

expense of, the registered owner. The record date (the “Record Date”) for the interest payable on any interest payment date for the Bonds is the close of business on the last business day of the month next preceding such interest payment date (see “REGISTRATION, TRANSFER AND EXCHANGE – Record Date for Interest Payment”). However, with respect to the August 27, 2015 interest payment date for the Series 2015-A Bonds, the Record Date shall be the close of business on the preceding business day. The principal of the Bonds at maturity or on a prior redemption date will be payable only upon presentation of such Bonds at the designated office of the Paying Agent/Registrar upon maturity or prior redemption, as applicable; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under “BOOK-ENTRY-ONLY SYSTEM” herein.

Security

The Bonds are direct obligations of the District and are payable as to principal and interest from an annual ad valorem tax levied on all taxable property within the District, without legal limit as to rate or amount, as provided in the Order. Additionally, the District has applied for and received from the Texas Education Agency conditional approval for the payment of the Bonds to be guaranteed by the corpus of the Permanent School Fund of the State of Texas (see “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM,” “STATE AND LOCAL FUNDING OF SCHOOL DISTRICTS IN TEXAS” and “CURRENT PUBLIC SCHOOL FINANCE SYSTEM”).

Permanent School Fund Guarantee

In connection with the sale of the Bonds, the District has made application to and received conditional approval from the Texas Commissioner of Education for guarantee of the Bonds under the Permanent School Fund Guarantee Program (Chapter 45, Subchapter C of the Texas Education Code, as amended). Subject to satisfying certain conditions discussed under the heading “THE PERMANENT SCHOOL FUND GUARANTEE PROGRAM” herein, the Bonds will be absolutely and unconditionally guaranteed by the corpus of the Permanent School Fund of the State of Texas.

In the event of default, registered owners will receive all payments due on the Bonds from the corpus of the Permanent School Fund. The Permanent School Fund Guarantee will terminate with respect to Bonds that are defeased (see “THE BONDS – Defeasance of Bonds”).

Redemption Provisions

Optional Redemption. The Bonds maturing on and after August 15, 2026 are subject to redemption prior to stated maturity, at the option of the District, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2025 or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the District shall determine the principal amount and maturities to be redeemed and shall direct the Paying Agent/Registrar to select by lot or other customary method that results in a random selection, the Bonds or portions thereof within a maturity, to be redeemed.

Mandatory Sinking Fund Redemption. The Series 2015-A Bonds maturing on August 15, 2040, August 15, 2045 and August 15, 2050 (the “Term Series 2015-A Bonds”) are subject to mandatory sinking fund redemption in the amounts and at the price of par plus accrued interest to the redemption date on August 15 as follows:

Term Series 2015-A Bond Due August 15, 2040		Term Series 2015-A Bond Due August 15, 2045		Term Series 2015-A Bond Due August 15, 2050	
<u>Redemption Date (8/15)</u>	<u>Principal Amount</u>	<u>Redemption Date (8/15)</u>	<u>Principal Amount</u>	<u>Redemption Date (8/15)</u>	<u>Principal Amount</u>
2036	\$ 1,115,000	2041	\$ 1,425,000	2046	\$ 1,735,000
2037	1,175,000	2042	1,485,000	2047	1,820,000
2038	1,230,000	2043	1,540,000	2048	1,910,000
2039	1,295,000	2044	1,605,000	2049	2,005,000
2040 ^(A)	1,360,000	2045 ^(A)	1,670,000	2050 ^(A)	2,110,000

^(A) Stated maturity.

The principal amount of Term Series 2015-A Bonds required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Series 2015-A Bonds of the same maturity which, at least 45 days prior to a mandatory redemption date (1) shall have been acquired by the District at a price not exceeding the principal amount of such Term Series 2015-A Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled