be inserted from schedule in the Officer's Pricing Certificate]

- (iii) in the first paragraph of the Capital Appreciation Bond, the words "on the maturity date specified above" shall be deleted, and the words "the Maturity Amount identified above" shall be replaced with "the Maturity Amounts shown in the schedule below".

[Information to be inserted from schedule in the Officer's Pricing Certificate]

- (iv) the Initial Bonds shall be numbered ICI-1 and ICA-1, respectively.

18. CUSIP Numbers. CUSIP Numbers may be printed on the Bonds, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Bonds.

19. Debt Service Fund; Tax Levy. A special fund(s) to be designated "Houston Independent School District _____³⁸, Debt Service Fund" (the "Debt Service Fund") is hereby created, and the proceeds from all taxes levied³⁹, assessed and collected for and on account of the Bonds authorized by this Order shall be deposited, as collected, in such Fund. While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually assessed and collected in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, a continuing direct annual ad valorem tax⁴⁰, within the limits prescribed by law as to maximum rate or amount, upon all taxable property in the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, full allowance being made for delinquencies and costs of collection, and said taxes are hereby irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose; provided that the annual aggregate bond taxes (payable from I&S Taxes) in the District shall never be more than \$1.00 on each \$100 valuation of taxable property in the District.

Money on deposit in the Debt Service Fund may, at the option of the District, be invested as permitted under Texas law, provided that all such investments shall be made in such manner that the money will be available at the proper time or times. For purpose of maximizing investment returns, money in the Debt Service Fund may be invested with other money of the District in common investments, or in a common pool of investments, which shall not be deemed to be or constitute a commingling of such money as long as safekeeping receipts or certificates of participation clearly evidencing the investment or investment pool in which such money is invested and the share thereof purchased with such money or owned by the Debt Service Fund are held by or on behalf of the Debt Service Fund.

To pay the debt service coming due on any Bonds issued prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby

³⁸ As designated in the Officer's Pricing Certificate.

³⁹ Insert from Officer's Pricing Certificate that Debt Service Fund is for taxes levied from either I&S Tax or M&O Tax.

⁴⁰ Insert from Officer's Pricing Certificate that the taxes levied are either I&S Tax or M&O Tax.

certified to be on hand and available for such purpose, an amount sufficient to pay such debt service, and such amount shall be used for no other purpose.

Any money received by the District with respect to the Bonds as state assistance pursuant to the instructional allotment or as state assistance with existing debt, each as authorized by Chapter 46, Texas Education Code, shall be deposited in the Debt Service Fund as required by Sections 46.009 and 46.035, Texas Education Code, respectively. The District will take into account the balance in the Debt Service Fund when it sets its debt service tax rate each year.

20. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the taxes granted by the District under Section 19 of this Order, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the taxes granted by the District under Section 19 of this Order is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the District agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

21. Further Proceedings. After the Initial Bonds have been executed, it shall be the duty of the President of the Board and other appropriate officials and agents of the District to deliver the Initial Bonds and all pertinent records and proceedings to the Attorney General of the State of Texas, for examination and approval. After the Initial Bonds have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Initial Bonds, the Comptroller (or the Comptroller's bond clerk or an assistant bond clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

22. Federal Income Tax Exclusion. For any Bonds for which the District intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable temporary, proposed and final regulations (the "Regulations") and procedures promulgated thereunder and applicable to the Bonds: For this purpose, the District covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Bonds) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the District shall comply with each of the following covenants:

(a) The District will use all of the proceeds of the Bonds to (i) provide funds for the purposes described in Section 3 hereof, which will be owned and operated by the District and (ii) to pay the costs of issuing the Bonds. The District will not use any portion of the proceeds

of the Bonds to pay the principal of or interest or redemption premium on, any other obligation of the District or a related person.

(b) The District will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Bonds to constitute “private activity bonds” within the meaning of Section 141(a) of the Code.

(c) Principal of and interest on the Bonds will be paid solely from ad valorem taxes collected by the District, investment earnings on such collections, and as available, proceeds of the Bonds.

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion thereof to be an “arbitrage bond” within the meaning of Section 148 of the Code.

(e) At all times while the Bonds are outstanding, the District will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The District will monitor the yield on the investments of the proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting “arbitrage bonds,” the District will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

(f) The District will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.

(g) The District represents that not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the District reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the three-year period beginning on the date of issue of the Bonds.

(h) The District will take all necessary steps to comply with the requirement that certain amounts earned by the District on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the District will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the District allocable to other obligations of the District or moneys which do not represent gross proceeds of any obligations of the District and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed

as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the District will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

(i) The District will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) The District will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.

(k) The District will not issue or use the Bonds as part of an "abusive arbitrage device" (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the District to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(l) Proper officers of the District charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstance& in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the District's expectations. On or after the date of issuance of the Bonds, the District will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(m) The covenants and representations made or required by this Section are for the benefit of the Bond holders and any subsequent Bond holder, and may be relied upon by the Bond holders and any subsequent Bond holder and bond counsel to the District.

In complying with the foregoing covenants, the District may rely upon an unqualified opinion issued to the District by nationally recognized bond counsel that any action by the District or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Notwithstanding any other provision of this Order, the District's representations and obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

23. Escrow Agreement/Deposit with Paying Agent for Refunded Bonds. The discharge and defeasance of the Refunded Bonds may be effectuated pursuant to the terms and provisions of one or more Escrow Agreements or other deposit agreement to be entered into by and between the District and the Escrow Agent or pursuant to a deposit of funds with the paying agent for the Refunded Bonds. The terms and provisions of an Escrow Agreement or other deposit agreement, if needed, are hereby approved, subject to such insertions, additions and modifications as shall be necessary to carry out the terms of this Order and the Pricing Certificate. The mathematical accuracy of the terms of the refunding shall be certified to by a verification agent selected by the District or by a certificate of sufficiency of deposit executed by the District's financial advisor or the paying agent for the Refunded Bonds. The President or Vice President is hereby authorized to execute and deliver such Escrow Agreement or other such deposit agreement on behalf of the District in multiple counterparts and the Secretary or the Assistant Secretary is hereby authorized to attest thereto and affix the District's seal.

24. Purchase of Escrowed Securities. If the Escrow Agreement is utilized, to assure the purchase of the Escrowed Securities referred to in the Escrow Agreement, if required, a Pricing Officer is hereby authorized to subscribe for, agree to purchase and purchase obligations which are authorized investments for escrow accounts pursuant to Section 1207.062, Texas Government Code, in such amounts and maturities and bearing interest at such rates as may be provided for in the Report to be attached to the Escrow Agreement, and to execute any and all subscriptions, agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing. Any actions heretofore taken for such purpose are hereby ratified and approved.

25. Redemption Prior to Maturity of Refunded Bonds. The District has exercised its option to call the bonds of the District for redemption prior to maturity on the dates and at the prices shown on Exhibit A attached to an Officer's Pricing Certificate, and authorized and directed notice of such redemption to be given in accordance with the orders authorizing the issuance of such bonds.

26. Permanent School Fund Guarantee. The Bonds may be guaranteed by the Permanent School Fund. The District may apply for and receive approval from the Texas Commissioner of Education (the "Commissioner"), subject to compliance with the Commissioners rules and regulations, for payment of the principal of and interest on the Bonds to be guaranteed by the Permanent School Fund of the State of Texas. If the Bonds are defeased, the guarantee of the Bonds will be removed in its entirety and, in case of default and in accordance with Texas Education Code § 45.061, the Comptroller of Public Accounts will withhold the amount paid, plus interest, from the first state money payable to the District in the following order: foundation school fund, available school fund. In connection with the guarantee of the Bonds by the Permanent School Fund, the District, hereby certifies and covenants that

(a) a certified copy of this Order and copies of the Final Official Statement (and final savings schedule for refunded bonds) shall be furnished to the Division of State Funding, School Facilities and Transportation, within ten (10) calendar days;

(b) following any determination by the District that it is or will be unable to pay maturing or matured principal or interest on the bonds, the District will take all action required by Subchapter C of Chapter 45 of the Texas Education Code, as amended, including, but not limited to, the giving of timely notice of such determination to the Commissioner; and

(c) the District will notify the Division of State Funding in writing within ten (10) calendar days of the defeasance of any guaranteed Bonds.

27. Continuing Disclosure Undertaking. (a) Annual Reports. The District will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in the Official Statement authorized by Section 28, as determined by the Pricing Officer and identified in the Officer’s Pricing Certificate. The District will update and provide this information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles prescribed by the Texas State Board of Education or such other accounting principles as the District may be required to employ from time to time pursuant to State law or regulation and (2) audited, if the District commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the District shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when audited financial statements become available.

If the District changes its fiscal year, it will submit a notice of such change to the MSRB, and the date of the new fiscal year end prior to the next date by which the District otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB).

(b) The District shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has

assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District and (b) the District intends the words used in the immediately preceding paragraphs (xv) and (xvi) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The District shall notify the MSRB, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with Section 28(a) of this Order by the time required by such Section.

The Pricing Officer is authorized and directed to establish and implement written procedures to ensure compliance with the reporting requirements imposed by this Section. Such procedures may be modified and amended by the Pricing Officer from time to time to the extent the modification or amendment of such procedures are deemed necessary, useful or appropriate.

(c) Limitations, Disclaimers, and Amendments. The District shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give notice of any deposit made in accordance with Texas law that causes Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and the beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation. of the District’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE UNLIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under this Section shall comprise a breach of or default under this Order for purposes of any other provision of this Order.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws.

The provisions of this Section may be amended by the District from time to time to adapt to changed circumstances that arise from a change-in legal requirements, a change in law, or a change in the identity, nature, or status or type of principal payment of the District, if (1) the agreement, as so amended, would have permitted an underwriter to purchase or sell Bonds in the initial primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate amount of the outstanding Bonds consent to such amendment or (b) a person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

28. Official Statement. The District hereby approves the form and content and distribution of the Preliminary Official Statement prepared in the initial offering and sale of the Bonds and hereby authorizes the preparation of a final Official Statement reflecting the terms of the Purchase Agreement and other relevant information. The use of such final Official Statement by the Underwriters is hereby approved and authorized and the proper officials of the District are authorized to sign such Official Statement.

29. Power to Revise Form of Documents. Notwithstanding any other provision of this Order, the President of the Board or the Pricing Officer is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Order and in the form of the documents attached hereto as exhibits as, in the judgment of the President or the Pricing Officer, and in the opinion of Bond Counsel to the District, may be necessary or convenient to carry out or assist in carrying out the purposes of this Order, the Preliminary Official Statement, the final Official Statement, or as may be required for approval of the Bonds by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Bonds or such documents shall be subject to the prior approval of the Board.

30. Amendments. Except as otherwise provided in Appendix A, the District may amend this Order without the consent of or notice to any Owner in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the District may with the written consent of the holders of a majority

of the aggregate principal amount or, in the case of Capital Appreciation Bonds, Maturity Amount, of the Bonds then outstanding affected thereby, amend, add to, or rescind any of the provisions of the Order; except that, without the consent of the Owners of the Bonds affected, no such amendment, addition or rescission may (i) make any change in the maturity of any of the outstanding Bonds; (ii) reduce the rate of interest borne by any of the outstanding Bonds; (iii) reduce the amount of the principal of or Maturity Value of, or redemption premium, if any, payable on any outstanding Bonds; (iv) modify the terms of payment of principal or Maturity Value or, of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or (v) change the minimum percentage of the principal amount or, in the case of the Capital Appreciation Bonds, the Maturity Amount, of the Bonds necessary for consent to such amendment.

31. Tender Offer. If the Pricing Officer determines that it is in the best interest of the District to purchase certain of the Refunded Bonds at a discount or a premium or at par pursuant to a Tender Offer and further determines that the refunding of Refunded Bonds purchased through the Tender Offer will comply with Section 3 of this Order, the Pricing Officer is hereby authorized to take such actions necessary to carry out such Tender Offer including but not limited to executing any agreements, certificates or other documents necessary or required in connection with such Tender Offer.

32. Related Matters. To satisfy in a timely manner all of the District's obligations under this Order and the Purchase Agreement, the President or Vice President, the Secretary or the Assistant Secretary, and all other appropriate officers and agents of the District are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance of the Bonds and the refunding of the Refunded Bonds including, without limitation, executing and delivering on behalf of the District all agreements, certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the District's obligations under the Purchase Agreement and this Order and to direct the application of funds of the District consistent with the provisions of this Order.

33. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the District are hereby authorized to execute such agreement for and on behalf of the District.

34. No Personal Liability. No recourse shall be had for payment of the principal of or interest on any Bonds or for any claim based thereon; or on this Order, against any official or employee of the District or any person executing any Bonds.

35. Open Meeting. It is hereby officially found and determined that the meeting at which this Order was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

PASSED AND APPROVED this 14th day of November, 2024.

President, School Board
Houston Independent School District

ATTEST:

Secretary, School Board
Houston Independent School District

(SEAL)

Exhibit A

Houston Independent School District

Refunding Candidates

I&S Tax Refunding Candidates

Variable Rate Limited Tax Schoolhouse Bonds, Series 2014A-2

Limited Tax Refunding Bonds, Series 2014B

Limited Tax Schoolhouse and Refunding Bonds, Series 2016A

Limited Tax Schoolhouse and Refunding Bonds, Series 2017

Limited Tax Schoolhouse Bonds, Series 2018

Variable Rate Limited Tax Refunding Bonds, Series 2023C

M&O Tax Refunding Candidates

Maintenance Tax Notes, Series 2018

APPENDIX A

This Appendix A applies to Bonds issued as Initial Term Rate Bonds, Term Rate Bonds or Fixed Rate Bonds after the Fixed Rate Conversion Date. To the extent the provisions of such Bonds are not expressly addressed in this Appendix A, the provisions of the body of the Order shall govern.

ARTICLE I. DEFINITIONS

Section 1.01 Definitions. Capitalized terms used in this Appendix A shall have the meanings provided for them in this Section 1.01 and capitalized terms not defined in this Appendix A, shall have the meaning set forth in the body of the Order.

“Authorized Denominations” shall mean, unless otherwise set forth in the Officer’s Pricing Certificate, with respect to Bonds bearing interest at a Term Rate (including the Initial Term Rate) \$100,000 and any integral multiple of \$5,000 in excess thereof (provided, however, at the District’s sole discretion, Bonds bearing interest at a Term Rate (including the Initial Term Rate) may be issued in denominations of \$5,000 or any integral multiple thereof); and with respect to Bonds bearing interest at a Fixed Rate, \$5,000 and integral multiples thereof.

“Board” shall mean the School Board of the District.

“Conversion Date” shall mean: (a) with respect to the Fixed Rate Period, the Fixed Rate Conversion Date; and (b) with respect to a Term Rate Period, the Term Rate Conversion Date.

“Fixed Rate” shall mean the per annum rate or rates of interest the Bonds shall bear during the Fixed Rate Period after the Fixed Rate Conversion Date.

“Fixed Rate Conversion Date” shall mean the date on which the Bonds begin to bear interest at the Fixed Rate.

“Fixed Rate Period” shall mean the period beginning on the Fixed Rate Conversion Date and ending at the stated maturity or maturities of the Bonds, during which the Bonds bear interest at one or more Fixed Rates.

“Initial Term Rate” shall mean the initial interest rate or rates the Bonds (which may include separate rates for separate maturities of the Bonds or subseries of the Bonds) shall bear for the Initial Term Rate Period(s). The Initial Term Rate(s) shall be set forth in the Officer’s Pricing Certificate.

“Initial Term Rate Bonds” means the first issuance of Bonds issued pursuant to this Appendix A.

“Initial Term Rate Period” shall mean the period (or periods) commencing on the issuance date and ending the date (or dates) set forth in the Officer’s Pricing Certificate.

“Interest Payment Date” shall mean, unless otherwise provided in the Officer’s Pricing Certificate (a) with respect to Bonds bearing interest at the Initial Term Rate or the Term Rate, each February 15 and August 15, beginning on the first such date occurring after the Term Rate Conversion Date; (b) with respect to Bonds bearing interest at the Fixed Rate, each February 15 and August 15, beginning on the first such date occurring after the Fixed Rate Conversion Date unless the District provides for different payment dates at the time of conversion of the Bonds to a Fixed Rate; (c) each mandatory tender date; (d) each Conversion Date, in the even such date is not an Interest Payment Date; and (e) the maturity date for the Bonds or scheduled mandatory sinking fund redemption dates for the Bonds subject to mandatory sinking fund redemption.

“Interest Period” unless otherwise set forth in the Officer’s Pricing Certificate, shall mean (i) during the Initial Term Rate Period, the period from and including the Issuance Date to the date set forth in the Officer’s Pricing Certificate, and (ii) upon the expiration of the Initial Term Rate Period, the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

“Maximum Rate” means the lesser of (a) Maximum Rate set forth in the Officers Pricing Certificate, (b) 15% per annum or (c) the maximum net effective interest rate permitted by law to be paid thereon as provided by Section 1204.006, Texas Government Code, as amended, or any successor statute.

“Opinion of Bond Counsel” shall mean an opinion of nationally recognized bond counsel, unless otherwise specified herein, that the action proposed to be taken is authorized or permitted by this Order and State law and does not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

“Outstanding” shall mean when used to modify Bonds, Bonds issued, authenticated and delivered under this Order, excluding (i) Bonds which have been exchanged or replaced or otherwise surrendered for cancellation, (ii) Bonds which have been paid, (iii) Bonds which have become due and for the payment of which money has been duly provided, (iv) Bonds deemed tendered for purchase and not delivered to the Tender Agent on the applicable purchase date, provided sufficient funds for payment of the Purchase Price are on deposit with the Tender Agent, and (v) Bonds with respect to which this Order has been discharged pursuant to the terms of this Order.

“Payment Fund” shall mean the fund described in Section 4.01(b)(ii) hereof.

“Purchase Price” shall mean, unless otherwise set forth in the Officers Pricing Certificate,, with respect to each Bond (or any portion thereof) tendered for purchase pursuant to Article IV hereof, the par amount thereof, plus accrued but unpaid interest thereon to the date of purchase.

“Rate Determination Date” shall mean the date when the Remarketing Agent determines the rate of interest to be borne by the Bonds pursuant to Section 3.02(b) and (c), as applicable.

“Rate Period” shall mean the period during which a particular rate of interest determined for the Bonds is to remain in effect pursuant to Article III.

“Remarketing Agent” shall mean the entity designated in the Remarketing Agreement pertaining to the Bonds, and any successors thereto.

“Remarketing Agreement” shall mean the Remarketing Agreement between the District and the Remarketing Agent pertaining to the Bonds.

“Stepped Rate” shall mean the rate set forth in the Officer’s Pricing Certificate.

“Stepped Rate Period” shall mean the period of time commencing on the Mandatory Tender Date described in Sections 4.03(g) and 4.05 and continuing through a subsequent remarketing or redemption of the Bonds.

“Tender Agent” shall have the meaning set forth in the Officer’s Pricing Certificate. “Tender Agent Agreement” shall mean the Tender Agent Agreement between the District and the Tender Agent pertaining to the Bonds, or any similar agreement entered into from time to time with any successor Tender Agent.

“Term Rate” unless otherwise set forth in the Officer’s Pricing Certificate, shall mean the interest rate to be determined for the Bonds in a Term Rate Period.

“Term Rate Conversion Date” unless otherwise set forth in the Officer’s Pricing Certificate shall mean the day the Bonds first bear interest at a Term Rate.

“Term Rate Period” shall mean each period during which the Bonds bear interest at a Term Rate.

“Undelivered Bonds” shall mean Bonds which are required to be delivered to the Tender Agent pursuant to the terms of this Order and which are not in fact delivered.

ARTICLE II. MISCELLANEOUS

Section 2.01 Term Rate Held in Book Entry System. This Section 2.01 shall apply with respect to tenders and purchases of Term Rate Bonds held in the Book Entry System. The Remarketing Agent will transfer proceeds from the remarketing of tendered Term Rate Bonds directly to DTC to be distributed in accordance with DTC’s normal procedures. Evidence of beneficial ownership in Term Rate Bonds purchased with such remarketing proceeds shall be provided to the purchasers thereof according to OTC’s normal procedures.

ARTICLE III. INTEREST RATES ON BONDS

Section 3.01 Initial Interest Rates; Subsequent Interest Rates. The Bonds shall bear interest at the Initial Term Rate(s) for the Initial Term Rate Period(s) as set forth in the Officer’s Pricing Certificate. At the end of the Initial Term Rate Period(s), the Bonds shall be subject to mandatory tender on the date(s) set forth in the Officer’s Pricing Certificate, without right of retention by the Owner; provided, however, that a failure of the Remarketing Agent to remarket any of the Bonds at the end of the Initial Term Rate Period(s), as further described in Section 4.05,

shall result in the holders of all the Bonds retaining such Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of this Order. After the Initial Term Rate Period, the Bonds shall be converted to bear interest in a different Rate Period (as provided in an Officer's Pricing Certificate) as determined in accordance with the provisions of this Order, until the Bonds mature or are converted to a different Rate Period, as applicable, all as provided herein. Notwithstanding the foregoing, if the Remarketing Agent fails to remarket the Bonds, resulting in the holders thereof retaining such Bonds subsequent to the end of the Initial Term Rate Period(s), the Bonds shall bear interest at the Stepped Rate for the duration of the Stepped Rate Period. No opinion of counsel is required prior to conversion from the Initial Term Rate Period(s) to a Rate Period of one year or more.

Section 3.02 Term Rates; Conversions to Term Rate Periods.

(a) Determination by Remarketing Agent. Subject to the further provisions of this Article III the Term Rate to be applicable to Bonds during any Term Rate Period shall be determined by the Remarketing Agent. The Remarketing Agent shall determine the Term Rate in accordance with this section on the Rate Determination Date, and all Bonds, unless otherwise set forth in the Officer's Pricing Certificate (other than Bonds bearing interest at the Stepped Rate) shall be issued in the same Term Rate mode. The Term Rate so determined shall become effective on the first day of the next succeeding Rate Period.

(i) In each case, the Term Rate for the Term Rate Period in question shall be determined by the Remarketing Agent on the Rate Determination Date required pursuant to Section 3.02(b) or (c) below, as is applicable.

(ii) Each Term Rate determined by the Remarketing Agent shall be the lowest rate of interest which, in the judgment of the Remarketing Agent, would cause the Bonds to have a market value not less than the principal amount thereof, plus accrued interest, under prevailing market conditions as of the Rate Determination Date, provided, however, the Term Rate will not cause such Bonds to exceed the Purchase Price; provided that: (A) if the Remarketing Agent fails for any reason to determine or notify the Pricing Officer, the Tender Agent or the Paying Agent/Registrar of the Term Rate for any Term Rate Period when required hereunder, the Term Rate for such period shall be deemed to be determined as the Term Rate then in effect; and (B) in no event shall the Term Rate for any Term Rate Period exceed the Maximum Rate.

(iii) All determinations of Term Rates pursuant to this Section shall be conclusive and binding, absent manifest error, upon the District, the Tender Agent, the Paying Agent/Registrar, and the Owners of the Bonds to which such rates are applicable. The District, the Tender Agent, the Paying Agent/Registrar and the Remarketing Agent shall not be liable to any Owners for failure to give any notice required above or for failure of any Owners to receive such notice.

(b) Term Rates. A Term Rate shall be determined for each Term Rate Period as follows:

(i) Term Rate Periods shall (A) commence initially on the Term Rate Conversion Date and (B) end on the last day preceding either the commencement date of the

following Term Rate Period or the Conversion Date on which a different Rate Period shall become effective.

(ii) The Term Rate for each Term Rate Period shall be effective from and including the commencement date of such Period and remain in effect through and including the last day thereof. Each such Term Rate shall be determined for each Term Rate Period not later than 12:00 p.m., New York City time on the Rate Determination Date, which date shall be the day immediately preceding the commencement date of such Term Rate Period, and each such Term Rate shall be made available to the Paying Agent/Registrar and the Tender Agent by the Remarketing Agent by the close of business on its Rate Determination Date.

(iii) Notice of each Term Rate shall be given by the Paying Agent/Registrar to each Owner promptly after such Term Rate is determined.

(iv) At the expiration of then-applicable Term Rate Period, there occurs a failed remarketing of the type described in Section 4.03(g) hereto, such Bonds shall bear interest at the Stepped Rate for the duration of the Stepped Rate Period.

(c) Conversions between Term Rate Periods. At the option of the District, the Bonds may be converted from one Term Rate Period to another. To accomplish the proposed conversion, the District shall give written notice of the proposed conversion together with a copy of the Opinion of Bond Counsel, if required, to the Remarketing Agent not less than one day prior to the date that notice is required to be given pursuant to Section 3.02(c)(ii). The conversion shall be accomplished as follows:

(i) Unless otherwise provided in the Officer's Pricing Certificate, the Conversion Date of a conversion to a different Term Rate Period shall be an Interest Payment Date on which interest is payable for the Term Rate Period from which the conversion is to be made; provided, however, that if the conversion is from a Term Rate Period to a different Term Rate Period, the Conversion Date shall be limited to an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(c) above. Conversions from a Stepped Rate Period may occur on any date during the Stepped Rate Period.

(ii) The District shall give written notice of any such conversion to the Paying Agent/Registrar and the Tender Agent (if any) not less than forty-five (45) days prior to the proposed Conversion Date. Such notice shall specify the proposed Conversion Date and the Term Rate Period to which the conversion will be made.

(iii) Not less than thirty (30) days prior to the Conversion Date, the Paying Agent/Registrar shall provide a written notice of the conversion to the Owners. Such notice shall:

(A) contain the information set forth in the notice from the District pursuant to Section 3.02(c)(ii) above;

(B) set forth the dates by which the Remarketing Agent will determine and the Paying Agent/Registrar will notify the Owners of the Term Rate for the Term Rate Period commencing on the Conversion Date pursuant to Section 3.02(c)(iv) below; and

(C) set forth the matters required to be stated pursuant to Section 4.03 with respect to purchases of such Bonds governed by such Section.

(iv) The Term Rate for the Term Rate Period commencing on the Conversion Date shall be determined by the Remarketing Agent in the manner provided in Section 3.02(a) above on the date set forth in Section 3.02(b) or (c), whichever is applicable to the Term Rate Period to which the conversion shall be made.

(v) Any conversion pursuant to this Section 3.02 - (a) from a Term Rate Period of one year in duration to a Term Rate Period of longer than one year in duration or vice versa; or (b) to a Fixed Rate shall be subject to the condition that on or before five (5) days prior to the date the Paying Agent/Registrar is required to give notice of the date of such conversion, the District shall have delivered to the Paying Agent/Registrar and the Remarketing Agent an Opinion of Bond Counsel. If such Opinion of Bond Counsel is not delivered, the conversion shall not occur and the Bonds shall not be converted but shall remain in the same Rate Period; provided, however, that such Bonds shall be subject to mandatory tender as provided herein. For the avoidance of doubt, no opinion of Bond Counsel is required when converting from the Initial Term Rate Period to a Rate Period of one year or more in duration (unless otherwise provided in the Officer's Pricing Certificate).

(d) On any Conversion Date, in accordance with all applicable law, the District reserves the right to divide the Bonds into two or more subseries or to further divide the Bonds currently in a subseries.

Section 3.03 Reserved.

Section 3.04 Fixed Rate Conversion at Option of the District. At the option of the District, and pursuant to an order of the Board, Bonds bearing interest at a Term Rate (including the Initial Term Rate) may be converted in whole or in part to a Fixed Rate to their maturity or prior redemption. In the event of a partial conversion pursuant to this Section, the Paying Agent/Registrar shall select by lot or other customary random method the Bonds to be converted to a Fixed Rate in order to effectuate a pro rata allocation of the mandatory redemption schedule as set forth in the Officer's Pricing Certificate between the Bonds to be converted to a Fixed Rate and the Bonds remaining in a Term Rate. Any such conversion shall be made as follows:

(a) The Fixed Rate Conversion Date shall be an Interest Payment Date on which a new Term Rate Period would otherwise have commenced pursuant to Section 3.02(c) hereof; provided, further that Bonds bearing interest at a Stepped Rate may be converted to a Fixed Rate or Rates on any Business Day. The Fixed Rate Conversion Date for a conversion from the Initial Term Rate Period shall be on the schedule date of the mandatory tender at the end of the Initial Term Rate Period as further described in Section 3.01 of this Order.

(b) (i) The District shall give written notice of any such conversion to the Remarketing Agent, the Paying Agent/Registrar and the Tender Agent, if any, not less than forty-five (45) days prior to the proposed Conversion Date, Such notice shall specify the Fixed Rate Conversion Date and the principal amount of Bonds to be converted.

(ii) Not less than thirty (30) days prior to the Fixed Rate Conversion Date, the Paying Agent/Registrar shall give written notice of the conversion to the Owner of all Bonds to be converted, specifying the Conversion Date and setting forth the matters required to be stated pursuant to Section 3.04(c).

(c) Notice of conversion shall be given by the Paying Agent/Registrar to Moody's, S&P, and Fitch (if rating the Bonds) and the Owners of all Bonds to be converted. Such notice shall inform the Owners of:

(i) the proposed Fixed Rate Conversion Date;

(ii) the dates by which the Remarketing Agent will determine and the Paying Agent/Registrar will notify the Owners of the Fixed Rate pursuant to Section 3.04(d) below;

(iii) the conditions to the conversion pursuant to Section 3.04(e) below;

and

(iv) the matters required to be stated pursuant to Section 4.04 with respect to purchases of Bonds governed by such Section.

(d) Not later than 12:00 p.m., New York City time, on the seventh (7th) Business Day prior to the Fixed Rate Conversion Date the Remarketing Agent shall, in consultation with and subject to the approval of the District, determine the Fixed Rate or Rates for the Bonds which will cause the Bonds to have a market value equal to the principal amount thereof (with the redemption dates and prices determined pursuant to Section 5.02(c) hereof), and make the Fixed Rate or Rates available to the Paying Agent/Registrar; provided, however, in no event shall the Bonds converted to Fixed Rate bear interest at a rate exceeding the Maximum Rate. Such determination shall be conclusive and binding upon the District, the Paying Agent/Registrar and the Owners of the Bond to which such Rate will be applicable. Promptly after the date of determination, the Paying Agent/Registrar shall give notice of such Fixed Rate or Rates to the Tender Agent, and the Owners (as of the Fixed Rate Conversion Date).

(e) Any conversion to a Fixed Rate pursuant to this Section 3.04 shall be subject to the following conditions:

(i) on or before the Fixed Rate Conversion Date, the District shall have delivered to the Paying Agent/Registrar and the Remarketing Agent an Opinion of Bond Counsel; and

(ii) as of the Fixed Rate Conversion Date, sufficient funds shall be available to purchase Bonds which are then required to be purchased pursuant to Section 4.04.

If the foregoing conditions are not met for any reason, the conversion shall not be effective, the Bonds shall continue to bear interest at the last effective Term Rate or Stepped Rate, as applicable and the provisions of Section 4.03(g) to the extent applicable and not contradictory shall apply.

(f) At its option, the District also may determine the serial or term maturities, redemption provisions and other terms which shall be applicable to the pricing of the Bonds on and after the Fixed Rate Conversion Date. Such option may be exercisable only on a Fixed Rate Conversion Date. Serial maturities shall be determined by the Board at the time of the conversion to a Fixed Rate. Following the Fixed Rate Conversion Date, the Bonds shall be subject to optional redemption in whole or in part on such dates as shall be determined at the time of the conversion. If the District so elects, the serial maturities or mandatory redemption provisions for the Bonds converted to a Fixed Rate shall be determined in the basis of providing similar relative principal and interest payments on such Bonds, including the principal payment schedule set forth in Section 5.03 (after giving pro rata effect for any prior sinking fund redemptions of the Bonds, if any, not then converted to a Fixed Rate). Also, if the District exercises its option to change the redemption provisions and the serial maturity dates, then on or before the Fixed Rate Conversion Date on which such option is exercised, the District shall, as a condition to the exercise of such option, deliver to the Paying Agent/Registrar an Opinion of Bond Counsel.

ARTICLE IV. **TENDER AND PURCHASE OF BONDS**

Section 4.01 Procedures for Tendered Bonds.

- (a) No Optional Tender. Bonds are not subject to optional tender.
- (b) Purchase of Tendered Bonds.

(i) Notice. At or before 3:00 p.m., New York City time, on the Business Day immediately preceding the 'date fixed for purchase of tendered Bonds, the Remarketing Agent shall give notice by telephone, telegram, teletype, time-sharing terminal, telex, facsimile transmission, or other similar communication to the Tender Agent of the principal amount of tendered Bonds which were not remarketed. Not later than 4:00 p.m., New York City time, on the date of receipt of such notice the Tender Agent shall give notice by telephone, telegram, teletype, facsimile transmission, or other similar communication to a Pricing Officer, and the Paying Agent/Registrar specifying the principal amount of tendered Bonds as to which the Remarketing Agent has not found a purchaser. At or before 3:00 p.m., New York City time, on the Business Day prior to the purchase date, to the extent known to the Remarketing Agent, but in any event, no later than 10:30 a.m., New York City time, on the date fixed for purchase, the Remarketing Agent shall give notice to the Tender Agent by telephone (promptly confirmed in writing) of any change in the names, addresses, and taxpayer identification numbers of the purchaser, the Authorized Denominations of the Bonds to be delivered to each purchaser and, if available, payment instructions for regularly scheduled interest payments.

(ii) Sources of Payment. At or before 10:30 a.m., New York City time, the Remarketing Agent shall cause to be paid to the Tender Agent for deposit in the "Houston

Independent School District Remarketing Proceeds Payment Fund” (the “Payment Fund”) on the date fixed for purchase of the tendered Bonds, all amounts representing proceeds of the remarketing of such Bonds.

(iii) Payments by the Tender Agent. At or before 2:30 p.m., New York City time, on the date set for purchase of tendered Bonds and upon receipt by the Tender Agent of 100% of the aggregate Purchase Price of the tendered Bonds the Tender Agent shall pay the Purchase Price of such Bonds to the Owners thereof at its designated office or by bank wire transfer. Such payments shall be made in immediately available funds. If sufficient funds are not available for the purchase of all tendered Bonds, no purchase shall be consummated.

(iv) Registration and Delivery of Tendered or Purchased Bonds. Bonds purchased or remarketed by the Remarketing Agent shall be registered by the Tender Agent and delivered to the new registered owner in accordance with the instructions of the Remarketing Agent.

Notwithstanding anything to the contrary in the foregoing paragraph, for so long as the Bonds are held in the Book-Entry System of DTC hereof, any Bond remarketed by the Remarketing Agent shall be delivered to the new beneficial owner thereof by a transfer in the Book-Entry System of OTC of such remarketed Bond to the applicable DTC Participant account for such beneficial owner.

(v) Delivery of Bonds; Effect of Failure to Surrender Bonds. All Bonds to be purchased on any date shall be required to be delivered to the office of the Tender Agent at or before 5:00 p.m., New York City time, on the Business Day next preceding the purchase date (12:00 noon New York City time on the tender date for Bonds held in book entry only system). If the Owner of any Bond (or portion thereof) that is subject to purchase pursuant to this Section fails to deliver such Bond to the Tender Agent for purchase on the purchase date, and if the Tender Agent is in receipt of the Purchase Price therefor, such Bond (or portion thereof) shall nevertheless be deemed purchased on the day fixed for purchase thereof and shall constitute an Undelivered Bond. Ownership of Undelivered Bonds (or portions thereof) shall be transferred to the purchaser thereof as provided in Section 4.01(d)(iv) above. Any Owner of Undelivered Bonds shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Tender Agent. The Tender Agent shall, as to any Undelivered Bonds, (A) promptly notify the Remarketing Agent of such nondelivery and (B) place a stop transfer against such Undelivered Bonds.

Section 4.02 Reserved.

Section 4.03 Mandatory Tender Upon Term Rate Conversion.

(a) Conversions to Term Rate Periods. Bonds to be converted from any Term Rate Period to a different Term Rate Period on any Conversion Date pursuant to Section 3.02(c), are subject to mandatory tender for purchase on the Conversion Date at the Purchase Price. The Owners of such Bonds shall not have the right to elect to retain such Bonds.

(b) Reserved.

(c) Reserved.

(d) Notice to Owners. Any notice of a Conversion Date given to Owners pursuant to Section 3.02(c)(iii) shall, in addition to the requirements of such Section state that the Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date and the time at which Bonds are to be tendered for purchase.

(e) Remarketing. On the date any notice of a Conversion Date is given to Owners pursuant to Section 4.03(a:) above, the Tender Agent shall notify a Pricing Officer and the Remarketing Agent by telephone, telegram, telecopy, facsimile transmission or other similar communication, of the principal amount of Bonds to be tendered for purchase on the Conversion Date. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for such Bonds. The terms of any sale by the Remarketing Agent shall provide for the payment of the Purchase Price of tendered Bonds to the Remarketing Agent in immediately available funds at or before 9:30 a.m., New York City time, on the Conversion Date.

(f) Purchase of Tendered Bonds. The provisions of Section 4.01(b) shall apply to tenders pursuant to this Section 4.03.

(g) Conversions - Stepped Rate. If the conversion of Bonds relates to a conversion from a Term Rate then the Bonds shall be subject to mandatory tender on the Term Rate Conversion Date pursuant to Section 4.03(a). In the event that such Bonds are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the District shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an event of default under this Order or the Bonds, the mandatory tender will be deemed to have been rescinded for that date with respect to all the Bonds and the Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the holders thereof), and (v) will be deemed to continue in a Term Rate Period for all other purposes of this Order (including the identification of the Interest Payment Dates until the Bonds are remarketed or redeemed), though bearing interest during such time at the Stepped Rate until remarketed or redeemed in accordance with the terms of this Order. In the event of a failed conversion and remarketing as described above, the District will cause the Bonds to be converted and remarketed . on the earliest reasonably practicable date on which they can be sold at par, in such interest rate mode or modes as the District directs, at a rate not exceeding the Maximum Rate. All other provisions of Section 4.03 shall apply to and govern Bonds described in this Subsection (g) to the extent such terms are not in conflict with those included herein.

Section 4.04 Mandatory Tender Upon Fixed Rate Conversion.

(a) Mandatory Tender Upon Conversion. Bonds to be converted to a Fixed Rate pursuant to Section 3.04 shall be subject to mandatory tender for purchase on the Fixed Rate Conversion Date at the Purchase Price. The Owners shall not have the right to elect to retain their Bonds.

(b) Notice to Owners. Any notice of conversion given to Owners pursuant to Section 3.04(c) shall, in addition to the requirements of such Section, state that Owners shall not have the right to waive mandatory tender and that Bonds not delivered to the Tender Agent for purchase on the date specified in the notice shall be deemed tendered on such date and that after such date Owners will not be entitled to any payment (including interest to accrue subsequent to the required purchase date) other than the Purchase Price for such Undelivered Bonds and such Undelivered Bonds shall no longer be entitled to the benefits of this Order.

(c) Remarketing. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Bonds; provided that in no event shall the Remarketing Agent offer any such Bond for sale to any person unless the Remarketing Agent has advised such person of the fact that, after the Fixed Rate Conversion Date, the Bond will no longer be subject to tender at the option of the Owner. The terms of any sale by the Remarketing Agent shall provide for the payment of the Purchase Price to the Remarketing Agent of the tendered Bonds in immediately available funds at or before 9:30 a.m., New York City time on the Fixed Rate Conversion Date.

(d) Purchase of Tendered Bonds. The provisions of Section 4.01(b) shall apply to mandatory tenders pursuant to this Section 4.04.

Section 4.05 Mandatory Tender at End of Initial Term Rate Period. The District shall use its best efforts to take all such actions required by this Order to be performed by the District to cause all Bonds (of a particular series or subseries) to be converted from the Initial Term Rate Period to a different Rate Period on the first Business Day immediately following the last day of the applicable Initial Term Rate Period. Notwithstanding any provisions of this Order to the contrary, the Bonds issued hereunder shall be subject to mandatory tender on the Conversion Date immediately following the end of the Initial Term Rate Period, without right of retention by the Owner, at the Purchase Price. Bonds tendered pursuant to this Section 4.05 shall be delivered to the Remarketing Agent against payment therefor in accordance with the provisions of Section 4.01(b). In the event that such Bonds are not converted and remarketed to new purchasers on the scheduled date of mandatory tender, the District shall have no obligation to purchase the Bonds tendered on such date, the failed conversion and remarketing shall not constitute an event of default under this Order or the Bonds, the mandatory tender will be deemed to have been rescinded for that date and the Bonds (i) will continue to be Outstanding, (ii) will be purchased upon the availability of funds to be received from the subsequent remarketing of such Bonds, (iii) will bear interest at the Stepped Rate during the Stepped Rate Period, (iv) will be subject to redemption and mandatory tender for purchase on any date during the Stepped Rate Period upon which a conversion occurs (which shall occur at the District's discretion upon delivery of at least one day's notice to the holders thereof), and (v) will be deemed to continue in an Initial Term Rate Period for all other purposes of this Order (including the identification of Interest Payment Dates until the bonds are remarketed or redeemed), though bearing interest during such time at the Stepped Rate, until remarketed or redeemed in accordance with the terms of this Order. In the event of a failed conversion and remarketing as described above, the District will cause the Bonds to be converted and remarketed on the earliest reasonably practicable date on which they can be sold at not less than par, in such interest rate mode or modes as the District directs, at a rate not exceeding the Maximum Rate.

ARTICLE V.
REDEMPTION OF BONDS BEFORE MATURITY

Section 5.01 Limitation on Redemption. The Bonds shall be subject to redemption before scheduled maturity only as provided in in the Officer's Pricing Certificate.

Section 5.02 Optional Redemption. (a) Unless otherwise provided for in the Officer's Pricing Certificate, prior to the Fixed Rate Conversion Date, Bonds, other than Bonds bearing interest at the Initial Term Rate during the Initial Term Rate Period; and Bonds bearing interest at the Stepped Rate during the Stepped Rate Period, are subject to redemption at the option of the District, in whole or in part, at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date, on any Interest Payment Date.

(b) Bonds bearing interest at the Stepped Rate during the Stepped Rate Period are subject to redemption, in whole or in part, at the option of the District, at a redemption price equal to the principal amount thereof plus interest accrued thereon at the Stepped Rate, as applicable, to the redemption date, on any Business Day. Bonds bearing interest at the Initial Term Rate during the Initial Term Rate Period are subject to redemption at the option of the District as set forth in the Officer's Pricing Certificate.

(c) Bonds bearing interest at a Fixed Rate are subject to redemption at the option of the District, in whole or in part, on the dates and at the prices determined and established by the District on the Fixed Rate Conversion Date.

(d) The District shall deliver notice to the Paying Agent/Registrar of its intention to redeem Bonds, which notice shall specify the principal amount of the Bonds to be redeemed (i) with respect to Bonds bearing interest at a Stepped Rate, at least one (2) days prior to the redemption date, (ii) with respect to Bonds bearing interest at any Term Rate at least twelve (12) days prior to the redemption date; and (iii) with respect to Bonds bearing interest at a Fixed Rate, at least thirty-five (35) days prior to the redemption date.

Section 5.03 Notice of Redemption. The Paying Agent/Registrar shall cause notice of redemption of any Bond to be redeemed in whole or in part to be given to any Rating Agency then rating the Bonds, and to the Owner thereof at the address of the Owner appearing in the Register (i) with respect to a Bond bearing interest at a Stepped Rate at least one (1) day prior to the redemption date; (ii) with respect to a Bond bearing interest at a Term Rate at least ten (10) days prior to the redemption date; and (iii) with respect to a Bond bearing interest at the Fixed Rate, at least thirty (30) days prior to the redemption date.

ARTICLE VI.
REMARKETING AGENT; TENDER AGENT

Section 6.01 Remarketing Agent. The District shall select a Remarketing Agent and enter into a Remarketing Agreement for the Bonds prior to the end of the Initial Term Rate Period. The Pricing Officer is hereby authorized to select and appoint the initial Remarketing Agent for the Bonds, which appointment shall be set forth in the Officer's Pricing Certificate and to approve the terms (including fees) in the Remarketing Agreement. The President of the Board, Vice President

of the Board or a Pricing Officer are hereby authorized to executed and deliver the Remarketing Agreement.

Section 6.02 Appointment of Initial Tender Agent. The Pricing Officer is hereby authorized to select and appoint the initial Tender Agent for the Bonds, which appointment shall be set forth in the Officer's Pricing Certificate and to approve the terms (including fees) in the Tender Agent Agreement. The Tender Agent shall signify its acceptance of the duties and obligations imposed on it hereunder by its execution of the Tender Agent Agreement in a form similar to other tender agent agreements entered into by the District, the execution of which is hereby approved. Additionally, the President or Vice President of the Board is hereby authorized and directed to execute and deliver the Tender Agent Agreement for and on behalf of the District and this Board, and such Tender Agent Agreement as executed by the President or Vice President of the Board shall be deemed to be the Tender Agent Agreement herein approved and authorized to be executed and delivered for and on behalf of the District and this Board.

Each Tender Agent shall be a commercial bank or trust company organized under the laws of the United States or any state, or other entity duly qualified and legally authorized to serve as and perform the duties and services of tender agent for the Bonds.

Section 6.03 Maintaining Remarketing Agent and Tender Agent. (a) Subject to Section 6.01 hereof, the District hereby agrees that, while any of the Bonds bear interest at a Term Rate, it will maintain a Remarketing Agent (if required by the interest rate mode of the Bonds) and Tender Agent with respect to the Bonds, qualified to act in such respective capacity. No resignation or removal of the Remarketing Agent or Tender Agent shall become effective until a successor has been appointed and accepted such appointment. Any successor Tender Agent shall have capital of not less than \$50,000,000. The Remarketing Agent shall use its best efforts to remarket the Bonds on the terms described in this Order.

(b) Promptly upon each change in the entity serving as Remarketing Agent or Tender Agent the District will cause notice of such change to be sent to each Owner by first class mail.

ARTICLE VII. FORM OF THE BONDS

Section 7.01 Form Generally. The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in Exhibit A, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Order, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including the guarantee of the Permanent School Fund, insurance legends in the event the Bonds (or any Stated Maturities thereof) are insured., and any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the District or by the officers executing such Bonds, as evidenced by their execution.

ARTICLE VIII.
AMENDMENTS AND SUPPLEMENTS TO ORDER

Section 8.01 Without Consent of Owners. Without notice to or the consent of any Owner, the District may, at any time, amend this Order to cure any ambiguity or cure, correct or supplement any defective or inconsistent provision contained in this Order (including any particular series or subseries):

(a) to cure or correct any ambiguity or defective provision herein or to correct or supplement any provisions in this Order which may be inconsistent with any other provision contained herein; ,

(b) to modify this Order or the Bonds. to permit qualification under the Trust Indenture Act of 1939, as amended, or any similar federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States;

(c) to authorize different authorized denominations of the Bonds and to make correlative amendments and modifications to this Order regarding exchangeability of Bonds of different authorized denominations, redemptions of portions of Bonds of particular authorized denominations and similar amendments and modifications of technical nature;

(d) to increase or decrease the number of days specified for the giving of notices in Articles III, IV and V of this Order and to make corresponding changes to the period for notice of redemption of the Bonds provided that no decreases in any such number of days shall become effective except while the Bonds bear interest at a Term Rate and until 10 days after the Paying Agent/Registrar has given notice to the Owners of the Bonds;

(e) to provide for an uncertificated system of registering the Bonds or to provide for the change to or from a Book-Entry System for the Bonds;

(f) to make any change to this Order when all Bonds have been tendered to the Remarketing Agent pursuant to the terms of this Order, but have not been remarketed following such tender; provided, however, that the Remarketing Agent has received. notice of such amendment or supplement;

(g) effective upon any Conversion Date to a new Rate Period to make any amendment affecting only the Bonds being converted;

(h) to increase the Maximum Rate; or

(i) to make any other change that does not, in the opinion of bond counsel to the District, materially adversely affect the interests of the Owners.

Section 8.02 With Consent of Owners. If an amendment of or supplement to this Order or the Bonds without any consent of Owners is not permitted by the preceding Section, the District may enter into such amendment or supplement without prior notice to any Owners but with the consent of Owners of at least a majority in principal amount of the Bonds then Outstanding. However, nothing herein contained shall permit or be construed to permit the amendment, without

the consent of each Owner affected thereby, of or supplement to the terms and conditions in this Order, so as to:

- (a) change the sinking fund requirements, if any, interest payment dates, rights to tender or the maturity or maturities of the Outstanding Bonds;
 - (b) reduce the rate of interest borne by any of the Outstanding Bonds;
 - (c) reduce the amount of the principal or purchase price of or premium, if any, payable on the Outstanding Bonds;
 - (d) modify the terms of payment of principal or purchase price of, premium, if any, or interest on the Outstanding Bonds, or impose any conditions with respect to such payments.;
 - (e) affect the rights of the Owners of fewer than all of the Outstanding Bonds;
- or
- (f) decrease the minimum percentage of the principal amount of Outstanding Bonds necessary for consent to any such amendment.

In addition, if money or investments have been deposited or set aside with the Paying Agent/Registrar for the payment of Bonds and those Bonds shall not have in fact been actually paid in full, no amendment to the provisions of that Article shall be made without the consent of the Owner of each of those Bonds affected.

Section 8.03 Effect of Consents. Any consent received pursuant to Section 8.02 will bind each Owner delivering such consent and each subsequent Owner of a Bond or portion of a Bond evidencing the same debt as the consenting Owner's Bond.

Section 8.04 Notation on or Exchange of Bonds. If an amendment or supplement changes the terms of a Bond, the Paying Agent/Registrar may require the Owner to deliver it to the Paying Agent/Registrar. The Paying Agent/Registrar may place an appropriate notation on the Bond about the changed terms and return it to the Owner. Alternatively, if the Paying Agent/Registrar and the District determine, the District in exchange for the Bond will issue and the Paying Agent/Registrar will authenticate a new Bond that reflects the changed terms.

Section 8.05 Notice to Owners. Upon receipt of notice of an amendment or change to the Order, the Paying Agent/Registrar shall cause notice of the execution of each supplement or amendment to this Order to be mailed to the Owners. The notice will at the option of the Paying Agent/Registrar, either (i) briefly state the nature of the amendment or supplement and that copies of it are on file with the Paying Agent/Registrar for inspection by Owners or (ii) enclose a copy of such amendment or supplement.

ARTICLE IX.
MISCELLANEOUS

Section 9.01 Notice to Rating Agencies. At any time during which the Bonds are rated by Moody's, S&P, or Fitch, the Paying Agent/Registrar shall notify Moody's, S&P, and Fitch promptly of (i) any change in the Paying Agent/Registrar, Tender Agent, or Remarketing Agent, (ii) the expiration, termination, extension or any other material change to this Order or the Remarketing Agreement, and (iii) the redemption, defeasance or payment of all of the Bonds or conversion of the Bonds to a Fixed Rate. Any such notice shall be sent by first class mail, postage prepaid, to: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Attention: Public Finance Group-Texas Local Ratings; Standard & Poor's, 55 Water Street, 38th Floor, New York, New York 10004, Attention: Municipal Structured Finance, email pubfin_structuredstandardandpoors.com; and Fitch Ratings, One State Street Plaza, New York, New York, 10004, Attention: Municipal Structured Finance.